DCM ENGINEERING LTD

3rd Floor Kanchenjunga Building,
18, Barakhamba Road,
New Delhi-110001

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this 22nd Annual Report together with the Audited Statement of Accounts of your Company for the year ended March 31, 2011.

Automotive Industry Scenario

The automotive industry continues to grow at a rate of 25% during the year. Every domain of the automotive industry witnessed unprecedented growth levels and your company was able to utilize this opportunity to reach its' highest sales level during the year.

There were also many challenges for the industry like shortage of trained manpower, rising commodity prices, increased transportation costs etc. However, fortunately the buoyancy overcame these challenges and the mood remained upbeat.

The Indian automotive industry promises to grow in double digits for the next few years. There will be occasional blips due to rising commodity/ input prices, oil prices and interest rates but the average growth is expected to be around 15% over the next 5 years. This is of course a huge opportunity for your company but with equally high challenges. The automotive industry being a traditional industry is a hard testing ground among industries and once capacity is enhanced, the competition tends to increase.

In the international arena, the scenario has begun to improve a little. However your company remains cautious on the exports front and this year will keep a careful watch on the world automotive markets. While export market may not have any immediate impact on sales of the company since the supply focus for 2011-12 would continue to focus on satisfying the domestic customers. However, with the implementation of the expansion plan, exports market will also be a thrust area for your company

Operations

Your company achieved a total dispatch of 58,579 MT in 2010-11 as against 51473 MT in 2009-10. The main concern remains that the company could not meet its customer demand/order position of over 7000 MT per month. The maximum dispatch achieved in any month last year was 5481 MT. The supply constraint was primarily due to an unbalanced pouring to finishing capacity. This is a priority area for correction during current year.

Your company has moved forward for an expansion plan to introduce a new production line and enhance the production capacity to 150000 MT per annum in phased manner from the existing capacity of 72000 MT per annum. The project team has received the 'Terms of Reference' from the Ministry of Environment and Forest and all statutory approvals are being expedited. The time line of the expansion is realistic and the trial production would commence on the new line, during mid of financial year 2012-13.

The focus on TQM has narrowed to deploying 5S and autonomous maintenance all across the plant. Target setting for each department was taken up and Roles, Responsibilities & Accountability (RRA) are defined through the deployment of an annual planning cycle. Focused monthly reviews on these areas were started and these systems will be stabilized & established during the current year.

As an initiative to bring down the number of manually controlled activities in the plant, your company has introduced the Camera pouring system, Single piece flow and assembly dipping processes for heads and critical blocks. The improvement in quality continues to be the top priority for your company.

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Financial highlights

The gross production and dispatch of castings rose to 58,579 MT in financial year 2010-11 against 51473 MT in 2009-10, recording a rise of 14%. Due to the buoyant market situation, sales rose to Rs.410 Crores during financial year ended 2010-11 from Rs. 310 Crores in the previous year, registering a growth of 32%. The Net Profit before tax increased to Rs. 23.54 Crores in the year 2010-11 as against Rs. 1.65 Crores (excluding exceptional item of Rs. 26.50 Crores) in 2009-10. The financial highlights are as follows:

(Rs. Lacs)

Particulars	**2010-11**	**2009-10**
Sales/Turnover	41026	31,081
Profit /(loss) before Depreciation, Interest & Tax	4059	1962
Less: Interest	641	474
Less: Depreciation	1072	1323
Profit /(loss) before Tax (PBT) (before exceptional items)	**2346**	**165**
Add: Exceptional Items	-	2650
Profit /(loss) before Tax (PBT)	2346	2815
Less: Provision for Taxation including Deferred Tax	780	707
Profit /(loss) after Tax (PAT)	**1566**	**2108**
Add: Opening Balance in Surplus profit/ (Loss) Account	2716	608
Balance in Surplus Account available for appropriation	**4282**	**2716**
Dividend on equity shares	**601**	**-**
Corporate Tax on Dividend	**98**	**-**
Amount Transferred to General Reserve	**160**	**-**
Profit Carried to Balance Sheet	**3423**	**2716**

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Directors

In terms of Section 256 of the Companies Act, 1956 and Article 106 of Articles of Association of the Company, Dr. Vinay Bharat Ram, Mr. L. Lakshman, and Mr. Jai Kumar Menon, retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Jai Kumar Menon, Managing Director of the Company whose terms of office was expiring as Managing Director on November 14, 2010 was re-appointed for another term of three years with effect from November 15, 2010.

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 along with 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

Your directors are pleased to recommend a dividend of Rs. 3.00 (30%) per equity shares of Rs 10 each aggregating to Rs.6.02 Crores on paid up equity capital of the company for the financial year 2010-11, which if approved at the ensuing Annual general Meeting, will be paid to all those member (s) whose name appear in the register of members as on June 20, 2011.

Auditors and Auditors' Report

The Auditors of the Company, M/s A.F. Ferguson & Co., Chartered Accountants, will retire at the conclusion of ensuing 22nd Annual General Meeting. M/s A.F. Ferguson & Co expressed their unwillingness for reappointment as auditors in the said general meeting.

The Board of directors has recommended the appointment of M/s. B S R & Co, Chartered Accountants as statutory Auditors for the financial year 2011-12 in the ensuing Annual General Meeting.

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

The relations between the Management and the workforce remained cordial throughout the year & the spread of TQM to the workforce was exemplified in the fact that there are 40 QC Circles running in the plant, with quarterly internal competitions. We have also launched the 'Sankalp' suggestion scheme which has seen a very good response from the workforce.

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, 2011, 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

Sd/-

Date: May 20 2011 **Dr. Vinay Bharat-Ram**

Place: New Delhi **Executive Chairman**

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"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 and 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 Synchronization of Bucket Elevator to Avoid Idle Running.

2 Timed Operation of Belt at Reclamation Sand Plant 1(RSP) for Power Saving.

3 Elimination of Goindi Machine Power Pack and Connecting to Main Power Pack.

4. Combining Hydraulic Units of Mould Closing and Vent Hole Drilling (VHD) at High Pressure Moulding Line (HPM) Line.

5 Plant overall power factor maintained between 0.98 to 0.99

6. Single dipping for Two Part Core making Process, to save energy.

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 and has targeted a 5 % improvement for 2011-12.

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 1563 Kwh per MT in 2009-10 to 1475 Kwh per MT in 2010-11.

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 2010-11**	**Previous Year 2009-10**
Unit	Mwh	91887	83880
Total amount	Rs./lacs	4424.19	3771.84
Rate/unit	Rs.	4.81	4.50
(b) Own generation			

(i) Through diesel generator			
Unit	Mwh	57	1179
Units per ltr. of diesel oil	Kwh	3.68	3.40
Cost/unit	Rs./Kwh	8.80	8.97
(ii) Through steam Turbine/ generator	N.A.	N.A	N.A
Units			
Units per ltr. of fuel oil/gas			
Cost/unit			
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
3. Furnace oil (LDO,HSD)	**Unit**		
Quantity (k ltrs.)	K. Ltr.	2251.17	2037.29
Total amount	Rs./lacs	762.92	627.45
Average rate	Rs./K.Ltr.	33890	30798
4. LPG			
Quantity	MT	606.42	529.18
Total cost	Rs./lacs	259.62	197.1
Rate/unit	Rs./MT	42812	37246
B. Consumption per unit of Gross Production			
Particulars	**Unit**	**Current Year 2010-11**	**Previous Year 2009-10**
Products (Alloy Iron Castings) – Gross	MT	62327	54437
Electricity,	Kwh/MT	1475	1563
Furnace oil (LDO,HSD)	Ltr./MT	36.12	37.42
Coal (specify quality)	NA	N.A	N.A
LPG	Kg./MT	9.73	9.72

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FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNIGS & OUTGO-2010-11

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 installed Camera pouring system in KW line. The focus is to improve the liquid metal yield and to reduce rejections related to manual pouring.

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	As mentioned earlier, our focus was domestic market. However, we were keen to resume our business in export market with M/s. Perkins, being part of the Caterpillar group. Due to the long gap in supply and some changes in process, we are once again completing PPAP formality and supplies are expected to resume in 2011-12.
2.	Total Foreign Exchange used and earned	Amount (Rs in lacs)
	Used	Rs. 677.36 lacs (FY-2009-10 is Rs. 241.19 lacs)
	Earned	Rs. NIL lacs (FY- 2009-10 is Rs.119.18 lacs)

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"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)	Designation	Qualification	Total Experience	Date of Joining	Remuneration received p.a. (Rs. In lacs)	Details of last Employment	
							Name of Co.	Designation
Dr. Vinay Bharat Ram	75	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	49 Years	25/09/2001	130.01	DCM Limited	Chairman and Managing Director
Mr. Jai Kumar Menon	51	Managing Director	B. Tech. (Mechanical)	28 Years	15/11/2007	72.06	Minda Group of Industries	President

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Employed for a part of the year under review:

Name	Age (Year)	Designation	Qualification	Total Experience	Date of Joining	Remuneration received for the period. (Rs. in lacs)	Details of last Employment	
							Name of Co.	Designation
Mr. Sumant Bharat Ram	44	Executive Vice Chairman	B.A.(H)-Economics, MBA	19 years	01/06/2010	64.47	DCM Limited	President - Corporate Affairs

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

For and on behalf of the Board

Sd/-

Date: May 20 2011

Dr. Vinay Bharat-Ram

Place: New Delhi

Executive Chairman

A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
9, SCINDIA HOUSE,
KASTURBA GANDHI MARG,
NEW DELHI - 110001.

AUDITORS' REPORT

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, 2011 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) 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, 2011;

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, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 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)

Bhargava

Jaideep Bhargava
Partner
(Membership No. 090295)

Place: New Delhi
Dated: May 20, 2011

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 prop er 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, 2011 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, customs duty and cess that have not been deposited by the Company with the appropriate authorities. The details of disputed excise duty, service tax and income tax dues that have not been deposited by the Company as at March 31, 2011 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	186.30	1.00	1996-1998 2002-2005 2006-2008
		Commissioner (Appeal)	5.70	Nil	2005-2007

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
Finance Act, 1994	Service Tax	Customs Excise and Service Tax Appellate Tribunal	1.24	Nil	2005-2009
		Commissioner (Appeal)	5.38	Nil	2007-2010
Income - tax Act, 1961	Income – tax	Commissioner Income Tax (Appeals)	13.11	13.11	2007-2008

* 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	11.17	2006-2007

(x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.

(xi) 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.

(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) 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.

(xiv) 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.

(xv) 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.

(xvi) The Company has not issued any debentures during the year.

(xvii) The Company has not raised any 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, 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)

Jaideep Bhargava
Partner
(Membership No. 090295)

Place: New Delhi
Dated: May 20, 2011

DCM ENGINEERING LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at March 31, 2011 (Rs. lacs)	As at March 31, 2010 (Rs. lacs)
SOURCES OF FUNDS			
Shareholder's funds			
Share capital	1	**2,005.00**	2,005.00
Reserves and surplus	2	**7,183.62**	6,316.38
Loan funds			
Secured loans	3	**4,934.22**	5,086.04
TOTAL		**14,122.84**	13,407.42
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		**14,432.24**	14,038.00
Less - depreciation		**9,433.72**	8,399.01
Net block		**4,998.52**	5,638.99
Capital work in progress		**898.41**	681.79
		5,896.93	6,320.78
Investments	5	**750.35**	710.29
Deferred tax assets (net)	6	**329.15**	159.57
Current assets, loans and advances	7		
Inventories		**3,351.15**	2,487.17
Sundry debtors		**6,718.36**	5,565.47
Cash and bank balances		**46.76**	92.89
Loans and advances		**2,629.32**	2,527.72
		12,745.59	10,673.25
Less - Current liabilities and provisions	8		
Current liabilities		**2,887.56**	2,636.86
Provisions		**2,711.62**	1,819.61
Net current assets		**7,146.41**	6,216.78
TOTAL		**14,122.84**	13,407.42
Notes to the accounts	14		

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

Jaideep Bhargava
Partner
Membership No.90295
New Delhi

Dr. Vinay Bharat Ram
Executive Chairman (Director)

Sumant Bharat Ram
Executive Vice Chairman

J.K.Menon
Managing Director

Ramesh Goel
DGM (Finance & Accounts)

Lata Prajapati
Company Secretary

DCM ENGINEERING LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule		For the year ended March 31, 2011 (Rs. lacs)	For the year ended March 31, 2010 (Rs. lacs)
INCOME				
Sales (Gross)	9		**41,025.61**	31,081.80
Less : Excise duty			**3,838.25**	2,428.46
Sales (Net)			**37,187.36**	28,653.34
Other income	10		**318.87**	234.40
			37,506.23	28,887.74
EXPENDITURE				
Manufacturing and other expenses	11		**33,446.96**	26,925.32
Depreciation	4		**1,072.06**	1,323.68
Interest	12		**640.64**	473.69
			35,159.66	28,722.69
Profit before taxation and exceptional items			**2,346.57**	165.05
Exceptional items	13		**-**	2,650.05
Profit before tax			**2,346.57**	2,815.10
Provision for taxation:				
-Current tax		**622.33**		
MAT credit utilised		**329.16**	**951.49**	478.43
-MAT credit entitlement			**-**	(329.81)
-Deferred tax (benefit)/charge			**(169.58)**	482.91
-Income-tax adjustment for earlier years			**(1.66)**	75.68
Profit after tax			**1,566.32**	2,107.89
Balance of profit brought forward from the previous year			**2,716.28**	608.39
Amount available for Appropriation			**4,282.60**	2,716.28
APPROPRIATIONS				
General Reserve		**160.00**		
Proposed Dividend on Equity Shares		**601.50**		
Tax on Dividend		**97.58**	**859.08**	-
Balance carried to the balance sheet			**3,423.52**	2,716.28
Basic and diluted earnings per share (Rs. per equity share of Rs 10 each)			**7.81**	10.51
Notes to the accounts	14			

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

Jaideep Bhargava
Partner
Membership No.90295

New Delhi
20 MAY 2011

Dr. Vinay Bharat Ram
Executive Chairman (Director)

Sumant Bharat Ram
Executive Vice Chairman

J.K.Menon
Managing Director

Ramesh Goel
DGM (Finance & Accounts)

Lata Prajapati
Company Secretary

Sd/-

DCM ENGINEERING LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	For the year ended March 31, 2011	For the year ended March 31, 2010
	Rs. lacs	Rs.lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	2,346.57	2,815.10
Adjustments for :		
Depreciation	1,072.06	1,323.68
Loss/ (Profit) on sale / discard of fixed assets	14.27	7.76
Dividend income	(37.98)	(12.66)
Interest expense	640.64	473.69
Amount no longer required written back on settlement with lenders #	-	(2,650.05)
Interest income	(107.64)	(61.91)
Operating profit before working capital changes	3,927.92	1,895.61
Adjustment for changes in :		
- Trade and other receivables	(1,121.11)	(1,647.69)
- Inventories	(863.98)	(591.36)
- Trade payables	370.37	1,117.05
Cash from operations	2,313.20	773.61
Direct taxes paid	(484.59)	(476.62)
Net cash from operating activities	1,828.61	296.99
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Loans given (net)	(500.00)	-
Investments	(40.06)	(40.05)
Purchase of fixed assets	(681.77)	(189.44)
Sale of fixed assets	19.29	10.57
Dividend received	37.98	21.70
Interest received	82.29	72.26
Net cash used in investing activities	(1,082.27)	(124.96)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	-	2,000.00
Repayment of long term borrowings	(584.87)	(2,975.11)
Changes in working capital borrowings	439.43	1,113.26
Redemption of Preference shares	-	-
Payment of interest	(647.03)	(454.72)
Net cash from/used in financing activities	(792.47)	(316.57)
Net increase / (decrease) in cash and cash equivalents	(46.13)	(144.54)
Cash and cash equivalents (opening balance)		
Cash and bank balances	92.89	237.43
Cash and cash equivalents (closing balance)		
Cash and bank balances	46.76	92.89
	(46.13)	(144.54)

\# Refer to Schedule 13

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

Jaideep Bhargava
Partner
Membership No.90295
New Delhi
20 MAY 2011

Dr. Vinay Bharat Ram
Executive Chairman (Director)

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Executive Vice Chairman

J.K.Menon
Managing Director

Ramesh Goel
DGM (Finance & Accounts)

Lata Prajapati
Company Secretary

DCM ENGINEERING LIMITED
SCHEDULES 1 TO 14 ANNEXED TO AND FORMING PART OF THE ACCOUNTS

1. SHARE CAPITAL

	As at March 31, 2011 (Rs. lacs)	As at March 31, 2010 (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 :

Of the issued, subscribed and paid up capital :

- 2,00,00,000 (Previous year 2,00,00,000) 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, 2010 (Rs.lacs)	Additions (Rs.lacs)	Deletions (Rs.lacs)	**As at March 31, 2011 (Rs.lacs)**
Share premium @	3,600.00	-	-	**3,600.00**
Capital redemption reserve	0.10	-	-	**0.10**
General reserve	-	**160.00**	-	**160.00**
Surplus in profit and loss account	2,716.28	**707.24**	-	**3,423.52**
	6,316.38	**867.24**	-	**7,183.62**

@ 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, 2011 (Rs. lacs)	As at March 31, 2010 (Rs. lacs)
Banks		
Cash credit	**3,748.69**	3,309.26
Term Loan	**1,012.74**	1,685.77
Vehicle loans	**172.79**	91.01
	4,934.22	5,086.04

Banks

(i) Cash credit 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 on all fixed assets and Company's lands at village Arson, Hadbast No. 418, Tehsil Balachaur District Hosiarpur, Punjab together with all buildings, Plant & 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.

(ii) Term loan from a bank is secured by way of first charge on all fixed Assets and Company's lands at village Arson, Hadbast No. 418, Tehsil Balachaur District Hosiarpur, Punjab together with all buildings, Plant & 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 a year Rs. 666.40 lacs (previous year Rs. 666.40 lacs). Includes interest accrued and due of Rs. 12.58 lacs (previous year Rs. 18.97 lacs)

(iii) Loans for vehicles are secured by hypothecation of specific vehicles with first and exclusive charge. Amount of loan repayable within a year Rs. 42.76 lacs (previous year Rs. 27.63 Lacs)

4 : FIXED ASSETS

(Amounts in Rs. lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at March 31,2010	Additions during the year	Deletions during the year	As at March 31, 2011	As at March 31,2010	For the year	On deletions during the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
<u>Tangible Assets</u>										
Land *	422.62	-	-	**422.62**	-	-	-	-	**422.62**	422.62
Buildings *	1,274.89	13.14	-	**1,288.03**	281.58	36.65		**318.23**	**969.80**	993.31
Plant and machinery	11,107.44	240.38	0.05	**11,347.77**	7,599.08	887.62	0.05	**8,486.65**	**2,861.12**	3,508.36
Vehicles	270.59	190.59	69.62	**391.56**	81.85	30.36	36.41	**75.80**	**315.76**	188.74
Computer hardware	183.43	13.62	1.15	**195.90**	125.56	22.93	0.88	**147.61**	**48.29**	57.87
Pattern and toolings	556.06	-	-	**556.06**	209.36	62.89	-	**272.25**	**283.81**	346.70
Furniture and fittings	89.05	6.23	0.09	**95.19**	20.23	5.16	0.01	**25.38**	**69.81**	68.82
<u>Intangible Assets</u>										
Software	133.92	1.19	-	**135.11**	81.35	26.45	-	**107.80**	**27.31**	52.57
Current year	**14,038.00**	**465.15**	**70.91**	**14,432.24**	**8,399.01**	**1,072.06**	**37.35**	**9,433.72**	**4,998.52**	
Previous 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
Capital work in progress (including capital advances of of Rs. 119.04 lacs(previous year Rs. 7.51 Lacs)									**898.41**	681.79
									5,896.93	6,320.78

Capital commitments (net of capital advances) outstanding as at March 31, 2011 Rs. 634.67 lacs (previous year Rs.28.96 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, 2011 (Rs. lacs)		As at March 31, 2010 (Rs. lacs)
LONG TERM				
(At cost unless otherwise stated)				
Non trade - Quoted				
SRF Limited				
1,80,850 (previous year 180,850) equity shares of Rs. 10 each fully paid up		**503.74**		503.74
Non trade - Unquoted				
Purearth Infrastructure Limited				
24,66,135 (previous year 16,65,000) equity shares of Rs. 10 each fully paid up	**246.61**		166.50	
Nil (previous year 8,01,135) equity shares of Rs. 10 each, Rs. 5 paid up.	-	**246.61**	40.05	206.55
		750.35		710.29

	Book Value (Rs. lacs)		Market Value (Rs. lacs)	
	Current Year	Previous Year	**Current Year**	Previous Year
Quoted	**503.74**	503.74	**575.65**	356.91
Unquoted	**246.61**	206.55	-	-

6. DEFERRED TAX ASSETS (NET)

	As at March 31, 2011 (Rs. lacs)	As at March 31, 2010 (Rs. lacs)
Deferred tax assets on:		
Accrued expenses, deductible on payment	**484.76**	457.63
Provision for doubtful debts and advances	**18.77**	4.77
	503.53	462.40
Less: Deferred tax liability on:		
Accelerated depreciation	**174.38**	302.83
	329.15	159.57

7. CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2011 (Rs. lacs)	As at March 31, 2010 (Rs. lacs)
Current assets		
Inventories		
Stores , spares and components	**1,164.76**	893.00
(valued at cost or under)		
Stock in trade		
(at the lower of cost and net realisable value)		
- Raw materials	**1,083.41**	738.70
- Process stocks	**1,102.98**	855.47
	3,351.15	2,487.17
Sundry debtors		
Debts over six months		
Unsecured - good	**215.49**	171.59
- doubtful	**55.47**	10.70
Other debts		
Unsecured - good	**6,502.87**	5,393.88
	6,773.83	5,576.17
Less : Provision for doubtful debts	**55.47**	10.70
	6,718.36	5,565.47
Cash and bank balances		
Cash in hand	**1.99**	2.71
With scheduled banks on :		
- Current accounts	**29.90**	38.25
- Deposit accounts #	**14.55**	51.93
Cheques/drafts in hand	**0.32**	-
	46.76	92.89
Loans and advances		
(Unsecured - considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
-Considered good ##	**921.77**	1,033.10
-Considered doubtful	**2.41**	3.67
	924.18	1,036.77
Less : Provision for doubtful advances	**2.41**	3.67
	921.77	1,033.10
With customs, excise and port trust authorities	**125.90**	81.44
Accrued price variation claims receivable	**865.02**	329.92
MAT credit entitlement	**-**	329.81
Taxation including fringe benefit tax	**689.45**	751.62
Interest accrued on deposits	**27.18**	1.83
	2,629.32	2,527.72
	12,745.59	10,673.25

Includes Rs. 14.55 lacs (previous year Rs. 51.93 lacs) provided as margin for bank guarantees and letter of credits.
includes Rs.500.00 lacs (previous year Rs.Nil) as inter corporate deposits.

8. CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2011 (Rs. lacs)	As at March 31, 2010 (Rs. lacs)
Current liabilities		
Sundry creditors #		
- Outstanding dues of micro and small enterprises (Refer to note 12 of Schedule 14)	**594.55**	262.68
- Others	**2,218.09**	2,323.26
Advances and deposits from customers	**74.92**	50.92
	2,887.56	2,636.86
Provisions		
Income-tax	**641.17**	567.91
Gratuity	**1,176.73**	1,088.48
Leave encashment	**194.64**	163.22
Proposed Dividend	**601.50**	-
Tax on Dividend	**97.58**	-
	2,711.62	1,819.61

#There are no amounts outstanding to be deposited in Investor Education and Protection Fund.

9. SALES

	For the year ended March 31, 2011 (Rs. lacs)		For the year ended March 31, 2010 (Rs. lacs)
Sale of products			
- Domestic	**41,025.61**	*	30,962.62
- Exports	**-**		119.18
	41,025.61		31,081.80

* Includes unbilled revenue of Rs. 865.02 lacs (Previous year Rs. 329.92 lacs) net of excise duty and taxes amounting to Rs.116.35 lacs (Previous year Rs. 38.45 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
Interest				
- Interest on deposits (Income-tax deducted at source Rs.7.37 lacs (previous year Rs. 7.30 lacs))	**54.88**		53.30	
- Income Tax refunds	**25.16**		-	
- Others	**27.60**	**107.64**	8.61	61.91
Profit on sale of Fixed Assets		**1.57**		0.28
Provisions for doubtful debts written back		**10.70**		-
Excess provision/ liabilities no longer required, written back		**2.45**		-
Foreign exchange gain		**16.51**		25.44
Dividend income from long term investments (non trade)		**37.98**		12.66
Discount received		**38.17**		54.41
Miscellaneous		**103.85**		78.76
		318.87		234.40

11. MANUFACTURING AND OTHER EXPENSES

		For the year ended March 31, 2011 (Rs. lacs)	For the year ended March 31, 2010 (Rs. lacs)
Raw materials consumed		**15,372.77**	11,773.07
Stores, spares and components consumed @		**5,243.36**	4,244.35
Power and fuel		**5,462.06**	4,702.11
Repairs :			
-Buildings		**20.82**	45.41
-Plant and machinery		**874.88**	656.79
-Others		**27.58**	28.43
Jobs on contract		**758.21**	630.96
Salaries, wages, commission, etc.		**3,771.13**	3,223.67
Bonus		**122.72**	124.47
Gratuity paid		**89.37**	94.22
Gratuity and leave encashment		**153.94**	119.31
Provident and other funds		**410.67**	282.18
Welfare		**169.22**	165.37
Rent		**110.82**	102.47
Insurance		**13.47**	7.88
Rates and taxes		**0.89**	0.59
Donations		**3.13**	-
Bad and doubtful debts written off	**1.26**		
Less: Provisions already held	**1.26**	**-**	-
Auditors' remuneration			
- Audit fees		**9.50**	8.00
- Tax audit		**2.00**	2.00
- Other certification work		**0.50**	0.50
- Out of pocket expenses		**0.55**	0.32
Directors' fees		**2.60**	3.20
Provision for doutful debts		**55.47**	-
Loss on sale / discard of fixed assets		**15.84**	8.04
Commission to selling agents (other than sole selling)		**-**	3.70
Brokerage, discounts (other than trade discount),etc.		**16.54**	33.00
Foreign exchange loss		**8.94**	45.10
Freight, transport etc.		**397.54**	273.31
Miscellaneous expenses		**579.95**	732.07
		33,694.47	27,310.52
Less : Cost of patterns and toolings developed and capitalised		**-**	18.86
		33,694.47	27,291.66
Increase(-)/decrease in finished and process stocks:			
Closing stock:			
-Process stocks		**1,102.98**	855.47
-Finished stocks		**-**	-
		1,102.98	855.47
Less : Opening stock:			
-Process stocks		**855.47**	463.89
-Finished stocks		**-**	25.24
		855.47	489.13
		(247.51)	(366.34)
		33,446.96	26,925.32

@ After allocating following amounts to other revenue accounts:

		(Rs. lacs)
- Stores, spares and components	**481.40**	930.27

12. INTEREST

	For the year ended March 31, 2011 (Rs. lacs)	For the year ended March 31, 2010 (Rs. lacs)
Interest on -		
On fixed loans	**186.45**	98.73
Cash credit, overdrafts, etc.	**454.19**	374.96
	640.64	473.69

13. EXCEPTIONAL ITEMS

	For the year ended March 31, 2011 (Rs. lacs)	For the year ended March 31, 2010 (Rs. lacs)
Amount no longer required written back on settlement with lenders #		
- Bonds	-	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) Pursuant to the one time settlement with a financial institution during the previous year, the company has written back in its books of accounts the balance of zero coupon bonds and interest accrued thereon aggregating to Rs.2650.05 lacs in the previous year and same has been shown as exceptional item in the profit account of the previous year.

3. Contingent liabilities not provided for

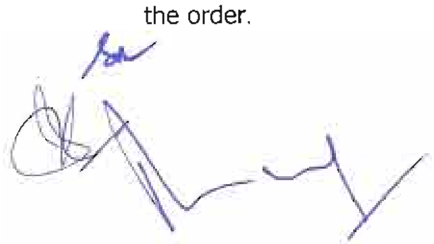
	Current Year Rs. lacs	Previous Year Rs. Lacs
*Claims against the Company not acknowledged as debts		
– Excise claims	**192.00**	189.98
– Service tax	**6.62**	-
– Income tax	**13.11**	15.06
– Others	**113.96**	106.17
– Uncalled liability on shares partly paid	**Nil**	40.05

*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 results of operations or financial position of the Company.

4. There are no disputed dues of sales tax, wealth tax, customs duty and cess that have not been deposited with the appropriate authorities. The details of disputed excise duty ,service tax and income-tax dues that have not been deposited by the Company as at March 31, 2011 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 Tax Law	Excise duty	Customs Excise and Service Tax Appellate Tribunal	186.30	1.00	1996-1998 2002-2005 2006-2009
		Commissioner (Appeal)	5.70	Nil	2005-07
Finance Act,1994	Service Tax	Customs Excise and Service Tax Appellate Tribunal	1.24	Nil	2005-2009
		Commissioner (Appeal)	5.38	Nil	2007-2010
Income-tax Act, 1961	Income-tax	Commissioner of Income Tax (Appeals)	13.11	13.11	2007-2008

* 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	11.17	2006-2007

5. Managerial remuneration*

	Current Year# Rs. Lacs	Previous Year Rs. Lacs
Salaries and allowances	**165.42**	95.63
Perquisites	**79.50**	74.14
Provident fund and other benefits	**21.62**	13.73
Directors' sitting fees	**2.60**	3.20

* 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.

Company has obtained the necessary approvals from the Central Government for payment.

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. 380.63 lacs (previous year Rs. 257.09 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	**220.77**	183.93
Company's contribution to superannuation fund	**62.36**	49.71
Company's contribution to employees' state insurance scheme	**97.50**	23.45

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, 2011 (Rs.lacs)		As at March 31, 2010 (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	**1088.48**	**163.22**	980.67	178.81
2. Current service cost	**54.79**	**43.32**	50.58	36.59
3. Interest cost	**89.80**	**13.47**	78.45	14.31
4. Actuarial (gain) / loss	**33.03**	**8.90**	73.00	(39.40)
5. Benefits paid	**(89.37)**	**(34.27)**	(94.22)	(27.09)
6. Present value of obligation as at the end of the year	**1176.73**	**194.64**	1088.48	163.22
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	**1176.73**	**194.64**	1088.48	163.22
Cost for the year				
1. Current service cost	**54.79**	**43.32**	50.58	36.59
2. Interest cost	**89.80**	**13.47**	78.45	14.31
3. Return on plan assets	-	-	-	-
4. Actuarial (gain) / loss	**33.03**	**8.90**	73.00	(39.40)
5. Net cost	**177.62**	**65.69**	202.03	11.50
Constitution of plan assets				

	As at March 31, 2011 (Rs.lacs)		As at March 31, 2010 (Rs.lacs)	
	Gratuity fund	**Compensated Absences**	Gratuity fund	Compensated Absences
Other than equity, debt, property and bank a/c	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Funded with LIC	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Main actuarial assumptions				
Discount rate	**8.25%**	**8.25%**	8.00%	8.00%
Rate of increase in compensation levels	**5.00%**	**5.00%**	5.00%	5.00%
Rate of return on plan assets	-	-	-	-
Expected average remaining working lives of employees (years)	**11.26**	**11.26**	9.56	9.56

Disclosure relating to present value of defined benefit obligation and fair value of plan assets and net actuarial loss

Particulars	**For the year ended March 31, 2011**		For the year ended March 31, 2010		For the year ended March 31, 2009		For the year ended March 31, 2008	
	Gratuity	**Compensated Absences**	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Present value of obligation at the end	**1176.73**	**194.64**	1088.48	163.22	980.67	178.81	832.07	125.99
Fair value of plan assets at the end	-	-	-	-	-	-	-	-
Net liability recognized in balance sheet	**1176.73**	**194.64**	1088.48	163.22	980.67	178.81	832.07	125.99
Net actuarial (gain)/loss recognized.	**33.03**	**8.90**	73.00	(39.40)	90.97	22.73	60.55	(0.54)

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. 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 shareholders as per profit and loss account (Rs. Lacs)	**1566.32**	2,107.89
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)	**7.81**	10.51

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	**Nil**	3.74
Reimbursement of expenses	**11.82**	Nil

b) Key management personnel, having significant influence:

Dr. Vinay Bharat Ram [Executive Chairman (Director)]
Mr. Hemant Bharat Ram [Vice Chairman till 14.05.2010]
Mr. Sumant Bharat Ram [Director W.e.f 14.05.2010.
Executive Vice Chairman W.e.f 01.06.2010]
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	**130.01**	127.02
Mr. Sumant Bharat Ram	**37.76**	-
Mr. J. K. Menon	**54.97**	55.70
Total	**222.74**	182.72
Remuneration payable		
Dr. Vinay Bharat Ram	**-**	0.63
Mr. Sumant Bharat Ram	**26.71**	-
Mr. J. K. Menon	**17.09**	0.15

c) Enterprise over which key management personnel are able to exercise significant influence

Purearth Infrastructure Limited

	Current Year Rs. Lacs	Previous Year Rs. Lacs
Investment in equity shares	**40.05**	40.05
Balance outstanding at the year end		
Investment in equity shares	**246.61**	206.55

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. 110.82 lacs (previous year Rs. 102.47 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. 594.55lacs (Previous year Rs. 262.68 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 31.03.2011**		Year ended 31.03.2010	
	Amount in foreign currency (lacs)	**Amount in (Rs. lacs)**	Amount in foreign currency (lacs)	Amount in (Rs. lacs)
Sundry debtors	**USD 1.247** **GBP 0.045**	**55.23** **3.02**	USD 1.947 GBP 0.045	86.80 2.94
Sundry creditors	**EURO 1.223**	**78.47**	EURO 0.084 USD 0.017	5.18 0.79
Loan & Advances	**USD 2.068** **GBP 0.046** **EURO 1.369**	**91.40** **3.24** **85.31**	USD 3.031 EURO 0.047 JYP 4.818	136.09 2.85 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.	-	-	72,000	72,000	62,327	54,437
Patterns, Jigs and fixtures	Nos	-	-	*	*	2	5

$ 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	Stocks				Sales	
		Opening		Closing			
		Current year	Previous year	Current year	Previous year	Current year	Previous year
Alloy Iron/SG Iron Castings	M.T.	-	41.04	-	-	**58,579.60**	51,473.00
	Rs. Lacs	-	25.24	-	-	**40,967.16**	30,821.67
Patterns, Jigs and Fixtures	Nos.	-	-	-	-	**2.00**	5.00
	Rs. Lacs	-	-	-	-	**58.45**	260.13
	Rs. Lacs	-	**25.24**	-	-	**41,025.61**	31,081.80

III. Particulars of raw materials consumed

Description	Units	Current year Quantity	Current year Value(Rs.lacs)	Previous year Quantity	Previous year Value(Rs.lacs)
Melting Scrap	M.T.	**47,707.98**	**11,279.33**	44,286.90	8,790.69
Pig Iron	M.T.	**7,932.52**	**2,145.95**	6,465.28	1,360.69
Ferro Alloys	M.T.	**1,583.51**	**1,184.60**	1,494.13	895.72
Metallic additives	M.T.	**122.02**	**365.28**	156.73	417.34
Carboriser	M.T.	**1,750.45**	**397.61**	1,625.30	308.63
Total			**15,372.77**		11,773.07

IV. Other Additional Information

Description	Current year Rs. Lacs	Current year % of Total	Previous year Rs. Lacs	Previous year % of Total
(a) Value of imports on CIF basis:				
-Raw materials	**539.93**	-	217.63	-
-Components and spare parts	**87.40**	-	76.49	-
-Capital goods	**87.92**	-	-	-
Total	**715.25**	-	294.12	-
(b) Expenditure in foreign currency				
-Commission, travel, etc.	**13.39**	-	20.00	-
-Technical Consultancy	**0.30**	-	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	-
(d) Value of imported/indigenous raw materials, components and stores and spares consumed				
(i) Raw materials				
Imported	**561.86**	**3.65%**	100.36	0.85%
Indigenous	**14,810.91**	**96.35%**	11,672.71	99.15%
	15,372.77	**100.00%**	11,773.07	100.00%
(ii) Stores, spare parts and components				
Imported	**101.81**	**1.94%**	106.70	2.51%
Indigenous	**5,141.55**	**98.06%**	4,137.65	97.49%
	5,243.36	**100.00%**	4,244.35	100.00%

17. Schedules 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)

Sumant Bharat Ram
Vice Chairman

J.K.Menon
Managing Director

Ramesh Goel
DGM (Finance & Accounts)

Lata Prajapati
Company Secretary