BOARD OF DIRECTORS

Dr. Vinay Bharat Ram - *Executive Chairman*

Mr. Hemant Bharat Ram - *Vice Chairman*

Mr. Chandra Mohan

Mr. Ravi Vira Gupta

Mr. Raghupati Singhania

Mr. Jitendra Tuli

Mr. L. Lakshman

Mr. Jai Kumar Menon - *Managing Director*

DGM (FINANCE & ACCOUNTS)
Mr. Ramesh Goel

COMPANY SECRETARY
Ms. Lata Prajapati

AUDITORS
A.F. Ferguson & Co., New Delhi

BANKERS
State Bank of India
State Bank of Bikaner & Jaipur
Bank of Baroda

REGISTERED OFFICE
3rd Floor, "Kanchenjunga"
18 Barakhamba Road,
New Delhi - 110 001

WORKS
Village Asron, Roop Nagar - 140 001 (Punjab)

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this 21st Annual Report together with the Audited Statement of Accounts of your Company for the year ended March 31, 2010.

Automotive Industry Scenario

The year 2009-10 saw one of the most remarkable turnarounds ever staged following such an acute slow down during 2008-09. The automotive industry grew at 25% even if it was arguably over a low base. Every part of the industry witnessed unprecedented growth levels and during most part of last year your company struggled to reach back to 2007-08 levels of production.

There were many factors that hampered the industry but none as acute as the trained manpower shortage that seems to be prevalent throughout the country across various sectors today

The Indian scenario continues to be buoyant and promises to be so for the next few years. The natural impact of this market growth was on commodity prices, which has also started rising sharply and it was imperative to ensure adequate compensation from the customers. This issue would continue into 2010-11.

In the international arena, the danger of debt crisis in Greece and Latvia are likely to have domino effect in other European countries. The US economy backed by Govt. sponsored subsidies and bailout packages, is still in search of a clear direction. Therefore it is imperative to have a cautious view on the exports front and carefully keep watch of world market conditions. In any case the focus of 2010-11 would be to meet the local market requirements through increase in present capacity with balancing equipments and productionising new items under development.

Operations

Your company, starting at a despatch level of mere 3500 tons in April'2009, reached a record despatch of 5300 tons in March 2010 which is the highest ever despatch till date. The main concern was that this was against requirement / order of over 6000 tons. Against this backdrop, expansion plans of your company have to be expedited now to ensure that your company does not lose the customers' order due to capacity constraints. The Company achieved 51473 tons of gross despatch and a net despatch of 47455 tons (against 43068 tons gross in 2008-09). However, the Gross turnover did not increase to this extent due to reduction in commodity prices and a corresponding reduction in selling prices in the early part of the year.

The focus on expanding the scope of TQM to all gamuts of operations has continued. There was sudden pressure on all departments due to increase in volumes and this did impact the speed of implementation at all levels. However, your company managed to sustain the activities and move forward significantly on the areas of defining Daily Work Management (DWM) practices at all levels in production , improving the review system, preventive maintenance etc.

The basic reason for emphasis on these areas was to move your company up from focusing on routines to focus on continuous improvement. For 2010-11, this has translated into identification of key projects for all departments to ensure that the Company meet or exceed the Business targets by improving manpower productivity, considering the decades of experience, which is the key assets that your company have. It was also planned to expand production and sales from the present facility upto 6500 tons per month to maximize capacity utilization, while parallely planning the new facility.

The thrust on quality with which the company started in the year, was greatly challenged as the volumes was rapidly increased and it was learnt that process controls would have to be automated to reduce impact of potential manual errors. The areas were clearly identified last year & there will be a focused implementation this year to reduce process variation to achieve predictable quality results.

Financial highlights

Due to improvement in market condition and better capacity utilization during the year, the gross production of castings has been 54437 MT in year 2009-10 as against 45791 MT in year 2008-09. The Gross Turnover for the current financial year was closed at Rs. 310.81 Crores almost similar to the turnover of Rs. 310.52 Crores during year 2008-09. However, the Net Profit before Tax increased to Rs. 28.15 Crores in year 2009-10 (including exceptional item of Rs.26.50 Crores) as against Net Loss before Tax of Rs. 9.75 Crores in 2008-09.

(Rs. in Lacs)

Particulars	2009-10	2008-09
Sales/Turnover	**31,081**	31,052
Profit/(Loss) before Depreciation, Interest & Tax	**1,962**	1,218
– Less: Interest	**474**	960
– Less: Depreciation	**1,323**	1,233
– Profit/(Loss) before Tax (before exceptional items)	**165**	(975)
Add: Exceptional Items	**2,650**	–
Profit/(Loss) before Tax (PBT)	**2,815**	(975)
Less: Provision for Taxation including Deferred Tax and FBT	**707**	312
Profit/(Loss) after Tax (PAT)	**2,108**	(663)
Add: Opening Balance in Surplus Profit/(Loss) Account	**608**	1272
Less: Transferred to Capital Redemption Reserve	**–**	(0.10)
Balance in Surplus Account available for appropriation	**2,716**	608

One Time Settlement of Dues of UTI

As per the One Time Settlement (OTS) agreed with UTI {**now succeeded by Specified undertaking of UTI (SUUTI) and UTI Mutual Fund (UTIMF)**}, the loan outstanding pertaining to UTI transferred under SORA from DCM limited to the company has been fully settled. In terms of the said OTS, the company has paid the principal outstanding for Debentures and part of Zero Coupon Bonds. Pursuant to the above, the balance amount of zero coupon bonds and interest accrued on the debentures aggregating to Rs.26.50 Crores have been written back during the year and shown as an exceptional item in the books of accounts.

Directors

In terms of Section 256 of the Companies Act, 1956 and Article 106 of Articles of Association of the Company, Mr. Jitendra Tuli, Mr. Chandra Mohan & Mr. Raghupati Singhania, retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Hemant Bharat Ram, Vice chairman of the company has resigned from the Board and the Board of directors at its meeting held on May 14, 2010 has appointed Mr. Sumant Bharat Ram as whole time director designated as Executive Vice Chairman of the company subject to approval of the shareholders and from appropriate authority. A special resolution is proposed in the notice for the ensuing Annual General Meeting to accord the approval of the shareholders.

Subsidiary Company

The Company does not have any subsidiary.

Listing

The shares of the Company are not listed at any Stock Exchange.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby state and confirm:

(i) That in the preparation of annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;

(ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss account of the Company for that Period;

(iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) That the Directors had prepared the annual accounts on a going concern basis.

Corporate Governance Report

Your Company's shares are not listed at any Stock Exchange and thus the provisions of clause 49 of Listing Agreement relating to the compliances of Corporate Governance are not applicable to it. However, your Company as a part of its endeavor to follow the principle of Corporate Governance voluntarily observes compliance of code of Corporate Governance. The Company is having a well-structured and qualified Board of Directors comprising of Executive, Non-Executive (Independent) Directors. All material information is placed before the Board of Directors. The Board of Directors has constituted a Committee of its directors for Audit and Compensation.

Fixed Deposits

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956.

Dividend

The Directors did not recommend dividend for the year keeping in view the requirement of funds for growth of the company.

Auditors and Auditors' Report

M/s A.F. Ferguson & Co., Chartered Accountants, Statutory Auditors of the Company, retires at the conclusion of this Annual General Meeting and are eligible for re-appointment. The Company has received letter from the Auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

The Board, accordingly, recommends the re-appointment of M/s A.F. Ferguson & Co., Chartered Accountants as Statutory Auditors of the Company.

The Auditors' observations in their Report and the relevant notes to the accounts are self-explanatory.

Conservation of Energy, Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo

The information relating to Conservation of energy, Technology absorption and Foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 is given in **Annexure "A"**, forming part of this Report.

Particulars of Employees

This information as required in accordance with Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is set out in **Annexure "B"** to the Directors' Report.

Industrial Relations

During the year under review, the company has entered into a wage settlement with the workers with effect from January 1, 2010 for 3 years and the relations between the Management and the workforce remained cordial.

Committee of Directors

The Company had constituted a Committee of Directors comprising of three Independent Directors to oversee and monitor various matters relating to Audit, Compensation and finance functions. As on March 31, 2010, the Committee of the Board Comprised of Mr. Jitendra Tuli-Chairman, Mr. Ravi Vira Gupta and Mr. Chandra Mohan members of the Committee.

Ms. Lata Prajapati, Company Secretary of the Company acts as Secretary to the Committee.

Acknowledgement

Your Directors express their gratitude for the co-operation, guidance and support received from the Customers, Banks, Vendors and the Government Authorities.

Your Directors also express their profound thanks to the Shareholders and other stakeholders for their faith, continued patronage and support to the endeavors of the Company.

The Directors place on record their appreciation of the co-operation and contribution made by the employees at all levels.

For and on behalf of the Board

Date : May 14, 2010
Place : New Delhi

Dr. Vinay Bharat-Ram
Executive Chairman

DIRECTORS' REPORT

"ANNEXURE A"

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2010

FORM A

Conservation of Energy

Energy Conservation at DCM Engineering Limited has always been a priority. The Company's factory situated at Ropar, Punjab has been using state of the art technology and is constantly upgrading the same.

Research and Development

Specific Areas in which R&D carried out by the Company : Nil
Benefits Derived : N.A.
Expenditure on R&D : Nil

Energy Conservation Measures Taken

The foundry is an energy intensive industry & besides the national objective of reducing energy consumption in these times of scarcity, it is also critical to the business objective to constantly innovate to reduce energy consumption. Towards this objective some of the key initiatives were;

1) Temperature based control of vertical core drying oven.
2) Two aerators of 15 kw of Herman line removed after trials.
3) Automatic switching off 30 kw dust collector fan for DISA shot blasting machine when idling beyond 10 minutes. This will now be horizontally deployed to all Shot Blasting machines.
4) Plant overall power factor maintained at 0.99 from earlier 0.95.
5) 1% additional discount received from PSEB for this achievement.

Additional Investment and proposal for Reduction of Consumption of Energy

The Company is continuously striving to improve upon the consumption of energy. Besides power, the company also consumes large quantities of LPG, LDO & HSD. While the company has constantly sought to invest in the most power efficient equipments, the company is now exploring all routes to reduce consumption of LPG, LDO & HSD per ton of casting produced. The Company has been measuring the consumption regularly now & have targeted a 5 % improvement for 2010-11.

Impact of the above Measures

The above measures have helped the Company in optimizing energy consumption in various processes thereby resulting in less consumption of energy. The units of electric power consumed reduced from 1610 per MT in 2008-09 to 1563 per MT in 2009-10. The overall energy cost per ton increased by only 1.7% despite a 10% increase in power tariff. This in spite of adding fettling of Maruti blocks in-house.

FORM A: Form for disclosure of particulars with respect to Conservation of energy (See rule 2)

A. Power and fuel consumption

1. Electricity

(a) Purchased	**Unit**	**Current Year 2009-10**	**Previous Year 2008-09**
Unit	Mwh	83,880	73,746
Total Amount	Rs./lacs	3771.84	3087.10
Rate/unit	Rs.	4.50	4.19
(b) Own generation			
(i) Through diesel generator			
Unit	Mwh	1179	122
Units per ltr. of diesel oil	Kwh	3.40	3.38
Cost/unit	Rs./Kwh	8.97	9.03
(ii) Through steam Turbine/generator	N.A.	N.A.	N.A.
Units	N.A.	N.A.	N.A.
Units per ltr. of fuel oil/gas	N.A.	N.A.	N.A.
Cost/unit	N.A.	N.A.	N.A.

2.

Coal (specify quality and where used)	N.A.	N.A.	N.A.
Quantity (Tonnes)	N.A.	N.A.	N.A.
Total Cost	N.A.	N.A.	N.A.
Average Rate	N.A.	N.A.	N.A.

	PARTICULARS	Unit	Current Year 2009-10	Previous Year 2008-09
3.	**Furnace oil (LDO, HSD)**			
	Quantity (K. ltrs.)	K. Ltr.	2037.29	1714.56
	Total Amount	Rs./lacs	627.45	599.33
	Average Rate	Rs./K.Ltr.	30,798	34,955
4.	**LPG**			
	Quantity	MT	529.18	426.95
	Total Cost	Rs./lacs	197.10	201.66
	Rate/unit	Rs./MT	37,246	47,233
	PARTICULARS	**Unit**	**Current Year 2009-10**	**Previous Year 2008-09**
B.	**Consumption per unit of production**			
	Products (Alloy Iron Castings) Gross	MT	54,437	45791
	Electricity	Kwh/MT	1,563	1,610
	Furnace oil (LDO, HSD)	Ltr./MT	37.42	37.44
	Coal (specify quality)	NA	N.A.	N.A.
	LPG	Kg./MT	9.72	9.32

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNIGS & OUTGO- 2009-10

I. Research and Development

Specific Areas in which R&D carried out by the Company: Nil

Benefits Derived : N.A.

Expenditure on R&D : Nil

II. Technology Absorption, Adaptation and Innovation Efforts made:

During the ensuing year, your company became the first company to pour CGI castings for two different blocks using the Sintercast technology in India. Your company produced a four cylinder & a six cylinder block achieving tensile strengths 70% higher than our present Grey Iron Blocks. This technology has yet to be implemented by any Indian maker but already has wide-spread application in Europe & the US. With all global makers now coming to India, we will have the pioneering edge when this technology is implemented here.

III. Foreign Exchange Earnings & Outgo

1. **Activities taken to export, initiative taken to increase export, Development of new export market for products and services and export plans.**

   The sharp recession in Europe saw the export volumes drop heavily with export customer M/s. Perkins. Total export sales were down to 1.19 Crores. Another major factor was the phasing out of Grey Iron castings by the Hepworth heating company in favour of the more common Aluminium in this application. Your Company focused on getting the quality issues sorted out with M/s. Perkins vis-a-vis the clear definition of quality standards and corresponding upgradation of casting process to meet their enhanced requirements. However, since the volumes in Europe are still depressed, there is no major volume pick up is anticipated during the current year as well.

2. **Total Foreign Exchange used and earned**

Amount (Rs in lacs)

	2009-10	2008-09
Used	**34.13**	37.82
Earned	**119.18**	1145.66

"ANNEXURE B"

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

(A) Employed throughout the year under review:

Name	Age (year)	Designa-tion	Qualifica–tion	Total Experience	Date of Joining	Remunera-tion received p.a. (Rs. in lacs)	Details of last Employment Name of Co.	Designation
Dr. Vinay Bharat Ram	74	Executive Chairman	B.A. (Hons.) Economics, Delhi MBA Michigan University (Ann Arbor) Management Development Programme, Harvard University, Ph.d. in Economics from University of Delhi	48 Years	25-09-2001	69.45	DCM Limited	Chairman and Managing Director
Mr. Jai Kumar Menon	50	Managing Director	B. Tech. (Mechanical)	27 Years	15-11-2007	50.54	Minda Group of Industries	President
Mr. Kishore K. Das	44	Vice President-HR & TQM	MBA in PM & IR B.E. (Production)	20 Years	16-10-2007	32.05	Hero Honda Motors Ltd.	Dy. General Manager - HR
Dr. P. Meganathan	40	Chief Operating Officer	B.E. (Mechanical), MBA in Finance Systems, Doctorate in Turnaround Management, MLM	23 Years	6-6-2008	32.68	Thai Summit Auto Ltd.	Unit Head
Mr. R.K. Chopra	54	Vice President - Operations	B.E. (Mechanical)	32 Years	04-10-1978	24.77	N.A.	N.A.

(B) Employed for a part of the year under review:

Name	Age (year)	Designa-tion	Qualifica–tion	Total Experience	Date of Joining	Remunera-tion received for the period (Rs. in lacs)	Details of last Employment Name of Co.	Designation
-	-	-	-	-	-	-	-	-

1. The employment is contractual.
2. The remuneration includes basic salary, allowances and taxable value of perquisites.
3. Dr. Vinay Bharat-Ram, Executive Chairman is related to Mr. Hemant Bharat Ram, Vice Chairman.

TO THE MEMBERS OF DCM ENGINEERING LIMITED

1. We have audited the attached balance sheet of DCM Engineering Limited ("the Company") as at March 31, 2010 and also the profit and loss account and the cash flow statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
    a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
    b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
    c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
    d) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
    e) as indicated in the note 5 of Schedule 14, managerial remuneration paid to a director is pending Central Government approval under section 198,269, 309,310,311 and other applicable provisions of the Companies Act, 1956.
    f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
        i. in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
        ii. in the case of the profit and loss account, of the profit for the year ended on that date; and
        iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2010 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

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

Manjula Banerji
Partner
Membership No. 086423

Place : New Delhi
Date : May 14, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the Company's business/activities/result, clauses (x), (xiii) and (xiv) of CARO 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) As explained to us, a part of the fixed assets has been physically verified by the management in accordance with a phased programme of verification to cover all the fixed assets over a period of three years adopted by the Company. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its fixed assets.

(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 inventory:

(a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.

(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 are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the records of inventories, we are of the opinion that the Company has maintained proper records of 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 purchases of inventory and fixed assets and the sale of goods. There is no sale of services during the year. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) In respect of contracts or arrangements entered in the Register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us the particulars of contracts or arrangements referred to section 301 that needed to be entered in the Register maintained under the said section have been so entered. There are no transactions in excess of Rs.5 lacs in respect of any party, listed in the register maintained under section 301 of the Companies Act, 1956, during the year.

(vi) The Company has not accepted deposits from the public during the year within the meaning of sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.

(vii) In our opinion, the internal audit function 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 are informed that maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues of sales-tax, wealth tax, service tax, customs duty and cess that have not been deposited by the

Company with the appropriate authorities. The details of disputed excise duty and income tax dues that have not been deposited by the Company as at March 31, 2010 are as follows:

Name of the Statute	**Nature of the dues**	**Forum where pending**	**Amount Involved* (Rs. lacs)**	**Amount Paid under Protest (Rs. lacs)**	**Year to which the amount relates**
Central Excise Law	Excise duty	Customs Excise and Service Tax Appellate Tribunal	189.98	1.00	1996-1998 2002-2008
Income tax Act, 1961	Income tax	Commissioner Income Tax (Appeals)	15.06	15.06	2006-07

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

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 Involved (Rs. lacs)**	**Year to which amount relates**
Income tax Act, 1961	Income tax	Income Tax Appellate Tribunal Delhi High Court	18.77 5.10	2004-05 2005-06

(xi) According to the records of the Company examined by us and the information and explanations given to us and considering the Scheme of Restructuring and Arrangement (the SORA) sanctioned by the Delhi High Court vide its Order dated October 29, 2003, pursuant to which the dues of a financial institution and debenture holder had been rescheduled for payment and transferred to the Company, during the year, the Company has not defaulted in repayment of dues to financial institution, banks or debenture holder.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.

(xv) 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.

(xvi) According to the information and explanations given to us, during the year, the term loans have been applied for the purpose for which they were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that, during the year, short term funds have not been used to finance long term investments.

(xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) As detailed in note 2 (ii) of schedule 14, there are no debentures outstanding at the year end.

(xx) The Company has not raised any money by way of public issue during the year.

(xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no 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
Date : May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	**As at March 31, 2010 (Rs. lacs)**	As at March 31, 2009 (Rs. lacs)
SOURCES OF FUNDS			
Shareholder's Funds			
Share capital	1	**2,005.00**	2,005.00
Reserved and Surplus	2	**6,316.38**	4,208.49
Loan funds			
Secured loans	3	**5,086.04**	5,586.85
Total		**13,407.42**	11,800.34
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross block		**14,038.00**	13,422.80
Less – depreciation		**8,399.01**	7,085.62
Net block		**5,638.99**	6,337.18
Capital work in progress		**674.28**	1,108.21
		6,313.27	7,445.39
Investments	5	**710.29**	670.24
Deferred tax assets (net)	6	**159.57**	642.48
Current assets, loans and advances	7		
Inventories		**2,487.17**	1,895.81
Sundry debtors		**5,565.47**	4,909.51
Cash and bank balances		**92.89**	237.43
Loans and advances		**2,535.23**	809.95
		10,680.76	7,852.70
Less – Current liabilities and provisions	8		
Current liabilities		**2,636.86**	3,604.15
Provisions		**1,819.61**	1,206.32
Net current assets		**6,224.29**	3,042.23
TOTAL		**13,407.42**	11,800.34
Notes to the accounts	14		

In terms of our report attached
For A.F. Ferguson & Co.
Chartered Accountants

Manjula Banerji
Partner
Membership No. 086423

Place : New Delhi
Date : 14 May, 2010

Dr. Vinay Bharat Ram
Executive Chairman (Director)

J.K. Menon
Managing Director

Lata Prajapati
Company Secretary

Hemant Bharat Ram
Vice Chairman

Ramesh Goel
DGM (Finance & Accounts)

PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	**For the year ended March 31, 2010 (Rs. lacs)**	For the year ended March 31, 2009 (Rs. lacs)
INCOME			
Sales (Gross)	9	**31,081.80**	31,052.03
Less : Excise Duty		**2,428.46**	3,657.37
Sales (Net)		**28,653.34**	27,394.66
Other Income	10	**234.40**	340.05
		28,887.74	27,734.71
EXPENDITURE			
Manufacturing and other expenses	11	**26,925.32**	26,516.08
Depreciation	4	**1,323.68**	1,232.88
Interest	12	**473.69**	960.94
		28,722.69	28,709.90
Profit/(Loss) before taxation and exceptional items		**165.05**	(975.19)
Exceptional items	13	**2,650.05**	–
Profit/(Loss) before tax		**2,815.10**	(975.19)
Provision for taxation :			
– Current tax		**478.43**	–
– MAT credit entitlement		**(329.81)**	–
– Deferred tax (benefit)/charge		**482.91**	(329.84)
– Fringe benefit tax		**–**	17.95
– Income-tax adjustment for earlier years		**75.68**	–
Profit/(Loss) after tax		**2,107.89**	(663.30)
Balance of Profit brought forward from the previous year		**608.39**	1,271.79
Profit available for appropriation		**2,716.28**	608.49
Appropriations:			
Transferred to capital redemption reserve		**–**	(0.10)
Balance carried to the balance sheet		**2,716.28**	608.39
Basic and diluted earnings per share (Rs. per equity share of Rs. 10 each)		**10.51**	(3.31)
Notes to the accounts	14		

In terms of our report attached
For A.F. Ferguson & Co.
Chartered Accountants

Dr. Vinay Bharat Ram
Executive Chairman (Director)

Hemant Bharat Ram
Vice Chairman

Manjula Banerji
Partner
Membership No. 086423

J.K. Menon
Managing Director

Ramesh Goel
DGM (Finance & Accounts)

Place : New Delhi
Date : 14 May, 2010

Lata Prajapati
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended March 31, 2010 (Rs. lacs)	For the year ended March 31, 2009 (Rs. lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(Loss) before tax	**2,815.10**	(975.19)
Adjustments for :		
Depreciation	**1,323.68**	1,232.88
Loss/(Profit) on sale/discard of fixed assets	**7.76**	5.79
Dividend Income	**(12.66)**	(21.70)
Interest expense	**473.69**	960.94
Amount no longer required written back on settlement with lenders#	**(2,650.05)**	–
Interest income	**(61.91)**	(24.25)
Operating profit before working capital changes	**1,895.61**	1,178.47
Adjustment for changes in :		
– Trade and other receivables	**(1,647.69)**	972.16
– Inventories	**(591.36)**	692.10
– Trade payables	**1,117.05**	(1,141.87)
Cash from operations	**773.61**	1,700.86
Direct taxes paid	**(476.62)**	(480.05)
Net cash from operating activities	**296.99**	1,220.81
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Investments	**(40.05)**	–
Purchase of fixed assets	**(189.44)**	(752.11)
Sale of fixed assets	**10.57**	0.65
Dividend received	**21.70**	12.66
Interest received	**72.26**	26.08
Net cash used in investing activities	**(124.96)**	(712.72)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	**2,000.00**	–
Repayment of long term borrowings	**(2,975.11)**	(0.15)
Changes in working capital borrowings	**1,113.26**	57.29
Redemption of Preference shares	–	(0.10)
Payment of interest	**(454.72)**	(585.10)
Net cash from/used in financing activities	**(316.57)**	(528.06)
Net increase / (decrease) in cash and cash equivalents	**(144.54)**	(19.97)
Cash and cash equivalents (opening balance)		
Cash and bank balances	**237.43**	257.40
Cash and cash equivalents (closing balance)		
Cash and bank balances	**92.89**	237.43
	(144.54)	(19.97)

#Refer to Schedule 13

In terms of our report attached
For A.F. Ferguson & Co.
Chartered Accountants

Manjula Banerji
Partner
Membership No. 086423

Place : New Delhi
Date : 14 May, 2010

Dr. Vinay Bharat Ram
Executive Chairman (Director)

J.K. Menon
Managing Director

Lata Prajapati
Company Secretary

Hemant Bharat Ram
Vice Chairman

Ramesh Goel
DGM (Finance & Accounts)

SCHEDULE 1 TO 14 ANNEXED TO AND FORMING PART OF THE ACCOUNTS

1. SHARE CAPITAL

	As at March 31, 2010 (Rs. lacs)	As at March 31, 2009 (Rs. lacs)
Authorised Capital		
Equity Shares		
2,39,99,000 (Previous year 2,39,99,000) of Rs. 10 each	**2,399.90**	2,399.90
Preference Shares		
13.5% Redeemable cumulative preference shares		
100 (Previous year 100) of Rs. 100 each.	**0.10**	0.10
	2,400.00	2,400.00
Issued, subscribed and paid-up capital		
Equity shares		
2,00,50,000 (Previous year 2,00,50,000) of Rs. 10 each fully paid up	**2,005.00**	2,005.00
	2,005.00	2,005.00

Notes :

1. Of the Issued, subscribed and paid up capital :
   - 200,00,000 (Previous year 200,00,000) equity shares of Rs. 10 each were allotted pursuant to the Scheme of Restructuring and Arrangement, without payment being received in cash.
   - 1,50,49,988 (Previous year 1,50,49,988) equity shares of Rs. 10 each are held by DCM Limited, the holding Company.

2. RESERVES AND SURPLUS

	As at March 31, 2009 (Rs. lacs)	Additions (Rs. lacs)	Deletions (Rs. lacs)	As at March 31, 2010 (Rs. lacs)
Share premium @	3,600.00	–	–	**3,600.00**
Capital redemption reserve	0.10	–	–	**0.10**
Surplus in profit and loss account	608.39	2,107.89	–	**2,716.28**
	4,208.49	2,107.89	–	**6,316.38**

@ In respect of equity shares issued without payment being received in cash, pursuant to the Scheme of Restructuring and Arrangement.

3. SECURED LOANS

		As at March 31, 2010 (Rs. lacs)		As at March 31, 2009 (Rs. lacs)
Debentures #				
16% Series – 1	–		783.00	
16% Series – 2	–	–	1,566.00	2,349.00
Bonds #				
Zero coupon bonds		–		958.93
Banks				
Cash Credit/Overdrafts		**3,309.26**		2,196.00
Term Loans		**1,685.77**		–
Vehicle loans		**91.01**		82.92
		5,086.04		5,586.85

1. **DEBENTURES**

(a) 16% (Series -1) NIL (previous year 15,66,000) Debentures of Rs. 100 each aggregating Rs. NIL (previous year Rs. 783 lacs), held by a financial institution, are redeemed during the year pursuant to one time settlement with the concerned financial institution.

(b) 16% (Series -2) NIL (previous year 15,66,000) Debentures of Rs. 100 each aggregating Rs. NIL (previous year Rs. 1566 lacs) held by a financial institution, are redeemed during the year pursuant to one time settlement with the concerned financial institution.

2. **Bonds**

Zero coupon bonds of Rs. NIL (previous year Rs. 958.93 lacs) held by a financial institution, are redeemed during the year pursuant to a one time settlement, where under Rs.301.00 lacs was paid by the Company and the balance due of Rs.657.93 lacs was waived of by the concerned financial institution.

Refer to note 2 (ii) of Schedule 14

3. **Banks**

(i) Cash credit/overdrafts are secured by first charge by way of hypothecation of stocks, stores and spares (not relating to plant and machinery), book debts and all other movables, both present and future, of the Company.

(ii) Term loan from a bank is secured by way of first charge created/ to be created, over movable and immovable fixed assets of the Company. Due within a year Rs. 666.40 lacs (previous year Rs. Nil). Includes interest accrued and due of Rs. 18.97 lacs (previous year Rs. NIL).

(iii) Loans for vehicles are secured by hypothecation of specific vehicles with first and exclusive charge. Amount of loan repayable within a year Rs. 27.63 lacs (previous year Rs. 25.42 Lacs).

4. FIXED ASSETS

(Amount in Rs. Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at March 31, 2009	Additions/ Adjustments during the year	Deletions during the year	**As at March 31, 2010**	As at March 31, 2009	For the year	On deletions and adjust-ments during the year	**As at March 31, 2010**	**As at March 31, 2010**	As at March 31, 2009
Tangible Assets										
Land	422.62	–	–	**422.62**	–	–	–	–	**422.62**	422.62
Building	1110.97	163.92	–	**1274.89**	245.60	35.98	–	**281.58**	**993.31**	865.37
Plant and Machinery	10,707.61	399.83	–	**11,107.44**	6,453.52	1,145.56	–	**7.599.08**	**3,508.36**	4,254.09
Vehicles	233.78	65.43	28.62	**270.59**	68.40	23.74	10.29	**81.85**	**188.74**	165.38
Computer Hardware	176.62	6.81	–	**183.43**	101.33	24.23	–	**125.56**	**57.87**	75.29
Pattern & Toolings	556.06	–	–	**556.06**	146.47	62.89	–	**209.36**	**346.70**	409.59
Furniture and fittings	82.14	6.91	–	**89.05**	15.64	4.59	–	**20.23**	**68.82**	66.50
Intangible Assets										
Software	133.00	0.92	–	**133.92**	54.66	26.69	–	**81.35**	**52.57**	78.34
Current year	**13,422.80**	**643.82**	**28.62**	**14,038.00**	**7,085.62**	**1,323.68**	**10.29**	**8,399.01**	**5,638.99**	
Previous year	12,449.14	987.85	14.19	**13,422.80**	5,860.49	1,232.88	7.75	**7,085.62**		6,337.18
Capital work in progress									**674.28**	1,108.21
									6,313.27	7,445.39

Capital commitments (net of capital advances) outstanding as at March 31, 2010 Rs.28.96 lacs (previous year Rs.50.47 lacs).

Assets transferred to the Company pursuant to the Scheme of Restructuring and Arrangement (SORA) (Refer note 2 of Schedule 14), are pending registration, wherever required, in the name of the Company.

* 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 Company.

5. INVESTMENTS

		As at March 31, 2010 (Rs. lacs)		As at March 31, 2009 (Rs. lacs)
LONG TERM				
(At cost unless otherwise stated)				
Non trade – Quoted		**503.74**		503.74
SRF Limited				
1,80,850 (previous year 180,850) equity shares of Rs. 10 each fully paid up				
Non trade – Unquoted				
Purearth Infrastructure Limited				
16,65,000 (previous year 16,65,000) equity shares of Rs. 10 each fully paid up.	**166.50**		166.50	
8,01,335 (previous year NIL) equity shares of Rs. 10 each, Rs. 5 paid up acquired during the year	**40.05**	**206.55**	–	166.50
		710.29		670.24

	Book Value (Rs. Lacs)		**Market Value (Rs. Lacs)**	
	Current Year	Previous Year	**Current Year**	Previous Year
Quoted	**503.74**	503.74	**356.91**	134.73
Unquoted	**206.55**	166.50	**–**	–

6. DEFERRED TAX ASSETS (NET)

	As at March 31, 2010 (Rs. lacs)	As at March 31, 2009 (Rs. lacs)
Deferred tax assets on :		
Unabsorbed depreciation	–	14.58
Accrued expenses, deductible on payment	457.63	1,113.74
Provision for doubtful debts and advances	4.77	4.88
	462.40	1,133.20
Less : Deferred tax liability on : Accelerated depreciation	302.83	490.72
	159.57	642.48

7. CURRENT ASSETS, LOANS AND ADVANCES

Current Assets		
Inventories		
Stores, spares and components (valued at cost or under)	893.00	779.82
Stock in trade (at the lower of cost and net realisable value)		
– Raw materials	738.70	626.86
– Process stocks	855.47	463.89
– Finished goods	–	25.24
	2,487.17	1,895.81
Sundry debtors		
Debts over six months		
Unsecured – good	171.59	414.08
– doubtful	10.70	10.70
Other debts		
Unsecured – good	5,393.88	4,495.43
	5,576.17	4,920.21
Less : Provision for doubtful debts	10.70	10.70
	5,565.47	4,909.51
Cash and bank balances		
Cash in hand	2.71	2.51
With scheduled banks on :		
– Current accounts	38.25	18.62
– Deposit accounts #	51.93	216.30
	92.89	237.43
Loans and advances		
(Unsecured – considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
– Considered good	1,040.61	270.29
– Considered doubtful	3.67	3.67
	1,044.28	273.96
Less : Provision for doubtful advances	3.67	3.67
	1,040.61	270.29
With customs, excise and port trust authorities	81.44	100.13
Accrued price variation claims receivable	329.92	119.31
MAT credit entitlement	329.81	–
Taxation including fringe benefit tax	751.62	308.04
Income accrued on Investments/deposits	1.83	12.18
	2,535.23	809.95
	10,680.76	7,852.70

includes Rs. 51.93 lacs (previous year Rs. 16.30 lacs) provided as margin for bank guarantees and letter of credits.

8. CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2010 (Rs. lacs)	As at March 31, 2009 (Rs. lacs)
Current Liabilities		
Acceptances	–	20.35
Sundry creditors#		
– Outstanding dues of micro and small enterprises (Refer to note 12 of Schedule 14)	262.68	66.08
– Others	2,323.26	1,492.25
Advances and deposits from customers	50.92	33.35
Interest accrued but not due on loans*	–	1,992.12
	2,636.86	3,604.15
Provisions		
Income–tax	567.91	46.84
Gratuity	1,088.48	980.67
Leave encashment	163.22	178.81
	1,819.61	1,206.32

#There are no amounts outstanding to be deposited in Investor Education and Protection Fund.
*Refer to note 2(ii) of Schedule 14.

9. SALES

	For the year ended March 31, 2010 (Rs. lacs)	For the year ended March 31, 2009 (Rs. lacs)
Sale of Products		
– Domestic	30,962.62*	29,906.37
– Exports	119.18	1,145.66
	31,081.80	31,052.03

*Includes unbilled revenue of Rs. 329.92 lacs (Previous year Rs. 119.31 lacs) net of excise duty and taxes amounting to Rs. 38.45 lacs (Previous year 13.38 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.

10. OTHER INCOME

Special rebates, Incentives,etc.	0.94	13.71
Interest on deposits (Income-tax deducted at source Rs. 7.30 lacs) (Previous Year Rs. 5.11 lacs)	61.91	24.25
Profit on sale of Fixed Assets	0.28	–
Foreign Exchange gain	25.44	80.81
Excess provisions/liabilities no longer required, written back.	–	65.04
Dividend income from long term Investments (non trade)	12.66	21.70
Discount received	54.41	67.00
Miscellaneous	78.76	67.54
	234.40	340.05

11. MANUFACTURING AND OTHER EXPENSES

	For the year ended March 31, 2010 (Rs. lacs)	For the year ended March 31, 2009 (Rs. lacs)
Raw material consumed	**11,773.07**	12,361.35
Stores, spares and components @	**4,244.35**	4,054.84
Power and fuel	**4,702.11**	3,888.09
Repairs :		
– Buildings	**45.41**	69.26
– Plant and machinery	**656.79**	728.38
– Others	**28.43**	29.27
Jobs on contract	**630.96**	613.03
Salaries, wages, commission, etc. @	**3,223.67**	2,836.06
Bonus	**124.47**	125.48
Gratuity and leave encashment	**213.53**	272.99
Provident and other funds	**282.18**	272.06
Welfare	**165.37**	129.40
Rent	**102.47**	102.74
Insurance	**7.88**	8.78
Rates and Taxes	**0.59**	2.04
Auditors' remuneration		
– Audit Fees	**8.00**	7.15
– For tax audit	**2.00**	1.50
– Other Certification Work	**0.50**	–
Directors' Fees	**3.20**	2.80
Loss on sale / discard of fixed assets	**8.04**	5.79
Commission to selling agents (other than sole selling)	**3.70**	25.01
Brokreage, discounts (other than trade discount), etc.	**33.00**	29.86
Foreign exchange loss	**45.10**	37.61
Freight, transport etc.	**273.31**	346.20
Miscellaneous expenses	**732.39**	569.05
	27,310.52	26,518.74
Less : Cost of patterns and toolings developed and capitalised	**18.86**	133.12
	27,291.66	26,385.62
Increase(–)/Decrease in finished and process stocks :		
Closing stock :		
– Process stocks	**855.47**	463.89
– Finished stocks	**–**	25.24
	855.47	489.13
Less : Opening Stock :		
– Process stocks	**463.89**	585.50
– Finished stocks	**25.24**	34.09
	489.13	619.59
	(366.34)	130.46
	26,925.32	26,516.08

@ After allocating following amounts to other revenue accounts:		Rs. lacs
– Store, spares and components	**930.27**	801.00

12. INTEREST

Interest on –		
Debentures and other fixed loans	**98.73**	384.54
Cash Credit, overdrafts, etc.	**374.96**	576.40
	473.69	960.94

13. EXCEPTIONAL ITEMS

	For the year ended March 31, 2010 (Rs. lacs)	For the year ended March 31, 2009 (Rs. lacs)
Amount no longer required written back on settlement with lenders #		
– Bond	**657.93**	–
– Interest	**1,992.12**	–
	2,650.05	–

#Refer to note 2 (ii) of Schedule 14

SCHEDULE-14 NOTES TO THE ACCOUNTS

1. Significant accounting policies

a) Accounting convention

The financial statements are prepared under the historical cost convention, in accordance with applicable Accounting Standards, and relevant presentational requirements of the Companies Act, 1956.

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.

c) Fixed assets including Intangible assets

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes and incidental expenses and interest on loans attributable to the acquisition of assets up to the date of commissioning of assets.

Intangible assets include softwares capitalized where it is expected to provide future enduring economic benefits. Capitalization costs include license fees and cost of implementation/system integration services. The costs are capitalized in the year in which the software is fully implemented for use.

d) Depreciation

(i) The Company follows straight line method of depreciation.

(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.

(iii) Depreciation is calculated on pro-rata basis from the date of additions, except in case of assets costing up to Rs. 5000 each, where each such asset is fully depreciated in the year of purchase. Depreciation on assets, sold, discarded, etc., during the year is provided till the date of such sale, disposal, etc.

(iv) Software costs are amortized over a period of five years.

e) Investments

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

f) Inventories

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

(ii) Raw materials, process stocks and finished goods are valued at the lower of cost and net realizable value.

(iii) Cost of inventories is ascertained on the moving 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.

g) Revenue recognition

Sale of goods is recognized at the point of dispatch of finished goods to customers. Sales are inclusive of excise duty and exclusive of sales tax/ value added tax.

h) **Employee's Benefits :**

Provision on employee's benefits is determined on accrual basis. The Company has various schemes of employees benefits such as provident fund, Employees State Insurance Corporation (ESIC), superannuation fund, gratuity fund and leave encashment, which are dealt with as under:

i) Contributions to provident fund and ESIC are charged to revenue each year.

ii) Superannuation fund has been administered by trustees of independently constituted trust, recognized by the Income Tax authorities and periodic contributions to the fund are charged to revenue. LIC policies are taken by the Superannuation Trusts created by the holding Company to cover the liability of the Company in respect of superannuation liability.

iii) The earned leave and gratuity have been provided on accrual basis, based on accounting year end actuarial valuation. Actuarial gains or loss arising from such valuation are charged to revenue in the year in which they arise.

i) **Foreign exchange fluctuation**

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 recognized as income / expense in the year in which they arise, except in respect of the foreign currency liabilities incurred in connection with fixed assets where the exchange differences arising during the construction period are adjusted in the cost of concerned assets.

In case of forward exchange contracts, the premium or discount, arising at the inception of such contracts is amortized as income or expense over the life of the contract and the exchange differences on such contracts, i.e., differences between the exchange rates at the reporting / settlement date and the exchange rates on the date of inception of contract / the last reporting date, is recognized as income / expense for the year except where the foreign currency liabilities have been incurred in connection with fixed assets where the exchange differences arising during the construction period are adjusted in the cost of concerned assets.

j) **Income-tax**

The 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 recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

2. (i) The Scheme of Restructuring and Arrangement (the SORA) of the Company and DCM Limited, under section 391 and 394 was approved by the shareholders and creditors in their respective meetings held under section 391 of the Companies Act, 1956, and sanctioned by the Delhi High Court vide its Order dated October 29, 2003. The SORA became effective on January 2, 2004 on filing of the certified copy of the Order of the High Court in the office of the Registrar of Companies.

Consequent to the effectuation of the SORA, the Engineering Business of DCM Limited (the Engineering Business), comprising its operations at Ropar (Punjab) and Baddi (Himachal Pradesh), together with all the assets, liabilities, contingent liabilities and debts, rights and benefits, permits and quotas and other licences, registrations under various acts, privileges and benefits of all contracts and agreements and all other rights including leasehold rights, etc., had, without any further act or deed, been transferred to and vested in the Company with effect from the appointed date, i.e., April 1, 2001 and accounted for in the previous period ended March 31, 2004.

(ii) Loan amounts pertaining to a financial institution transferred pursuant to SORA from DCM Limited to the Company aggregating Rs. NIL (Previous year Rs. 3,307.93 lacs), appearing in Schedule 3, have been settled pursuant to the one time settlement (OTS) of dues of the financial institution with the Company, its holding Company and other group Companies. According to the terms and conditions of the OTS, the Company, during the year, has repaid the principal outstanding for debentures and part of zero coupon bonds. Subsequent to the final payment made pursuant to the OTS in the month of April 2010 by the holding and group companies, the balance of zero coupon bonds and interest accrued has been written back in the books of account. The same has been shown as an exceptional item in the profit and loss account. Subsequent to the compliance of the OTS, the financial institution has issued the no dues certificate to the Company and its Holding Company.

3. Contingent liabilities not provided for

	Current Year (Rs. lacs)	Previous Year (Rs. lacs)
*Claims against the Company not acknowledged as debts		
– Excise Claims	**189.98**	218.85
– Income Tax	**15.06**	128.59
– Service Tax	**Nil**	16.63
– Others	**106.17**	148.13
Uncalled liability on shares partly paid	**40.05**	Nil

*All the above matters (other than uncalled liability on shares partly paid) 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 results of operations or financial position of the Company.

4. There are no disputed dues of sales tax, wealth tax, service tax, customs duty and cess that have not been deposited with the appropriate authorities. The details of disputed excise duty and income-tax dues that have not been deposited by the Company as at March 31, 2010 are as follows: -

Name of the Statute	Nature of the dues	Forum where pending	Amount involved* (Rs. Lacs)	Amount paid under protest (Rs. Lacs)	Year to which the amount relates
Central Excise Law	Excise Duty	Customs Excise and Service Tax Appellate Tribunal	189.98	1.00	1996-98 2002-08
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	15.06	15.06	2006-2007

Amount as per demand orders including interest and penalty wherever quantified in the order.

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 involved (Rs. Lacs)	Year to which the amount relates
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	18.77	2004-05
		Delhi High Court	5.10	2005-06

5. Managerial remuneration*

	Current year# (Rs. lacs)	Previous year (Rs. lacs)
Salaries and allowances	**94.98**	88.48
Perquisites	**74.14**	52.26
Provident Fund and other benefits	**13.60**	11.98
Directors' sitting fees	**3.20**	2.80

*Does not include provisions for incremental liability of gratuity and leave encashment since such provisions are based on actuarial valuation for the Company as a whole.

Shareholders of the Company have approved re-appointment and increase in remuneration of the Executive Chairman with effect from January 30, 2010 for three (3) years in their Extra-Ordinary General Meeting held on March 12, 2010 subject to approval of the Central Government. The Company has filed an application under section 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 with the Central Government seeking approval for the said re-appointment and increase in remuneration of Rs. 21.95 lacs from January 30, 2010 to March 31, 2010. The Management is confident of getting the necessary approvals as in the past and accordingly has expensed the amount of remuneration paid/ payable.

6. 'Excise duty' shown as deduction from sales on the face of profit and loss account represents the excise duty on finished goods sold during the year.

7. Employee benefits

a) Defined contribution plans

The Company makes contribution towards employees' provident fund, superannuation fund and employees' state insurance plan scheme. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the schemes, to these defined contribution schemes. The Company recognized Rs. 257.09 lacs (previous year Rs. 249.35 lacs) during the year as expense towards contributions to these plans.

	Current Year (Rs. lacs)	Previous Year (Rs. lacs)
Company's contribution to provident fund	**183.93**	166.59
Company's contribution to superannuation fund	**49.71**	45.68
Company's contributon to employees' state insurance scheme	**23.45**	37.08

(b) Defined benefit plans

Gratuity scheme – This is an unfunded defined benefit plan for qualifying employees. The scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

Compensated Absences – Compensated Absences includes earned leaves and sick leaves.

In accordance with AS-15 (revised 2005) actuarial valuation has been done in respect of the aforesaid defined benefit plans. The details of the same are given below:

	As at March 31, 2010 (Rs. lacs)		As at March 31, 2009 (Rs. lacs)	
	Gratuity Fund	**Compensated Absences**	Gratuity Fund	Compensated Absences
Change in present value of obligation				
1. Present value of obligation as at the beginning of the year	**980.67**	**178.81**	832.07	125.99
2. Current service cost	**50.58**	**36.59**	45.83	44.02
3. Interest cost	**78.45**	**14.31**	58.24	8.82
4. Actuarial (gain) / loss	**73.00**	**(39.40)**	90.97	22.73
5. Benefits paid	**(94.22)**	**(27.09)**	(46.44)	(22.75)
6. Present value of obligation as at the end of the year	**1088.48**	**163.22**	980.67	178.81
Change in plan assets				
1. Plan assets at the beginning of the year	–	–	–	–
2. Expected return on plan assets	–	–	–	–
3. Contribution by the Company	–	–	–	–
4. Benefits paid	–	–	–	–
5. Actuarial gain / (loss)	–	–	–	–
6. Plan assets at the end of the year	–	–	–	–
Liability recognized in the financial statement	**1088.48**	**163.22**	980.67	178.81
Cost for the year				
1. Current service cost	**50.58**	**36.59**	45.83	44.02
2. Interest Cost	**78.45**	**14.31**	58.24	8.82
3. Return of plan assets	–	–	–	–
4. Actuarial (gain) / loss	**73.00**	**(39.40)**	90.97	22.73
5. Net cost	**202.03**	**11.50**	195.04	75.57

	As at March 31, 2010 (Rs. lacs)		As at March 31, 2009 (Rs. lacs)	
	Gratuity Fund	**Earned and sick leaves**	Gratuity Fund	Earned and sick leaves
Constitution of plan assets				
Other than equity, debt, property and bank a/c	**N.A.**	**N.A.**	N.A.	N.A.
Funded with LIC	**N.A.**	**N.A.**	N.A.	N.A.
Main actuarial assumptions				
Discount rate	**8.00%**	**8.00%**	7.00%	7.00%
Rate of return on plan assets	**–**	**–**	–	
Rate of income in compensation levels	**5.00%**	**5.00%**	5.00%	5.00%
Expected average remaining working lives of employees (years)	**9.56**	**9.56**	10.41	10.41

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

8. The business operations of the Company comprise manufacture and sales of Grey Iron Castings mainly in India, U.K., China and USA. The inherent nature of these activities are governed by the same set of risks and returns and, therefore, fall within a single primary business segment, viz., manufacture and sale of Grey Iron Castings. As such the disclosure requirements of Accounting Standard -17 “Segment reporting” notified by the companies (Accounting Standards) Rules, 2006 are not applicable.

9. Earnings per share

	Current year	Previous year
Net profit attributable to equity shareholder as per profit and loss account (Rs. in lacs)	**2,107.89**	(663.30)
Weighted average number of equity shares outstanding	**2,00,50,000**	2,00,50,000
Basic and diluted earnings per share in rupees (Rs. per equity share of Rs. 10 each)	**10.51**	(3.31)

10. Related party transactions

a) Enterprises having control over the Company
DCM Limited (the holding company)

	Current year (Rs. lacs)	Previous year (Rs. lacs)
Purchase of services	**3.74**	12.06

b) Key management personnel, having significant influence:

Dr. Vinay Bharat Ram [Executive Chairman (Director)]
Mr. Hemant Bharat Ram [Vice Chairman]
Mr. J.K. Menon [Managing Director]

	Current Year (Rs. lacs)	Previous Year (Rs. lacs)
– **Remuneration paid (Refer to note 5 also)**		
Dr. Vinay Bharat Ram	**127.02**	97.24
Mr. J.K. Menon	**55.70**	55.48
TOTAL	**182.72**	152.72
– **Remuneration payable**		
Dr. Vinay Bharat Ram	**0.63**	–
Mr. J.K. Menon	**0.15**	–

c) Enterprise over which key management personnel are able to exercise significant influence.
Pureath Infrastructure Limited

	Current Year (Rs. lacs)	Previous Year (Rs. lacs)
Investment in equity shares	40.05	–
Balance outstanding at the year end		
Investment in equity shares	206.55	166.50

11. The Company's significant operating lease arrangements entered into on or after April 1, 2001, are in respect of premises (residential, office, stores, godowns etc.). These leasing arrangements, which are cancellable, are renewable by mutually agreeable terms. The lease rentals charged in the manufacturing and other expenses as rent aggregate Rs. 102.47 lacs (previous year Rs. 102.74 lacs).

12. 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. 262.68 lacs (Previous year Rs.66.08 lacs). Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

13. Capital work in progress includes unsecured advances, considered good, Rs.575.55 lacs (Previous year Rs. 575.55 lacs) paid during previous years by DCM Limited (the holding company) to certain parties to acquire certain properties 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 advances given to acquire the property are good and fully recoverable.

14. Foreign currency exposures that are not hedged by derivatives instruments or otherwise is as follows:

Particulars	**Year ended 31.03.2010**			Year ended 31.03.2009		
	Amount in foreign currency (lacs)		**Amount in (Rs. lacs)**	Amount in foreign currency (Rs. lacs)		Amount in (Rs. lacs)
Sundry debtors*	**USD**	**1.947**	**86.80**	USD	7.23	366.95
	GBP	**0.045**	**2.94**	GBP	2.70	195.88
Sundry creditors	**EURO**	**0.084**	**5.18**	EURO	0.0075	0.50
	USD	**0.017**	**0.79**	USD	0.6622	33.59
	–	**–**	**–**	GBP	0.2400	17.06
Loans and Advances	**USD**	**3.031**	**136.09**		–	–
	EURO	**0.047**	**2.85**	EURO	0.119	8.05
	JYP	**4.818**	**2.31**		–	–

15. The previous year figures have been regrouped/recast to conform to the current year's classification.

16. Statement of Additional Information

(i) Particulars of capacity and production.

Description	Unit	Capacity Licensed $		Capacity Installed #		Production	
		Current year	Previous year	Current year	Previous year	Current year	Previous year
Alloy Iron/SG Iron castings	M.T.	–	–	72000	72000	54437	45791
Patterns, Jigs and fixtures	Nos.	–	–	*	*	5	3

$ Licensed capacity is not applicable to the industry.
# Installed capacity is as certified by the Company and relied upon by the Auditors, being a technical matter. Further Installed Capacity is on an annual basis for 3 shifts workings.
* Installed capacity varies based on product mix and specification.

(ii) Particulars of stocks and sales.

Description	Unit	**Opening Stocks**		**Closing Stocks**		**Sales**	
		Current year	Previous year	**Current year**	Previous year	**Current year**	Previous year
Alloy Iron/SG Iron Castings	M.T.	**41.04**	46.10	**–**	41.04	**51,473.00**	43,068.20
	Rs. Lacs	**25.24**	34.09	**–**	25.24	**30,821.67**	30,902.53
Patterns, Jigs and Fixtures	Nos.	–	–	–	–	**5.00**	3.00
	Rs. Lacs	–	–	–	–	**260.13**	149.50
	Rs. Lacs	**25.24**	34.09	**–**	25.24	**31,081.80**	31,052.03

(iii) Particulars of Raw Materials consumed

Description	Units	Current Year		Previous Year	
		Quantity	**Value Rs.in Lacs**	Quantity	Value Rs.in Lacs
Melting Scrap	M.T.	**44,286.90**	**8,790.69**	35,706.64	9,092.24
Pig Iron	M.T.	**6,465.28**	**1,360.69**	4,933.25	1,452.62
Ferro Alloys	M.T.	**1,494.13**	**895.72**	1,261.55	925.68
Metallic additives	M.T.	**156.73**	**417.34**	161.59	470.74
Carboriser	M.T.	**1,625.30**	**308.63**	1,330.50	420.07
			11,773.07		12,361.35

(iv) Other Additional Information

Description	Current Year		Previous Year	
	(Rs. Lacs)	**% of Total**	(Rs. Lacs)	% of Total
(a) Value of imports on CIF basis:				
– Raw materials	**217.63**	**–**	78.35	–
– Components and spare parts	**76.49**	**–**	58.80	–
– Capital goods	**–**	**–**	52.01	–
TOTAL	**294.12**	**–**	189.16	–
(b) Expenditure in foreign currency				
– Commission, travel, etc.	**20.00**	**–**	37.82	–
– Technical Consultancy	**14.13**	**–**	–	–
(c) Earnings in foreign exchange				
– Direct export of goods on FOB basis/ as per contracts, where FOB value is not readily ascertainable	**119.18**	**–**	1,145.66	–
(d) Value of imported/indigenous raw materials, components and stores and spares consumed				
(i) Raw Materials				
Imported	**100.36**	**0.85%**	28.17	0.23%
Indigenous	**11,672.71**	**99.15%**	12,333.18	99.77%
	11,773.07	**100.00%**	12,361.35	100.00%
(ii) Stores, spare parts and components				
Imported	**106.70**	**2.51%**	68.12	1.68%
Indigenous	**4,137.65**	**97.49%**	3,986.72	98.32%
	4,244.35	**100.00%**	4,054.84	100.00%

17. Schedule 1 to 14 form an integral part of the Balance Sheet, Profit and Loss Account and Cash Flow Statement.

Dr. Vinay Bharat Ram
Executive Chairman (Director)

Hemant Bharat Ram
Vice Chairman

J.K. Menon
Managing Director

Ramesh Goel
DGM (Finance & Accounts)

Lata Prajapati
Company Secretary

ABSTRACT

Part - IV Balance Sheet Abstract and Company's General Business Profile

I. Registration No. 41398 State Code 55

Balance Sheet Date 31 03 2010

II. Capital raised during the period (Amount in Rs. Thousands)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private placement
NIL	NIL

III. Position of mobilisation and development of funds (Amount in Rs. thousands)

Total Liabilities	Total Assets
1340742	1340742

Source of funds

Paid up capital	Reserves and Surplus
200500	631638
Secured Loans	Unsecured Loans
508604	NIL

Application of Funds

Net Fixed Assets	Investments
631327	71029
Net current assets	Miscellaneous Expenditure
622429	NIL

IV. Performance of the company (Amount in Rs. Thousands)

Turnover (Net of Excise)	Total Expenditure
2888774	2872269
+/- Profit before tax	+/- Profit after tax
281510	210789
+/- Earning per share (Rs.)	+/- Dividend Rate (%)
10.51	NIL

V. Generic names of three principal products/services of the company (as per monetary items)

Item Code No. (ITC Code)	732510
Product Description	Iron Castings Rough
Item Code No. (ITC Code)	840900
Product Description	Machine Parts Components
Item Code No. (ITC Code)	841990
Product Description	Iron Castings Machined