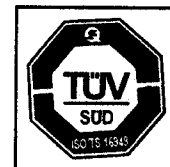




# DCM ENGINEERING LIMITED

Corporate Identification Number  
U 74999 DL 1990 PLC 041398



## DIRECTORS' REPORT

DEAR MEMBERS,

Your directors have pleasure in presenting this 26<sup>th</sup> Annual Report together with the Audited Financial Statements of your Company for the year ended March 31, 2015.

### ECONOMIC AND AUTOMOTIVE INDUSTRY SCENARIO

The global economic environment in recent years has been challenging. The economic slowdown being experienced globally created stress and increased the complexity and volatility in the economic environment in India as well.

Apart from some optimism on intermittent signs of revival from the US economy the global environment remained sluggish and there was little cheer in the early months of current year for the Indian economy.

The Indian economy continued to battle with several challenges from subdued demand & investments, contraction of industrial production and high interest rate during the year 2014-15. The macro environment improved a little as we went through the year with the new regime in power.

The BJP-led National Democratic Alliance into power at the Centre with a comfortable majority in the Lok Sabha has created its own optimism. After a long time there was positive talk of growth of infrastructure development; unblocking of coal mines; deregulation of diesel prices; and of the promises of an ambitious 'Make in India' campaign. Close monitoring by the Central Bank, softening of commodity prices and new initiatives by the Government seem to have helped in mitigating general inflation though food inflation remained at elevated levels.

The Indian economy has not yet delivered its promises on the ground in terms of growth. The business confidence and optimism returned to the corporate dialogue towards the end of the year even as the overall economy improved only marginally. Amidst continued challenges on several fronts on the economic environment, year 2014-15 ended on a note of cautious optimism and hope for a better future.

The automobile industry is one of the key manufacturing sectors and an indicator of economic activity in the country. While the sector continued to face challenging headwinds during the year 2014-15 and saw mixed performance across segments. However, during the 4<sup>th</sup> quarter of 2014-15, operating margins improved amid lower raw material cost and net profit growth supported by reduction in interest cost.

Automobile industry is pinning its hopes on the early implementation of various proposals contained in the Union Budget aiming to stimulate economic growth. However, untimely rainfall affecting Rabi crops could act as a spoils sport.



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Visit us at : <http://www.dcmengg.co.in>

As per the CRISIL Research, in 2015-16, the demand for automobile casting is expected to improve on back of expected uptick in automobile sales across segment. The sales of cars and utility vehicles witness a recovery supported by economic recovery, lower fuel cost, interest rates and launch of new models; MHCV sales project to growth at 13-15% y o y with improvement in industrial activities and faster execution of infrastructure projects; The sales of LCVs to recover marginally by 2-4%. However, Tractor sales will continue to decline sharply in First half of 2015-16 owing to damage to Rabi Crops from unseasonal rains.

As we look ahead, effective implementation of economic agenda holds the key to nation's progress. The year 2015-16, may prove to be a year in transition before the economy moves to fast-track mid and long-term growth. Your Company is optimistic that the economy will recover and return to a higher growth path that is in keeping with its true potential.

## FINANCIAL HIGHLIGHTS

(Rs. In lakhs)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit before Depreciation, Interest & Tax	879	1,498
Less: Finance Cost	1,119	935
Less: Depreciation	1,596	1106
Profit before Tax (PBT)	(1836)	(543)
Less: Provision for Taxation including Deferred Tax	-	1
Profit after Tax (PAT)	(1836)	(544)
Add: Opening Balance in Surplus profit Account	2,040	2,584
Impact on depreciation for adoption of provisions of schedule II of the Companies Act, 2013	(35)	
Balance in Surplus Account available for appropriation	169	2,040
Transfer to Reserves	-	-
Profit Carried to Balance Sheet	169	2,040



## **DIVIDEND**

The Directors did not recommend dividend for the year under review since the Company has no divisible profit for the financial year.

## **OPERATIONS**

Your Company continued to get affected by the slowdown and heightened competitive intensity in the economy and could achieve a total dispatch of 47,338 MT (Previous year 52,320 MT). The volume dropped in the 2<sup>nd</sup> half of year. The major reason was on account of lower demand from the Tractor Industry.

The reason(s) for losses during the year were compounded by under recovery of fixed overheads, partial recovery of increase in input cost of raw materials price in the 1<sup>st</sup> Half, particularly steel Scrap, sand and higher rejections due to new sand plant stabilization.

However, your company has adopted various measures in cost reductions in the areas of power, manpower and material cost. The focus continued on process improvements and manufacturing techniques across all areas of operations.

The volume in 2015-16 are expected to increase with the supply of new development items by 3<sup>rd</sup> Quarter of 2015-16.

## **MATERIAL CHANGES AND COMMITMENTS**

There was no change in the nature of the business of the Company. There were no material changes and commitments affecting the financial position of the Company occurring between March 31, 2015 and the date of this Report of the Directors.

## **SCHEME OF AMALGAMATION OF COMPANY INTO AND WITH DCM LIMITED**

During the year under review, the Board of Directors of your Company on December 8, 2014 have approved the Scheme of Amalgamation (i.e. 'Scheme') of your Company into and with DCM Limited (DCM) (Holding Company).

The said scheme is subject to the approval of relevant Regulatory bodies and Sanction of the Hon'ble Delhi High Court. Pursuant to requirements of listing agreements entered into by DCM with stock exchanges, the National Stock Exchange of India Limited and the BSE Limited have already given their 'No Objection' to the Securities and Exchange Board of India (SEBI), in respect of said Scheme. However, approval of SEBI is awaited. After receipt of SEBI's approval, the Company will apply along with DCM to the Hon'ble Delhi High Court for sanction of the scheme.

## **SUBSIDIARY OR JOINT VENTURE OR ASSOCIATE COMPANIES**

The Company has no subsidiary or joint venture or associate company therefore disclosures in this regard are not provided in this Report.



A handwritten signature in black ink, appearing to be "R. K. Singh".

## **DIRECTORS**

Prof. Sudhir Kumar Jain retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment as a director of the Company. Accordingly a resolution is included in the Notice of forthcoming Annual General Meeting for seeking approval of members of the Company for his re-appointment.

The members of the Company at 25<sup>th</sup> Annual General Meeting held on July 28, 2014 had appointed Mr. Chandra Mohan, Mr. Raghupati Singhania and Mr. L Lakshman, existing directors as Independent Directors of the Company to hold office for a term upto five consecutive years commencing from July 28, 2014.

The aforesaid Independent Directors have submitted their Declaration of Independence, as required pursuant to Section 149(7) of the Companies Act, 2013 stating that they continue to meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

As required by Section 134(3)(c) read with section 134(5) of the Companies Act, 2013, your directors state that:

- (i) in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgements 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 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 the Companies Act, 2013 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 (Please refer note no. 40 to the Financial Statements); and
- (v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



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### KEY MANAGERIAL PERSONNEL

The following persons are Whole-Time Key Managerial Personnel ('KMP') of the Company in terms of provisions of Section 203 of the Companies Act, 2013:

- a. Dr. Vinay Bharat Ram - Executive Chairman
- b. Mr. Sumant Bharat Ram - Executive Vice Chairman and Managing Director
- c. Mr. Ramesh Goel - Chief Financial Officer\*
- d. Mr. Apil Agrawal - Company Secretary

\* Appointed w.e.f. November 7, 2014.

### NUMBER OF BOARD MEETINGS

Seven meetings of the Board of Directors of your Company were held during the year under review.

### INTERNAL FINANCIAL CONTROL

The Company has in place an established internal control system to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances.

### STATUTORY AUDITORS AND AUDITORS' REPORT

The Statutory Auditors of the Company, M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W), were appointed as Auditors of the Company from the conclusion of 25<sup>th</sup> Annual General Meeting (AGM) till the conclusion of 27<sup>th</sup> Annual General Meeting of the Company, subject to ratification of their appointment by the members at every AGM.

The Auditors of the Company, M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W), have confirmed their eligibility and willingness to act as statutory auditors, if their appointment as such is ratified by members of the Company. Accordingly, a resolution for ratification of their appointment as Statutory Auditors of the Company has been included in the Notice of forthcoming Annual General Meeting of the Company.

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

### FIXED DEPOSITS

Your Company has not accepted any deposit from the public, and as such, there are no outstanding in terms of Companies (Acceptance of Deposit) Rules, 2014.

### RISK MANAGEMENT

There is a continuous process of identifying / managing risks through a Risk Management Process. The key risk being faced by the Company broadly fall in the category of operational risk, regulatory risk, financial & accounting risk and foreign currency related risks. The measures used in managing the risks are also reviewed.



During the year, measures were taken for minimization of risks and the Board was informed from time to time. In the opinion of the Board, none of the said risks which have been identified may threaten the existence of the Company.

#### **AUDIT COMMITTEE**

In terms of requirements of Section 177 of the Companies Act, 2013 and Rules issued thereunder, the Company is having an 'Audit Committee'. At present, the Audit Committee comprises of Mr. Ravi Vira Gupta as Chairman and Mr. Chandra Mohan and Mr. L Lakshman as members. Mr. Apil Agrawal, Company Secretary of the Company acts as Secretary to the Audit Committee.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Board of Directors of your Company has constituted a CSR Committee comprising of Dr. Vinay Bharat Ram as Chairman and Mr. Chandra Mohan and Dr. Meenakshi Nayar as members. This Committee is responsible for formulating and monitoring the CSR Policy of the Company. Mr. Apil Agrawal, Company Secretary of the Company acts as Secretary to CSR Committee.

Pursuant to requirements of section 135 of the Companies Act, 2013 and rules made thereunder, the Company was not required to spend any amount on CSR activities during the year. The Company's CSR Policy is available on the Company's website [www.dcmengg.com](http://www.dcmengg.com).

#### **CONSERVATION OF ENERGY, 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 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is enclosed as Annexure - I, and forms part of this Report.

#### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The information as required in accordance with Section 134(3)(q) read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as Annexure - II, forming part of this Report.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186**

The Company has not made any loan, investment or provided any guarantee or security as specified under Section 186 of the Companies Act, 2013, during the year under review.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188**

The particulars of contracts / arrangements / transactions entered into by the Company during the financial year with related parties are as per Form AOC-2 enclosed as Annexure - III, and forms part of this Report. Your directors also draw attention of members to Note 32 to the financial statements which sets out related party disclosures.



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## **EXTRACT OF ANNUAL RETURN**

The details forming part of Extract of Annual Return in prescribed form MGT-9 is enclosed as Annexure- IV, and forms part of this Report.

## **COST AUDIT**

Pursuant to Section 148 of the Companies Act, 2013 and rules made thereunder, the Board of Directors have appointed M/s V. Kumar & Associates, Cost Accountants, Chandigarh, as the Cost Auditors to audit cost accounts pertaining to Cast Iron Unit of the Company at Ropar, Punjab for the Financial Year 2015-16 at a remuneration of Rs. 1,25,000/- (Rupees One lac twenty five thousand only) plus Service tax and out of pocket expenses. In terms of said Section 148 and rules made there under, remuneration of Cost Auditors is to be ratified by members of the Company. Accordingly, a resolution is included in the Notice of forthcoming Annual General Meeting for ratification of their remuneration by members of the Company.

## **SECRETARIAL AUDIT**

The Board has appointed M/s Pragnya Pradhan & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year 2014-15 is enclosed herewith as Annexure - V and forms part of this Report. The Secretarial Audit Report does not contain any qualifications, reservation or adverse remark.

## **LISTING**

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

## **INDUSTRIAL RELATIONS**

The relations between the management and the workforce remained cordial throughout the year. TQM activities like QC Circles, Sankalp Kaizen schemes and autonomous maintenance activities continued throughout the year.

## **DISCLOSURE REQUIREMENTS**

1. The Company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees including directors of the Company to report genuine concerns, which is available on Company's website [www.dcmengg.com](http://www.dcmengg.com). The provisions of this policy are in line with the provisions of Section 177(9) of the Companies Act, 2013.
2. The Company's Remuneration Policy is enclosed as Annexure - VI and forms part of this Report.
3. Annual Report on CSR Activities is given in Annexure - VII forming part of this Report.
4. There were no significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.



5. During the year under review, there were no cases reported under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
6. Mr. Sumant Bharat Ram, Executive Vice Chairman & Managing Director of the Company is in receipt of remuneration of Rs. 109.06 lacs from DCM Limited (holding Company) in his capacity as Chief Operating & Finance Officer of DCM Limited

#### **ACKNOWLEDGEMENT**

The Board of Directors wishes to acknowledge and place on record its sincere thanks to the Central and State Governments and all regulatory bodies for their continued support and guidance. The Directors thank the shareholders, customers, business associates, financial institutions and banks for the faith reposed in the Company and its management.

The Directors place on record their deep appreciation of the dedication and commitment of your Company's employees at all levels and look forward to their continued support in the future as well.

**For and on behalf of the Board**



**Dr. Vinay Bharat Ram**  
**Executive Chairman**

Date: 18.05.2015  
Place: New Delhi



## ANNEXURE - I

Information as per Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2015

**(A) Conservation of energy:**

Energy conservation at DCM Engineering Limited has always been a priority. The Company has been using state-of-the-art technology and is constantly upgrading the same.

**(i) the steps taken or impact on conservation of energy:**

- Capacitor bank of 1200 kVAr capacity installed to correct power factor resulting in savings of 110 kWh per hr.
- Press pour -1 in Plant 1 upgraded to have Siemens S-7 PLC and locational changes in control room resulting in savings of power in melting.
- Separate dust extraction system installed for RSP 2 and speed of old Dust Extraction System reduced from 1440 to 1220, resulting in savings of 120 kWh per day and the same will get shutdown during the breaks, further resulting in savings of 30 kWh per day.
- One no. sand conveying belt in f RSP-2 was eliminated, resulting in saving of 3.7 kWh per hour.
- Vapour recovery compressor was installed in LPG unloading circuit resulting in saving of 8MT of LPG per year.
- Operational strategy to shut down the plant during peak load (6pm to 10 pm) was adopted, to minimize the costly power during those hours.

**(ii) the steps taken by the company for utilizing alternate sources of energy;**

Nil

**(iii) the capital investment on energy conservation equipments;**

Nil

**(B) Technology absorption-**

**(i) the efforts made towards technology absorption;**

During the year, your company has established the new Sand Plant, Loramendi Core Cell, CNC Milling Machine (Deckel DMF 180), Air cooled Screw Compressor, Furnace charging feeder.



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(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

Benefits of the above are to reduce the cost, Automation in place of manual operations, reduction in rejections and to produce the high quality castings.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

(a) the details of technology imported;

Loramendi Core Cell  
CNC Milling Machine (Deckel DMF 180)

(b) the year of import;

Loramendi Core Cell- FY 2012-13 & FY 2014-15  
CNC Milling Machine (Deckel DMF 180) FY 2014-15

(c) Whether the technology been fully absorbed;

Yes

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof;

NA

(iv) the expenditure incurred on Research and Development.

The Company has filed the application with Department of Scientific & Industrial Research, Ministry of Science and Technology, Delhi in February 2015 for Recognition of In house R&D Unit and approval is awaited.

In pursuit of R & D endeavors, the Company is regularly incurring the expenditure on R&D The expenditure incurred on Research and Development during the year:

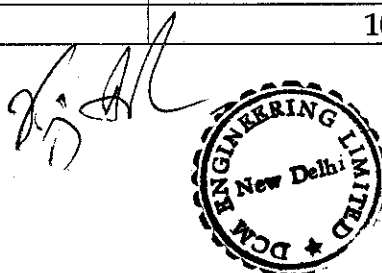
Rs. Lacs		
Particulars	Current Year 2014-15	Previous Year 2013-14
Capital expenditure	208.16	51.81
Revenue expenditure	208.17	183.30
Development expenditure	4.05	204.44
Total	420.38	439.55

R & D activities has resulted in continuous improvement of existing products for enhanced durability & performance, new product development, upgradation of products to the new requirements, reduced operation cost and new business opportunities because of cost, quality and latest technology.

(C) Foreign exchange earnings and Outgo-

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

Rs. In lacs		
Particulars	Current Year 2014-15	Previous year 2013-14
Foreign Exchange Earned	45.03	1.48
Foreign Exchange Used	1389.65	1033.87



**ANNEXURE- II**

**Information as per Section 134(3)(q) read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report**

Employed throughout the year under review and who are in receipt of remuneration, which in aggregate was not less than Rs. 5.00 Lacs per month:

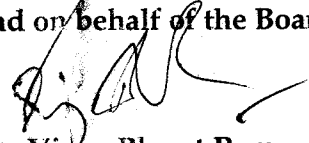
Name	Age (Year)	Designation	Qualification	Total Experience (Year)	Date of commencement of employment	Remuneration received (Rs. In lacs)	Particulars of last Employment	%ge of Equity Shares Held in the Company*	Whether relative of Director or manager, if yes, then Name of Director or Manager
Dr. Vinay Bharat Ram	79	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	53 Years	25/09/2001	142.52	DCM Limited	-	Yes, Mr. Sumant Bharat Ram (Executive Vice Chairman & Managing Director)

\* Second holder in respect of 10 equity shares (0.00005% of paid-up capital) held jointly with DCM Limited (Holding Company)

1. The employments are contractual.
2. The remuneration includes basic salary, contribution to provident and superannuation funds, allowances and taxable value of perquisites.

Place: New Delhi  
Date: May 18, 2015

For and on behalf of the Board

  
Dr. Vinay Bharat Ram  
Executive Chairman

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

- (a) Name(s) of the related party and nature of relationship: N.A.
- (b) Nature of contracts/arrangements/transactions: N.A.
- (c) Duration of the contracts / arrangements/transactions: N.A.
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
- (e) Justification for entering into such contracts or arrangements or transactions: N.A.
- (f) Date(s) of approval by the Board: N.A.
- (g) Amount paid as advances, if any: N.A.
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: N.A.

2. Details of \*'material contracts or arrangement or transactions' at arm's length basis: NIL

- (a) Name(s) of the related party and nature of relationship: N.A.
- (b) Nature of contracts/arrangements/transactions: N.A.
- (c) Duration of the contracts / arrangements/transactions: N.A.
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
- (e) Date(s) of approval by the Board, if any: N.A.
- (f) Amount paid as advances, if any: N.A.

\* Definition of term 'material contract or arrangement or transactions' is taken as per Clause 49 of the listing agreement with stock exchanges

For and on behalf of the Board



Dr. Vinay Bharat Ram  
Executive Chairman

Place: New Delhi  
Date: 18.05.2015

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31<sup>st</sup> March, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

CIN	:	U74999DL1990PLC041398
Registration Date	:	5 <sup>th</sup> September, 1990
Name of the Company	:	DCM Engineering Limited
Category / Sub - Category of the Company	:	Company limited by shares/ Indian Non-Government Company
Address of the Registered office and Contact details	:	DCM Engineering Limited, Vikrant Tower, 4 , Rajendra Place, New Delhi - 110008
Whether Listed Company Yes / No	:	No
Name, Address and Contact Details of Registrar and Transfer Agents	:	N.A.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company are given below:

S. No.	Name and Description of main products /services	NIC Code of the Product/service*	% to total turnover of the company
1	Manufacture of other iron and steel casting and products	24319	100%

\* As per National Industrial Classification – Ministry of Statistics &amp; Programme Implementation

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	DCM Limited Vikrant Tower, 4, Rajendra Place, New Delhi - 110008	L74899DL1889PLC000004	Holding Company	75.06%	Section 2(46)



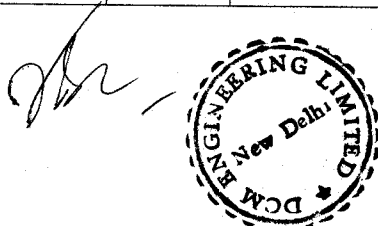
#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2014				No. of Shares held at the end of the year i.e. 31.03.2015				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	2,00,00,000	49,988	2,00,49,988	99.99994	2,00,00,000	49,988	2,00,49,988	99.99994	0
e) Banks / FI									
f) Any Other....									
<b>Sub-total (A) (1):-</b>	2,00,00,000	49,988	2,00,49,988	99.99994	2,00,00,000	49,988	2,00,49,988	99.99994	0
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	0	0	0	0	0	0	0	0	0
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	2,00,00,000	49,988	2,00,49,988	99.99994	2,00,00,000	49,988	2,00,49,988	99.99994	0
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/ FI	0	0	0	0	0	0	0	0	0



c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt (s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-Total (B) (1):-</b>	0	0	0	0	0	0	0	0	0
<b>2. Non - Institutions</b>									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	0	12	12	0.00006	0	12	12	0.00006	0
ii) Individual Shareholders holding nominal Share capital in excess of Rs. 1 Lakh	0	0	0	0	0	0	0	0	0
c) Others (Specify)	0	0	0	0	0	0	0	0	0
<b>Sub -total (B)(2):-</b>	0	12	12	0.00006	0	12	12	0.00006	0
<b>Total Public Shareholding (B)= (B)(1) + (B)(2)</b>	0	12	12	0.00006	0	12	12	0.00006	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0



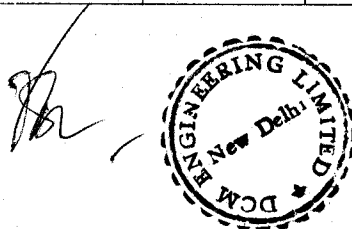
<b>Grand Total (A+B+C)</b>	2,00,00,000	50,000	2,00,50,000	100.00	2,00,00,000	50,000	2,00,50,000	100.00	0
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**(ii) Shareholding of Promoters**

S. No.	Shareholder's Name	Shareholding at the Beginning of the Year i.e. 01.04.2014			Shareholding at the end of the year i.e. 31.03.2015			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
1	DCM Limited	15,049,988	75.06228	NIL	15,049,988	75.06228	NIL	0.00
2	Aggresar Leasing and Finance Pvt. Ltd.	50,00,000	24.93766	8.48	50,00,000	24.93766	9.40	0.00

**(iii) Change in Promoters Shareholding (please specify, if there is no change)**

S. No.	Particulars	Shareholding at the beginning of the year i.e. 01.04.2014		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	<b>DCM Limited</b>				
	At the beginning of the year i.e. 01.04.2014	15,049,988	75.06228		
	Date wise increase/ decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment / transfer / bonus / sweat equity etc):-	No Change in shareholding during the year			
	At the end of the year i.e. 31.03.2015	15,049,988	75.06228	15,049,988	75.06228

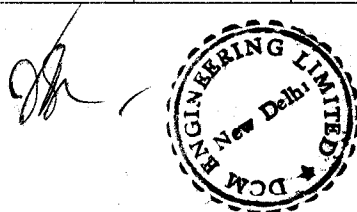




2	<b>Aggresar Leasing and Finance Pvt. Ltd.</b>				
	At the beginning of the year i.e. 01.04.2014	50,00,000	24.93766		
	Date wise increase/ decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment / transfer / bonus / sweat equity etc) :-	No Change in shareholding during the year			
	At the end of the year i.e. 31.03.2015	50,00,000	24.93766	50,00,000	24.93766

(iv) Shareholding Pattern of top 10 shareholders (other than directors, promoters and holders of GDRs and ADRs)

S. N o.	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2014		Date	Increase/ Decrease in Shareholding	Reason for Increase / Decrease	Cumulative Shareholding during the year		Shareholding at the end of the year i.e. 31.03.2015	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Shyam Sunder Gupta	12	0.00006	01.04.2014						
				19.05.2014	-11	transfer	1	0.000005		
				31.03.2015			1	0.000005	1	0.000005
2	Ashok Gupta	NA	NA	01.04.2014						
				19.05.2014	3	transfer	3	0.000015		
				31.03.2015			3	0.000015	3	0.000015
3	Krishan Gopal Gupta	NA	NA	01.04.2014						
				19.05.2014	1	transfer	1	0.000005		
				31.03.2015			1	0.000005	1	0.000005
4	Narendra Kishore Gaur	NA	NA	01.04.2014						
				19.05.2014	1	transfer	1	0.000005		
				31.03.2015			1	0.000005	1	0.000005
5	Pawan Kumar Gupta	NA	NA	01.04.2014						
				19.05.2014	1	transfer	1	0.000005		
				31.03.2015			1	0.000005	1	0.000005
6	Priya Dhingra	NA	NA	01.04.2014						
				19.05.2014	1	transfer	1	0.000005		
				31.03.2015			1	0.000005	1	0.000005



7	Raman Kumar	NA	NA	01.04.2014						
				19.05.2014	1	transfer	1	0.000005		
				31.03.2015			1	0.000005	1	0.000005
8	Sanjay Kumar Garg	NA	NA	01.04.2014						
				19.05.2014	1	transfer	1	0.000005		
				31.03.2015			1	0.000005	1	0.000005
9	Anshul Agrawal	NA	NA	01.04.2014						
				19.05.2014	1	transfer	1	0.000005		
				31.03.2015			1	0.000005	1	0.000005
10	Vipin Aggarwal	NA	NA	01.04.2014						
				19.05.2014	1	transfer	1	0.000005		
				31.03.2015			1	0.000005	1	0.000005

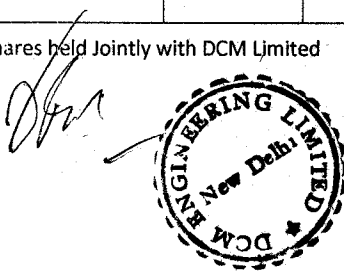
**(v) Shareholding of Directors and Key Managerial Personnel (KMP)**

S. No.	Particulars	Shareholding at the beginning of the year i.e. 01.04.2014		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	<b>Dr. Vinay Bharat Ram* (Executive Chairman -KMP)</b>				
	At the beginning of the year i.e. 01.04.2014	-	-		
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment / transfer / bonus / sweat equity etc.)	No Change in shareholding during the year			
	At the end of the year i.e. 31.03.2015	-	-	-	-

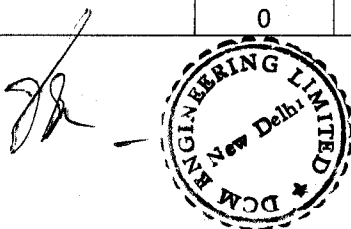
\* Second holder in respect of 10 equity Shares held Jointly with DCM Limited

2	<b>Mr. Sumant Bharat Ram** (Executive Vice – Chairman &amp; Managing Director - KMP)</b>				
	At the beginning of the year i.e. 01.04.2014	-	-		
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment / transfer / bonus / sweat equity etc.)	No Change in shareholding during the year			
	At the end of the year i.e. 31.03.2015	-	-	-	-

\*\* Second holder in respect of 10 equity Shares held Jointly with DCM Limited



3	<b>Mr. Chandra Mohan (Independent - Non Executive Director)</b>				
	At the beginning of the year i.e. 01.04.2014	0	0		
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment / transfer / bonus / sweat equity etc.)	No Change in shareholding during the year			
	At the end of the year i.e. 31.03.2015	0	0	0	0
4	<b>Mr. L Lakshman (Independent- Non Executive Director)</b>				
	At the beginning of the year i.e. 01.04.2014	0	0		
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment / transfer / bonus / sweat equity etc.)	No Change in shareholding during the year			
	At the end of the year i.e. 31.03.2015	0	0	0	0
5	<b>Mr. Raghupati Singhania (Independent - Non Executive Director)</b>				
	At the beginning of the year i.e. 01.04.2014	0	0		
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment / transfer / bonus / sweat equity etc.)	No Change in shareholding during the year			
	At the end of the year i.e. 31.03.2015	0	0	0	0
6	<b>Prof. Sudhir Kumar Jain (Non Independent - Non Executive Director)</b>				
	At the beginning of the year i.e. 01.04.2014	0	0		
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment / transfer / bonus / sweat equity etc.)	No Change in shareholding during the year			
	At the end of the year i.e. 31.03.2015	0	0	0	0



7	<b>Mr. Ravi Vira Gupta</b> <b>(Non Independent - Non Executive Director)</b>				
	At the beginning of the year i.e. 01.04.2014	0	0		
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment / transfer / bonus / sweat equity etc.)	No Change in shareholding during the year			
	At the end of the year i.e. 31.03.2015	0	0	0	0
8	<b>Dr. Meenakshi Nayar</b> <b>(Non Independent - Non Executive Director)</b>				
	At the beginning of the year i.e. 01.04.2014	NA	NA		
	At the time of appointment	0	0		
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment / transfer / bonus / sweat equity etc.)	No Change in shareholding during the year			
	At the end of the year i.e. 31.03.2015	0	0	0	0
9	<b>Mr. Ramesh Goel#</b> <b>(Chief Financial Officer - KMP)</b>				
	At the beginning of the year i.e. 01.04.2014	NA	NA		
	At the time of appointment	0	0		
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment / transfer / bonus / sweat equity etc.)	No Change in shareholding during the year			
	At the end of the year i.e. 31.03.2015	0	0	0	0

# appointed as Chief Financial Officer of the Company w.e.f. 7<sup>th</sup> November, 2014



10	<b>Mr. Apil Agrawal</b> <b>(Company Secretary - KMP)</b>				
	At the beginning of the year i.e. 01.04.2014	0	0		
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment / transfer / bonus / sweat equity etc.)	No Change in shareholding during the year			
	At the end of the year i.e. 31.03.2015	0	0	0	0

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs. Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year i.e. 01.04.2014</b>				
i) Principal Amount	8397.23	189.89	-	8587.12
ii) Interest due but not paid	0.00	-	-	0
iii) Interest accrued but not due	35.03	-	-	35.03
<b>Total (i+ii+iii)</b>	<b>8432.26</b>	<b>189.89</b>	<b>-</b>	<b>8622.15</b>
<b>Change in indebtedness during the financial year</b>				
Addition	1943.42	1000.00	-	2943.42
Reduction	907.10	152.17	-	1059.27
<b>Net Change</b>	<b>1036.32</b>	<b>847.83</b>	<b>-</b>	<b>1884.15</b>
<b>Indebtedness at the end of the financial year i.e. 31.03.2015</b>				
i) Principal Amount	9417.08	1037.72	-	10454.80
ii) Interest due but not paid	0.00	-	-	-
iii) Interest accrued but not due	55.50	-	-	55.50
<b>Total (i+ii+iii)</b>	<b>9468.58</b>	<b>1037.72</b>	<b>-</b>	<b>10506.30</b>

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# VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole - time director and / or Manager

(Amount in Rs. Lacs)

Sl. NO.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Dr. Vinay Bharat Ram	Mr. Sumant Bharat Ram	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	55.82	Nil	55.82
	(b) Value of perquisites u/s 17(2) Income - tax Act, 1961	76.80	Nil	76.80
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Nil	Nil	0
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify....	Nil	Nil	Nil
5	Others : - PF and Superannuation Contribution	9.90	Nil	9.90
	Total	142.52	Nil	142.52
	Total (A) Ceiling as per the Act (5% of the profits calculated u/s 198 of the Companies Act, 2013)*			

\* The profits calculated u/s 198 of the Companies Act, 2013 for managerial Remuneration is NIL. The Company has received approval of Central Govt. for payment of said Remuneration during the year to Dr. Vinay Bharat Ram.

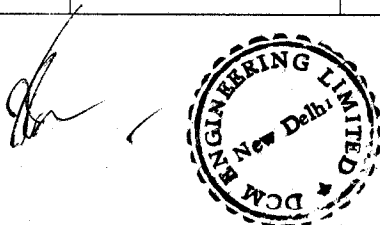


# B. Remuneration of other Directors

(Amount in Rs. Lacs)

Sl. NO.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. L Lakshman	Mr. Raghupati Singhania	Mr. Chandra Mohan	
1.	<b>Independent Directors</b>				
	- Fee for attending board committee meetings	1.80	1.00	2.10	4.90
	- Commission	Nil	Nil	Nil	Nil
	-Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (1)</b>				<b>4.90</b>

Sl. NO.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Ravi Vira Gupta	Prof. Sudhir Kumar Jain	Dr. Meenakshi Nayar	
2.	<b>Other Non-Executive Directors</b>				
	- Fee for attending board committee meetings	2.10	1.40	1.00	4.50
	- Commission	Nil	Nil	Nil	Nil
	-Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (2)</b>				<b>4.50</b>
	<b>Total (B) = (1+2)</b>				<b>9.40</b>
	<b>Total Managerial Remuneration</b>				<b>151.92</b>
	<b>Overall Ceiling as per the Act (1% of the profits calculated u/s 198 of the Companies Act, 2013)#</b>				



	Total Managerial Remuneration (A+B)				
	Overall Ceiling as per the Act (11% of the profits calculated u/s 198 of the Companies Act, 2013)#				

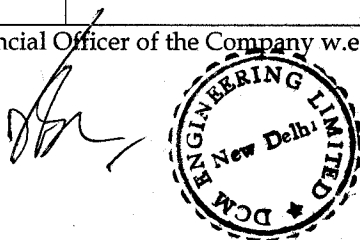
# The profits calculated u/s 198 of the Companies Act, 2013 for managerial Remuneration is NIL. All the Non- Executive Directors of the Company were not paid any remuneration and were paid only sitting fees for attending meetings of the Board/Committee of Directors.

**C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD**

(Amount in Rs. Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Apil Agrawal Company Secretary	Mr. Ramesh Goel, CFO##	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	6.18	7.61	13.79
	(b) Value of perquisites u/s 17(2) Income - tax Act, 1961	0	0.13	0.13
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	0	0	0
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission - as % of profit - others, specify....	-	-	
5	Others, please specify			
	- PF and Superannuation Contribution	0.68	1.06	1.74
	Total	6.86	8.80	15.66

## appointed as Chief Financial Officer of the Company w.e.f. 7<sup>th</sup> November, 2014





# **VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment		NIL			
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

*[Handwritten signature]*





# PRAGNYA PRADHAN & ASSOCIATES

PRACTICING COMPANY SECRETARIES

*Deliver the best at the earliest*

**Form No. MR-3**

## **SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2015

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

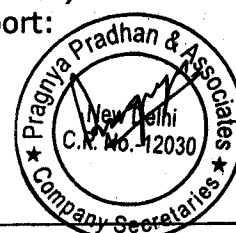
To,  
The Members,  
DCM Engineering Limited  
Vikrant Tower,  
4, Rajendra Place,  
New Delhi-110008

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DCM Engineering Limited, (**hereinafter called "the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by DCM Engineering Limited ("the Company") for the financial year ended 31<sup>st</sup> March, 2015 according to the provisions of:

- I. The Companies Act, 1956 (the Old Act) and the Rules made thereunder, to the extent applicable;
- II. The Companies Act, 2013 (the Act) and the Rules made there under;
- III. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- IV. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- V. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- VI. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report:



- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

VII. We have relied on the systems/mechanism formed by the Company for compliances under other Applicable Acts, laws and regulations applicable to the Company and the management explanation in this regard. The list of major heads/groups of Acts, Laws and Regulations as applicable to the Company is given in Annexure-A.

We have not examined compliances of the followings, as provisions of para (i) were not in place till 31<sup>st</sup> March, 2015 and provisions of para (ii) are not applicable to the Company (being unlisted public company).

- i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- ii) The Listing Agreements entered into by the Company with Stock Exchange(s).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.



Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:-

- The Board of Directors of the Company at its meeting held on December 8, 2014 has approved the Scheme of Amalgamation of the Company into and with DCM Limited ('Holding Company') under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956. The Scheme is subject to and would become effective on receipt of all regulatory/statutory approvals.

**For Pragnya Pradhan & Associates  
Company Secretaries**



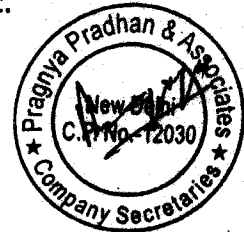
*Pragnya Parimita Pradhan*

**Pragnya Parimita Pradhan  
ACS No. 32778  
C P No.: 12030**

**Place: New Delhi  
Date: 18<sup>th</sup> May, 2015**

## **Annexure - A**

1. Factories Act, 1948;
2. Industries (Development & Regulation) Act, 1951;
3. All Labour laws and such Other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis related to wages, gratuity, provident fund, ESIC, compensation, welfare etc.;
4. Acts prescribed under prevention and control of Pollution and Acts prescribed for Protection of Environment;
5. Acts as prescribed under Direct and Indirect Tax;
6. Land Revenue law of respective States;
7. The Legal Metrology Act, 2009;
8. Acts as prescribed under Shop and Establishment Act of various local authorities;
9. Acts as prescribed by respective states and local authorities etc.



**REMUNERATION POLICY****1. PREAMBLE**

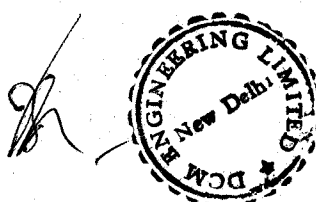
This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. This Policy has been approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee of the Company.

**2. OBJECTIVE**

The Policy relates to designing the remuneration for the Directors, Key Managerial Personnel (KMPs), Senior Management Personnel (SMPs) and other employees of the Company.

**3. DEFINITIONS**

- a) **"Board"**:-Board means Board of Directors of the Company.
- b) **"Director"**:-Directors means Directors of the Company.
- c) **"Committee"**:-Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- d) **"Company"**:- Company means DCM Engineering Limited
- e) **"Independent Director"**:- As provided under the Companies Act, 2013 and relevant rules thereto.
- f) **"Key Managerial Personnel"**:- Key Managerial Personnel (KMP) means-
  - (i) the Chairman and Managing Director;
  - (ii) the Company Secretary;
  - (iii) the Chief Financial Officer; and
  - (iv) such other officer as may be prescribed under the applicable statutory provisions / regulations and / or approved by Board from time to time.
- g) **"Senior Management Personnel"**:- 'shall mean the personnel of the Company who are members of its Core Management team, excluding the Board of Directors, comprising all members of management that are one level below the Executive Directors, including the functional heads.



Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

#### **4. KEY PRINCIPLES**

The following principles guide the design of remuneration under this Policy:

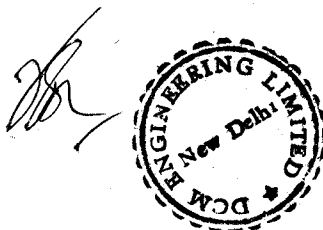
- (i) Attract, retain and motivate the right talent, including the directors, KMP and employees, required to meet the goals of the Company.
- (ii) Remuneration to the Directors, KMPs, and SMPs is aligned with the short term and long term goals and performance of the Company.
- (iii) Promote the culture of meritocracy, performance and accountability. Give appropriate weightage to individual and overall Company's performance.
- (iv) Reflect market trends and practices, competitive positions to attract the required talent.

#### **5 APPOINTMENT CRITERIA AND QUALIFICATIONS**

- (i) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- (ii) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

#### **6. REMUNERATION PAID TO MANAGING DIRECTOR(S) / WHOLE-TIME DIRECTOR(S)**

- (i) The Remuneration to Executive Directors will be approved by the Board of Directors based on the recommendations of the Committee, subject to the approval of shareholders and such other authorities as may be applicable. The concerned Executive Director will not participate in such discussions of the Board/Committee.
- (ii) The compliance of the relevant provisions of the Companies Act, 2013 regarding the limits of remuneration will be ensured.



(iii) The remuneration includes the following components :

(iv) a) **Basic Salary**

- Provides for a fixed, per month, base level remuneration to reflect the scale and dynamics of business to be competitive in the external market.
- subject to such annual increment as per the recommendations of the Committee and the approval of the Board of Directors.

b) **Commission / Variable Component**

- Commission/Variable Component, if any, as per the recommendations of the Committee and the approval of the Board of Directors in addition to the Basic Salary, Perquisites and any other Allowances, benefits and amenities.

c) **Perquisites and Allowances**

Perquisites and Allowances commensurate to the position of Executive Directors, as per the recommendations of the Committee and the approval of the Board of Directors.

d) **Contribution to Provident, Superannuation fund and Gratuity payments**

In the event, the remuneration and commission/variable component, if any, payable to Managing Director/ Whole-Time Director exceed the limits laid down under Section 197 and 198 read with Schedule V of the Companies Act, 2013, the same shall be subject to approval of Central Govt. & other statutory authorities as prescribed under Companies Act, 2013.

7. **REMUNERATION PAID TO NON EXECUTIVE AND INDEPENDENT DIRECTORS**

The Non- Executive and Independent Directors would be paid remuneration by way of sitting fees for attending meetings of Board or Committee thereof and profit related commissions as may be recommended by the Committee and approved by the Board of Directors and Shareholders of the Company. The amount of such fees and commissions shall be subject to ceiling/ limits as provided under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.





8. **KEY MANAGERIAL PERSONNEL (KMP) / SENIOR MANAGEMENT PERSONNEL / OTHER OFFICERS & STAFF**

The Remuneration to be paid to KMPs/ Senior Management Personnel/ other officers & staff is based on the role and responsibilities in the Company, the experience, qualification, skills and competencies of the related personnel / employees, the market trends, practices and benchmarks. The positioning strategy is to see that the compensation provides adequate opportunity to attract the required talent and retain the same to be able to meet the requirements of the job and business.

The remuneration is subject to review on the basis of individual & business performance and inflation/market trends. The performance of employees is reviewed based on competency assessment and key results delivered. The performance assessment, more specifically, is used as an input to determine merit/special increments, performance bonus, rewards, incentives (short term and long term) and other recognitions/promotions.

The objective is to ensure that the compensation engage the employees to give their best performance.

9. **EVALUATION**

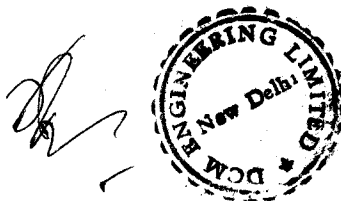
The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

10. **RETIREMENT**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board and / or Committee will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

11. **WORKMEN COMPENSATION**

Workmen are paid wages in accordance to the settlement with the recognized union of the workers, as applicable. Where there is no union, workmen wages are as per the best industry practice and applicable law. All remuneration components will be in accordance with applicable statutory compliances.



**12. DIRECTORS' AND OFFICERS' INSURANCE**

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

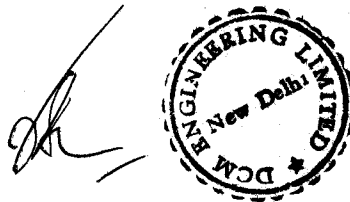
**13. AMENDMENTS**

Notwithstanding the above, the applicable provisions and amendments, if any, under the Companies Act, 2013 in respect of this Policy and related matters shall be implemented by the Company. The Committee may recommend amendments to this Policy from time to time as it deems appropriate.

**14. DISCLOSURE**

The Policy shall be disclosed as required by the Companies Act, 2013 read along with the applicable rules thereto.

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A handwritten signature in black ink is positioned to the left of a circular stamp. The stamp is black and white, featuring the text "DCM ENGINEERING LIMITED" around the top inner edge and "New Delhi" in the center. There are small stars on either side of "New Delhi".

## ANNEXURE - VII

## ANNUAL REPORT ON CSR ACTIVITIES

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs.	The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is <a href="http://dcmengg.com/pdf/CSR-Policy-DCM-Engineering-Ltd.pdf">http://dcmengg.com/pdf/CSR-Policy-DCM-Engineering-Ltd.pdf</a>
2.	The Composition of the CSR Committee.	1) Dr. Vinay Bharat Ram - Chairman 2) Dr. Meenakshi Nayar - Member 3) Mr. Chandra Mohan - Member
3.	Average net profit of the company for last three financial years (Amount in crores)	NIL
4.	Prescribed CSR Expenditure (two percent, of the amount as in item 3 above) (Amount in crores)	NIL
5.	Details of CSR spent during the financial year 2014-15. (1) Total amount to be spent for the F. Y. (2) Amount unspent, if any : (3) Manner in which the amount spent during the financial year:	NIL  Necessary details are provided in the table given below:

(1) S. No.	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	(7) Cumulative expenditure upto to the reporting period	(8) Amount spent: Direct or through implementing agency
1	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total			NIL	NIL	NIL	





6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report: Not Applicable
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and Policy of the Company.



Vinay Bharat Ram  
Chairman CSR Committee



Sumant Bharat Ram  
Executive Vice Chairman and  
Managing Director

**DCM Engineering Limited**

**Statutory audit for the year ended  
31 March 2015**

# B S R & Co. LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B  
DLF Cyber City, Phase - II  
Gurgaon - 122 002, India

Telephone: + 91 124 2549 191  
Fax: + 91 124 2549 101

## Independent Auditor's Report

To the Members of  
DCM Engineering Limited

## Report on the Financial Statements

We have audited the accompanying standalone financial statements of DCM Engineering Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the

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Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its loss and its cash flows for the year ended on that date.

**Emphasis of Matter**

We draw attention to note 40 to the financial statements wherein the Board of Directors of the Company in their meeting held on 8 December 2014 have approved the merger of the Company with the DCM Limited (its holding company) under Scheme of Amalgamation ("Scheme") between the Company and its holding company under sections 391 to 394 and other applicable provisions of the Companies Act, 1956. The Scheme is pending approvals from the concerned regulatory/ statutory authorities as at 31 March 2015. Pending such approvals, these financial statements have been prepared on a going concern basis without taking into effect any provisions of the Scheme. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

- 1 As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2 As required by Section 143 (3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. the going concern matter described under the Emphasis of Matters paragraph above, in our opinion, does not have any adverse effect on the functioning of the Company; and
  - f. on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

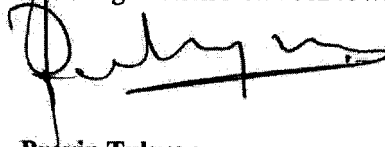
**B S R & Co. LLP**

- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note 27 of the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For B S R & Co. LLP**

*Chartered Accountants*

**Firm Registration No.: 101248W/W-100022**



**Pravin Tulsyan**

**Partner**

**Membership No: 108044**

**Place: Gurgaon**

**Date: 18 May 2015**



**Annexure to the Independent Auditor's Report**

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the accounts for the year ended 31 March 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) According to the information and explanations given to us, the inventories, except for stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at year end, written confirmations have been obtained in all cases.
- (b) In our opinion and according to the information and explanations given to us, the procedures for 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) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.
- (iii) As informed to us, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). As informed to us, and according to the information and explanations given to us, there are no firms covered in the register under section 189 of the Companies Act, 2013. Accordingly, para (a) and (b) of clause (iii) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanations that purchase of inventories are for the Company's specialised requirements and similarly goods sold are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods. We have neither observed nor have been informed of any instances of major weakness in the internal control system during the course of our audit.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of manufacturing of goods and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth-tax, sales-tax, service tax, excise duty, customs duty, value added tax and other material statutory dues have been regularly deposited with the appropriate authorities. As explained to us, the Company did not have any dues on account of investor education and protection fund.



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According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, sales-tax, service tax, excise duty, customs duty, value added tax and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of wealth tax, service tax, customs duty, value added and cess which have not been deposited with the appropriate authorities on account of any dispute. The details of disputed excise duty, sales tax and income-tax dues that have not been deposited by the Company as at 31 March 2015 are as follows:

Name of the statute	Nature of dues	Forum where pending	Amount involved* (Rs. Lacs)	Amount paid under protest (Rs. Lacs)	Year to which amount relates
Central Excise Tax Law	Excise duty	Central Excise and Service Tax Appellate Tribunal	510.43	-	2004-05, 2005-06, 2006-07, 2008-09, 2006-07 to 2010-2011
		Deputy Excise and Taxation.	139.21	-	2010- 11
		Supreme Court	0.50	-	2002-03, 2003-04
Income Tax Act, 1961	Income- tax	Income Tax Appellate Tribunal	12.72	12.72	2007-08
			12.33	-	2008-09
		Commisioner of Tax (Apeals)	9.36	5.00	2010-11

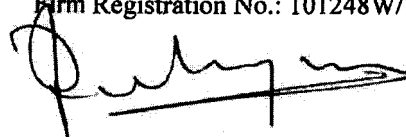
\*amount as per demand orders, including interest and penalty wherever quantified in the order.

- (c) According to the information and explanations given to us, the Company did not have any dues on account of investor education and protection fund.
- (viii) The Company does not have any accumulated losses at the end of the financial year. *The Company has incurred cash losses of Rs.240.64 lacs during the current financial year.* However, no cash loss has been incurred in the immediately preceding financial year.
- (ix) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank. The Company does not have any dues payable to any financial institutions or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

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- (xi) Based on our examination of books of account and according to the information and explanations given to us, the term loans taken during the year have been applied for the purposes for which they were obtained.
- (xii) Based on our examination of the books of account and in accordance with the information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For B S R & Co. LLP**  
*Chartered Accountants*  
Firm Registration No.: 101248W/W-100022



**Pravin Tulsyan**  
*Partner*

Membership No: 108044

Place: Gurgaon  
Date: 18 May 2015

DCM Engineering Limited  
Balance Sheet as at 31 March 2015  
(All amounts in Rupees, unless otherwise stated)

	Note	As at 31 March 2015 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	2,005.00	2,005.00
Reserves and surplus	3	4,088.72	5,960.34
		6,093.72	7,965.34
<b>Non-current liabilities</b>			
Long-term borrowings	4	3,585.41	1,970.15
Long-term provisions	5	1,439.45	1,497.95
		5,024.86	3,468.10
<b>Current liabilities</b>			
Short-term borrowings	6	5,673.10	5,723.73
Trade payables	7	3,170.39	4,677.10
Other current liabilities	8	2,001.97	1,972.69
Short-term provisions	5	209.45	207.91
		11,054.91	12,581.43
		22,173.49	24,014.87
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	9	9,798.39	9,702.84
Intangible assets	10	72.31	94.56
		9,870.70	9,797.40
Capital work-in-progress (refer to note 37)		1,609.13	1,093.21
		11,479.83	10,890.61
Non-current investments	11	-	127.72
Deferred tax asset (net)	12	-	-
Long-term loans and advances	13	1,023.41	1,260.68
Other non-current assets	14	-	1.00
		12,503.24	12,280.01
<b>Current assets</b>			
Inventories	15	3,786.92	4,236.51
Trade receivables	16	4,961.41	6,622.17
Cash and bank balances	17	42.08	48.16
Short-term loans and advances	13	391.22	484.26
Other current assets	14	488.62	343.76
		9,670.25	11,734.86
		22,173.49	24,014.87

Significant accounting policies

1

The notes referred to above form an integral part of the financial statements

As per our report attached

For BSR & Co. LLP

Chartered Accountants

Firm Registration No.: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

For and on behalf of the Board of Directors of  
DCM Engineering Limited

Dr. Vinay Bharat Ram  
Executive Chairman  
(Director)

Ramesh Goel  
Chief Financial Officer

Suman Bharat Ram  
Executive Vice Chairman  
& Managing Director

Apil Agrawal  
Company Secretary

Ravi Vira Gupta  
(Director)

Place: Gurgaon

Date: 18 May 2015

Place: New Delhi

Date: 18 May 2015

**DCM Engineering Limited**  
**Statement of Profit and Loss for the year ended 31 March 2015**  
(All amounts in Rupees, unless otherwise stated)

	Note	For the year ended 31 March 2015 (Rs. lacs)	For the year ended 31 March 2014 (Rs. lacs)
<b>Revenue</b>			
Revenue from operations			
Sale of products (gross)	18	41,709.87	44,686.19
Less: Excise duty		4,552.59	4,954.15
Sale of products (net)		37,157.28	39,732.04
Other operating revenues	18	112.50	110.60
		37,269.78	39,842.64
Other income	19	122.41	495.83
		37,392.19	40,338.47
<b>Expenses</b>			
Cost of materials consumed	20	14,548.34	16,331.76
Changes in inventories of work in progress	21	(90.59)	(1,044.87)
Employee benefit expenses	22	4,957.78	5,039.37
Finance costs	23	1,119.47	935.25
Depreciation and amortisation expense	24	1,595.88	1,106.31
Other expenses	25	17,097.83	18,513.19
		39,228.71	40,881.01
<b>Loss before tax</b>		(1,836.52)	(542.54)
Tax expense			
- current tax		-	-
- adjustments for earlier year		-	1.31
<b>Loss for the year</b>		(1,836.52)	(543.85)
<b>Loss per equity share (face value of Rs. 10 per share)</b>	31		
- Basic		(9.16)	(2.71)
- Diluted		(9.16)	(2.71)
<b>Significant accounting policies</b>	1		

The notes referred to above form an integral part of the financial statements

As per our report attached to the Balance Sheet

For BSR & Co. LLP  
Chartered Accountants  
Firm Registration No.: 101248W/W-100022

Pravin Tulyan  
Partner  
Membership No.: 108044

For and on behalf of the Board of Directors of  
DCM Engineering Limited

Dr. Vinay Bharat Ram  
Executive Chairman  
(Director)

Ramesh Goel  
Chief Financial Officer

Sumant Bharat Ram  
Executive Vice Chairman  
& Managing Director

Apil Agrawal  
Company Secretary

Ravi Vira Gupta  
(Director)

Place: Gurgaon  
Date: 18 May 2015

Place: New Delhi  
Date: 18 May 2015

DCM Engineering Limited  
Cash Flow Statement for the year ended 31 March 2015  
(All amounts in Rupees, unless otherwise stated)

	For the year ended 31 March 2015 (Rs. lacs)	For the year ended 31 March 2014 (Rs. lacs)
<b>A. Cash flow from operating activities:</b>		
Loss before tax	(1,836.52)	(542.54)
Adjustments for:		
- Depreciation and amortisation expense	1,595.88	1,106.31
- Net gain/(loss) on sale/discard of fixed assets	13.73	(55.63)
- Dividend income	-	(18.09)
- Interest expense	1,079.07	893.12
- Profit on sale of investments	(53.78)	(342.15)
- Interest income	(54.21)	(65.57)
Operating profit before working capital changes	744.17	975.44
Adjustments for:		
- Decrease / (increase) in long-term loans and advances	(96.96)	(1.39)
- Decrease / (increase) in inventories	449.59	(1,026.47)
- Decrease / (increase) in trade receivables	1,660.76	(244.88)
- (Increase) / decrease in short-term loans and advances	93.04	200.42
- (Increase) in other current assets	(359.27)	(0.18)
- Increase / (decrease) in long-term provisions	(58.50)	(8.27)
- (Decrease) / increase in trade payables	(1,506.71)	1,139.67
- (Decrease) / increase in other current liabilities	(114.28)	283.92
- Increase in short-term provisions	1.54	2.65
Cash generated from operations	813.38	1,320.91
Taxes paid (including interest on taxes)	(49.33)	(87.13)
Net cash generated from operating activities	764.05	1,233.78
<b>B. Cash flow from investing activities:</b>		
Loans received back	-	10.00
Purchase of fixed assets	(2,081.60)	(1,282.56)
Sale/discard of fixed assets	244.80	18.29
Sale of investment	181.50	964.77
Decrease/ (increase) in fixed deposits with original maturities greater than 3 months	22.35	15.49
Dividend received	-	18.09
Interest received	59.85	56.46
Net cash used in investing activities	(1,573.10)	(199.45)
<b>C. Cash flow from financing activities:</b>		
Proceeds from borrowings	2,886.52	-
Repayment of borrowings	(968.21)	(870.80)
Changes in short-term borrowings (net)	(50.63)	880.16
Interest paid	(1,043.35)	(1,118.80)
Net cash generated from/(used in) financing activities	824.33	(1,109.44)
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>15.27</b>	<b>(75.11)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>25.81</b>	<b>100.92</b>
<b>Cash and cash equivalents at the end of the year (refer to note 17)</b>	<b>41.08</b>	<b>25.81</b>

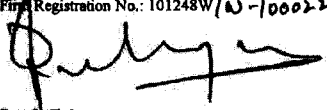
Note: The above Cash Flow Statement has been prepared in accordance with the 'Indirect method' as set out in the Accounting Standard - 3 on Cash Flow Statements notified by the Companies (Accounting Standards) Rules, 2006.

Significant accounting policies (refer to note 1)

The notes referred to above form an integral part of the financial statements

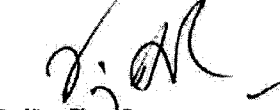
As per our report attached to the Balance Sheet


For BSR & Co. LLP  
Chartered Accountants  
Firm Registration No.: 101248W/A-100022

  
Pravin Tulsyan  
Partner

Membership No.: 108044

For and on behalf of the Board of Directors of  
DCM Engineering Limited

  
Dr. Vinay Bhargava Ram  
Executive Chairman  
(Director)

  
Ramesh Goel  
Chief Financial Officer

  
Sumant Bharat Ram  
Executive Vice Chairman  
& Managing Director

  
Ravi Vikas Gupta  
(Director)

  
Apil Agrawal  
Company Secretary

Place: Gurgaon  
Date: 18 May 2015

Place: New Delhi  
Date: 18 May 2015

**DCM Engineering Limited**  
**Notes to the financial statements for the year ended 31 March 2015**  
(All amounts in Rupees, unless otherwise stated)

**1. Significant accounting policies**

**a) Basis of preparation**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle within 12 months for the purpose of current – non current classification of assets and liabilities.

**b) Current–non-current classification**

All assets and liabilities are classified into current and non-current.

*Assets*

An asset is classified as current when it satisfies any of the following criteria:

- i) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- ii) it is held primarily for the purpose of being traded;
- iii) it is expected to be realised within 12 months after the reporting date; or
- iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

*Liabilities*

A liability is classified as current when it satisfies any of the following criteria:

- i) it is expected to be settled in the company's normal operating cycle;
- ii) it is held primarily for the purpose of being traded;
- iii) it is due to be settled within 12 months after the reporting date; or
- iv) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

*Operating cycle*

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

**c) Use of estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on 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, deferred tax and the useful lives of fixed assets. Actual results could differ from those estimates. Differences between the actual results and estimates are recognised in the year in which the results are known / materialized. Any revision to accounting estimates is recognised prospectively in current and future periods.



**DCM Engineering Limited**  
**Notes to the financial statements for the year ended 31 March 2015**  
(All amounts in Rupees, unless otherwise stated)

**d) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost of acquisition or construction is inclusive of freight inward, duties, taxes and other directly attributable expenses incurred to bring the assets to their working condition for intended use and interest on loans attributable to the acquisition of assets up to the date of commissioning of assets.

**e) Intangible fixed assets**

Intangible fixed assets purchased comprising computer softwares, are stated at acquisition cost less accumulated amortization and impairment loss, if any. Intangible fixed assets are 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 capitalised in the year in which the software is fully implemented for use.

**f) Depreciation and amortisation (also refer note 39)**

Depreciation on tangible fixed assets is provided on Straight Line Method over the estimated useful life of assets, as estimated by the management. The Management has used the same rates as specified in Part C of Schedule II to the Companies Act, 2013.

Depreciation is calculated on pro-rata basis from the date of additions. Depreciation on assets sold / discarded during the year is provided till the date of such sale / disposal.

Intangible fixed assets comprise of computer software which are amortized over a period of five years.

**g) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or productions of qualifying assets is capitalised as part of assets. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**h) Investments**

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is presented under 'current assets' in consonance with the current/ non-current classification scheme of Schedule III of the Companies Act, 2013.

**i) Inventories**

Inventories have been valued at the lower of cost and net realisable value. Cost of raw materials, stores and spares is determined using the moving weighted average basis. Finished goods and work-in-progress include an appropriate portion of allocable overheads.





**DCM Engineering Limited**

**Notes to the financial statements for the year ended 31 March 2015**

(All amounts in Rupees, unless otherwise stated)

**j) Revenue recognition**

Revenue from sale of products is recognised at the point of despatch of goods to the customers, which coincides with the transfer of risk and rewards of ownership. Sales include excise duty and exclude discounts and sales tax/value added tax.

*Interest Income*

Interest income is recognized using the time proportion method.

*Dividend Income*

Dividend on investments is recognized when the right to receive payment is established.

**k) Employee's benefits**

*Short term employee benefits*

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus, etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

*Post employment benefits*

*Defined contribution plans*

Provident fund is a defined contribution plan. The Company expenses its contributions towards provident fund, which are deposited with the Regional Provident Fund Commissioner.

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.

*Defined benefit plans*

Gratuity is a defined benefits plan. The present value of obligations under defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

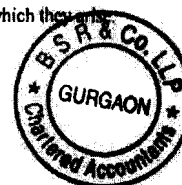
*Other long-term benefits*

Benefits under the Company's compensated absences scheme constitute other employee benefit. The liability in respect of compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

**l) Foreign exchange transactions**

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. Exchange differences arising on revenue transactions due to the differences in the exchange rate between the transaction date and the date of settlement of any monetary items, are taken to the Statement of Profit and Loss. Pursuant to notification [F.No.17/33/2008/CL-V] dated 31 March 2009 extended vide notification dated 11 May 2011 published by Ministry of Corporate Affairs, exchange difference arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements, relating to acquisition of depreciable capital asset have been added to or deducted from the cost of the asset and shall be depreciated over the balance life of the asset.

Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet and resultant gain/ loss, if any, is taken to the Statement of Profit and Loss in the period in which they arise.



**DCM Engineering Limited**

**Notes to the financial statements for the year ended 31 March 2015**

(All amounts in Rupees, unless otherwise stated)

**m) Taxation**

Income tax expenses comprise current tax (i.e. the amount of tax for the period determined in accordance with the Income tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future. However, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

**n) Impairment of assets**

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

**o) Earnings per share**

The basic earnings per share are computed by dividing the net profit / (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

**p) Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company does not recognise assets which are of contingent nature. However, if it has become virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the financial statements of the period in which the change occurs.

**q) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

**r) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.



**DCM Engineering Limited****Notes to the financial statements for the year ended 31 March 2015**

(All amounts in Rupees, unless otherwise stated)

	As at 31 March 2015		As at 31 March 2014	
	Number of shares	Amount (Rs. lacs)	Number of shares	Amount (Rs. lacs)
<b>2 Share capital</b>				
<b>Authorised</b>				
Equity shares of Rs. 10 each *	23,999,000	2,399.90	23,999,000	2,399.90
13.50% Redeemable cumulative preference shares of Rs. 100 each	100	0.10	100	0.10
	<u>23,999,100</u>	<u>2,400.00</u>	<u>23,999,100</u>	<u>2,400.00</u>
<b>Issued, subscribed and paid up</b>				
Equity shares of Rs. 10 each, fully paid up *				
At the beginning and end of the year	20,050,000	2,005.00	20,050,000	2,005.00
	<u>20,050,000</u>	<u>2,005.00</u>	<u>20,050,000</u>	<u>2,005.00</u>

\* The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders.

2(a) 15,049,988 (previous year 15,049,988) equity shares of Rs. 10 each fully paid up, are held by DCM Limited, the holding company which is also the ultimate holding company.

2(b) Shareholders holding more than 5% shares of the Company:

	As at 31 March 2015		As at 31 March 2014	
	Number of shares	% holding in the shares	Number of shares	% holding in the shares
Equity shares of Rs.10 each, fully paid up:				
- DCM Limited	15,049,988	75.06%	15,049,988	75.06%
- Aggresar Leasing and Finance Private Limited	5,000,000	24.94%	5,000,000	24.94%



**DCM Engineering Limited****Notes to the financial statements for the year ended 31 March 2015**

(All amounts in Rupees, unless otherwise stated)

	As at 31 March 2015 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)
<b>3 Reserves and surplus</b>		
Share premium		
At the beginning and end of the year	3,600.00	3,600.00
Capital redemption reserve		
At the beginning and end of the year	0.10	0.10
General Reserve		
At the beginning and end of the year	320.00	320.00
Surplus in the Statement of Profit and Loss		
At the beginning of the year	2,040.24	2,584.09
Impact on adoption of provisions of Schedule II of the Companies Act, 2013 (refer note 9)	(35.10)	-
Less: Loss for the year	(1,836.52)	(543.85)
	<u>168.62</u>	<u>2,040.24</u>
	<u>4,088.72</u>	<u>5,960.34</u>



**DCM Engineering Limited**  
**Notes to the financial statements for the year ended 31 March 2015**  
(All amounts in Rupees, unless otherwise stated)

4 Long-term borrowings	Secured/ Unsecured	Non-current portion		Current maturities #	
		As at	As at	As at	As at
		31 March 2015 (Rs. lacs)	31 March 2014 (Rs. lacs)	31 March 2015 (Rs. lacs)	31 March 2014 (Rs. lacs)
From banks					
- Term loan*	Secured	2,548.72	1,841.80	1,119.60	699.60
- Term loan**	Unsecured	1,000.00	-	-	-
- Vehicle loans***	Secured	36.69	82.95	38.97	49.15
Deferred payment liability****	Unsecured	-	45.40	37.72	144.49
		<u>3,585.41</u>	<u>1,970.15</u>	<u>1,196.29</u>	<u>893.24</u>

\* Rs. 1,841.80 lacs (previous year Rs. 2,541.40 lacs) secured by way of first pari passu charge on the entire fixed assets of the Company, both present and future, including equitable mortgage of Company's factory land and building measuring 348,380 sq. yards and second pari passu charge on the entire current assets+ of the Company, both present and future. The term loan carries a floating interest rate ranging between 11.85%-12.50% per annum and is repayable in 55 equal monthly installments of Rs. 58.30 lacs each and 1 installment of Rs. 35.25 lacs commencing from April 2013.

\* Rs. 1,826.52 lacs (previous year Rs. Nil lacs) secured by way of first pari passu charge on the entire fixed assets of the Company, both present and future, including equitable mortgage of Company's factory land and building measuring 348,380 sq. yards and second pari passu charge on the entire current assets+ of the Company, both present and future. The term loan carries an interest rate of 12.65% per annum and is repayable in 63 monthly installments commencing from January 2015.

\*\* Rs. 1,000.00 lacs (previous year Rs. Nil lacs) secured by way of extensions of pledge of 100% equity shares of Teak Farms Private Limited (TFPC) and 100% equity shares of Juhi Developers Private Limited (enterprises over which Key Managerial Personnel have significant influence). The term loan carries an interest rate of 13.50% per annum and is repayable after 18 months from the date of 1st disbursement on 04 March 2015.

\*\*\* Loans for vehicles are secured by hypothecation of specific vehicles with first and exclusive charge. The loans carry an interest rate ranging between 9.5%-13.50% per annum and are repayable in equal monthly installments.

\*\*\*\* Deferred payment liability carries an interest rate of 4.90%-5.70% per annum and are repayable in six equal semi-annual installments commencing from January 2012 and final instalment of loan has been paid on 13 April 2015.

# Current maturities are considered as other current liabilities (refer to note 8)

+ Current assets has a meaning as per the terms of the related agreement and without considering the changes in definition of "current" included in Schedule III of the Companies Act, 2013.

Note: There is no continuing default as on the balance sheet date in repayment of loans and interest thereon.

5 Provisions	Long-term		Short-term	
	As at 31 March 2015 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)	As at 31 March 2015 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)
Provision for employee benefits				
Gratuity (refer to note 29)	1,231.15	1,243.97	109.88	118.95
Compensated absences (refer to note 29)	<u>208.30</u>	<u>253.98</u>	<u>14.01</u>	<u>19.48</u>
	1,439.45	1,497.95	123.89	138.43
Other provisions				
Provision for sales return	-	-	85.56	69.48
	<u>-</u>	<u>-</u>	<u>85.56</u>	<u>69.48</u>
	<u>1,439.45</u>	<u>1,497.95</u>	<u>209.45</u>	<u>207.91</u>



**DCM Engineering Limited**

Notes to the financial statements for the year ended 31 March 2015

(All amounts in Rupees, unless otherwise stated)

	As at 31 March 2015 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)
<b>6 Short-term borrowings:</b>		
Loan repayable on demand (secured)*		
- Working capital demand loan	-	1,500.00
- Cash credits	<u>5,673.10</u>	<u>4,223.73</u>
	<u>5,673.10</u>	<u>5,723.73</u>

- \* Loans repayable on demand are secured by first pari passu charge by way of hypothecation of stocks, stores and spares, book debts and all other movables, both present and future and second pari passu charge on all fixed assets and Company's lands at village Asron, Hadbast No. 418, Tehsil Balachaur District Hoshiarpur, Punjab, together with all buildings, plant and machinery, erections, godowns and constructions of every description which are standing, erected or attached or shall at any time hereafter during the continuance of the security hereby constituted be erected or attached and standing or attached thereto.

**7 Trade payables**

Sundry creditors		
- dues to micro and small enterprises	523.77	743.60
- dues to others	<u>2,646.62</u>	<u>3,933.50</u>
	<u>3,170.39</u>	<u>4,677.10</u>

Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company:

- The principal amount remaining unpaid to any supplier as at the end of the year	523.77	743.60
- The interest due on the principal remaining outstanding as at the end of the year	-	-
- The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year	-	-
- The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
- The amount of interest accrued and remaining unpaid at the end of the year	-	-
- The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	-	-
	<u>523.77</u>	<u>743.60</u>

**8 Other current liabilities**

Current maturities of long-term debt (refer to note 4)	1,196.29	893.24
Interest accrued but not due on borrowings	51.50	35.03
Employee related payables	291.97	304.62
Other payables		
- advances from customers	252.77	423.14
- statutory liabilities	108.93	114.24
- security deposits received	10.88	4.68
- dues in respect of purchase of fixed assets	-	175.95
- miscellaneous	89.63	21.79
	<u>2,001.97</u>	<u>1,972.69</u>



9 Tangible assets #

(Rs. lacs)

Asset description	Gross block						As at 31 March 2015
	As at 31 March 2013	Additions	Deletions/ adjustments	As at 31 March 2014	Additions during the year	Deletions/ adjustments	
Land *	415.82	-	-	415.82	-	-	415.82
Buildings #	1,504.94	-	130.33	1,374.61	35.10	-	1,409.71
Plant and machinery**	14,975.32	3,995.07	117.65	18,852.74	1,641.83	43.11	20,451.46
Furniture and fixtures	46.48	2.39	-	48.87	2.26	-	51.13
Vehicles	385.37	69.57	60.47	394.47	6.42	80.49	320.40
Office equipments	86.08	5.66	-	91.74	32.40	0.17	123.97
Computer hardware	146.99	7.71	-	154.70	29.97	6.62	178.05
<b>Total</b>	<b>17,561.00</b>	<b>4,080.40</b>	<b>308.45</b>	<b>21,332.95</b>	<b>1,747.98</b>	<b>130.39</b>	<b>22,950.54</b>

Asset description	Depreciation						
	Upto 31 March 2013	For the year	On deletions/ adjustments	Upto 31 March 2014	For the year \$	On deletions/ adjustments	Upto 31 March 2015
Land	-	-	-	-	-	-	-
Buildings	396.75	41.13	4.01	433.87	36.56	-	470.43
Plant and machinery	10,037.21	983.05	99.51	10,920.75	1,431.54	38.48	12,313.81
Furniture and fixtures	15.71	2.90	-	18.61	8.32	-	26.93
Vehicles	108.27	38.03	33.50	112.80	45.19	35.72	122.27
Office equipments	23.91	4.14	-	28.05	45.36	0.03	73.38
Computer hardware	103.33	12.70	-	116.03	35.71	6.41	145.33
<b>Total</b>	<b>10,685.18</b>	<b>1,081.95</b>	<b>137.02</b>	<b>11,630.11</b>	<b>1,602.68</b>	<b>80.64</b>	<b>13,152.15</b>

Asset description	Net block				As at 31 March 2015
	As at 31 March 2013		As at 31 March 2014		
Land	415.82		415.82		415.82
Buildings	1,108.19		940.74		939.28
Plant and machinery	4,938.11		7,931.99		8,137.65
Furniture and fixtures	30.77		30.26		24.20
Vehicles	277.10		281.67		198.13
Office equipments	62.17		63.69		50.59
Computer hardware	43.66		38.67		32.72
<b>Total</b>	<b>6,875.82</b>		<b>9,702.84</b>		<b>9,798.39</b>

\* Gross block includes land and buildings aggregating Rs. 84.52 lacs (previous year Rs. 84.52 lacs) and Rs. 15.48 lacs (previous year Rs. 15.48 lacs) respectively at Navansahar for which title deeds are yet to be executed in the favour of the Company.

# Assets transferred to the Company pursuant to the Scheme of Restructuring and Arrangement (SORA) (refer to note 26), are pending registration, wherever required, in the name of the Company.

\*\* Additions includes Rs. Nil (previous year Rs 212.97 lacs) on account of borrowing cost and Rs. 21.00 lacs (previous year Rs. 31.10 lacs) on account of foreign exchange fluctuations capitalised during the year.

\$ Includes Rs. 35.10 lacs (previous year Rs. Nil) to be adjusted with reserve and surplus in accordance with the requirements of Schedule II of the Act.

10 Intangible Assets

(Rs. lacs)

Asset description	Gross block						As at 31 March 2015
	As at 31 March 2013	Additions	Deletions/ adjustments	As at 31 March 2014	Additions during the year	Deletions/ adjustments	
Computer software	247.92	24.03	-	271.95	6.07	-	278.02
<b>Total</b>	<b>247.92</b>	<b>24.03</b>	<b>-</b>	<b>271.95</b>	<b>6.07</b>	<b>-</b>	<b>278.02</b>

Asset description	Amortisation						
	Upto 31 March 2013	For the year	On deletions/ adjustments	Upto 31 March 2014	For the year	On deletions/ adjustments	Upto 31 March 2015
Computer software	153.03	24.36	-	177.39	28.32	-	205.71
<b>Total</b>	<b>153.03</b>	<b>24.36</b>	<b>-</b>	<b>177.39</b>	<b>28.32</b>	<b>-</b>	<b>205.71</b>

Asset description	Net block				As at 31 March 2015
	As at 31 March 2013		As at 31 March 2014		
Computer software	94.89		94.56		72.31
<b>Total</b>	<b>94.89</b>		<b>94.56</b>		<b>72.31</b>



**DCM Engineering Limited**

**Notes to the financial statements for the year ended 31 March 2015**

(All amounts in Rupees, unless otherwise stated)

	As at 31 March 2015 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)
<b>11 Non-current investments</b>		
Long term (valued at cost, unless otherwise stated)		
Non-trade investments		
Others		
Quoted equity shares		
SRF Limited		
Nil* (previous year 45,850) equity shares of Rs. 10 each, fully paid up	-	127.72
	-	127.72
	-	127.72
	-	127.72
* 45,850 equity shares (previous year 1,35,000) sold during the year		
Aggregate amount of quoted investments	-	127.72
Aggregate market value of quoted investments	-	165.13
<b>12 Deferred tax asset (net)</b>		
Deferred tax asset on:		
Unabsorbed depreciation	1,541.10	907.57
Provision for gratuity	435.10	442.20
Provision for compensated absences	72.13	88.72
Others	37.33	41.09
	2,085.66	1,479.59
Deferred tax liability on:		
Difference between block of assets as per books and as per Income-tax Act, 1961	652.79	636.61
	652.79	636.61
Net deferred tax asset	1,432.88	842.98
Net deferred tax asset recognised to be recognised in financial statement*	-	-

\* As at 31 March 2015 and as at 31 March 2014, the Company has unabsorbed depreciation under the provisions of the Income-tax Act, 1961. Consequent to the provisions of Accounting Standard 22 - "Accounting for Taxes on Income", in the absence of virtual certainty, deferred tax assets have been recognised only to the extent of deferred tax liability.





**DCM Engineering Limited**
**Notes to the financial statements for the year ended 31 March 2015**

(All amounts in Rupees, unless otherwise stated)

13 Loans and advances (Unsecured and considered good, unless stated otherwise)	Long-term		Short-term	
	As at 31 March 2015 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)	As at 31 March 2015 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)
Capital advances	65.15	429.47	-	-
Security deposits	582.88	480.70	-	-
Other loans and advances				
Advances to vendors	-	-	90.62	101.05
Advances to employees	6.35	11.57	29.51	30.04
Prepaid expenses	-	-	67.13	77.27
Advance income-tax (net of provision Rs. 1,059.18 lacs (previous year Rs. 1,059.18 lacs))	369.03	338.94	-	-
Others				
- with customs and excise authorities	-	-	188.82	191.47
- inter corporate deposits	-	-	15.00	15.00
- amount receivable against sale of investment	-	-	-	69.28
- Others	-	-	0.14	0.14
	<u>1,023.41</u>	<u>1,260.68</u>	<u>391.22</u>	<u>484.26</u>

14 Other Assets (Unsecured and considered good, unless stated otherwise)	Non-Current		Current	
	As at 31 March 2015 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)	As at 31 March 2015 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)
From a related party:				
Receivable against sale of asset	-	-	-	208.77
From others:				
Bank deposits not due for realisation within 12 months of the reporting date	-	1.00	-	-
Interest accrued on deposits	-	-	57.84	63.48
Unbilled revenue	-	-	430.78	71.51
	<u>-</u>	<u>1.00</u>	<u>488.62</u>	<u>343.76</u>



**DCM Engineering Limited**  
**Notes to the financial statements for the year ended 31 March 2015**  
(All amounts in Rupees, unless otherwise stated)

	As at 31 March 2015 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)
<b>15 Inventories</b> (At lower of cost and net realizable value)		
Stores, spares and components	1,094.13	1,188.47
Raw materials	219.92	665.76
Work-in-progress	2,472.87	2,382.28
	<u>3,786.92</u>	<u>4,236.51</u>
<b>16 Trade receivables</b> (Unsecured and current, unless stated otherwise)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- considered good	85.56	62.03
Other debts		
- considered good	4,875.85	6,560.14
	<u>4,961.41</u>	<u>6,622.17</u>
<b>17 Cash and bank balances</b>		
Cash in hand	4.37	3.07
Cash and cash equivalents		
Balances with banks		
- in current accounts	35.01	20.62
Cheques, drafts on hand	0.36	0.39
In deposit accounts with original maturity of 3 months or less		
- held as margin money	1.34	1.73
	<u>41.08</u>	<u>25.81</u>
Other bank balances		
In deposit accounts due for realization within 12 months of the reporting date		
- held as margin money	1.00	22.35
	<u>1.00</u>	<u>22.35</u>
	<u>42.08</u>	<u>48.16</u>



**DCM Engineering Limited**  
**Notes to the financial statements for the year ended 31 March 2015**  
(All amounts in Rupees, unless otherwise stated)

	For the year ended 31 March 2015 (Rs. lacs)	For the year ended 31 March 2014 (Rs. lacs)
<b>18 Revenue from operations</b>		
Sale of products - own manufactured*		
- Iron castings	41,046.13	44,467.08
- Patterns, jigs and fixtures	663.74	219.11
Sale of products (gross)	41,709.87	44,686.19
Less: Excise duty	4,552.59	4,954.15
Sale of products (net)*	37,157.28	39,732.04
Other operating revenues		
Excess provisions / liabilities no longer required, written back	-	2.89
Miscellaneous sales	112.50	107.71
	112.50	110.60
	37,269.78	39,842.64
* Includes unbilled revenue of Rs. 430.78 lacs (previous year Rs. 71.51 lacs) net of excise duty and taxes amounting to Rs. 128.40 lacs (previous year Rs. 17.43 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.		
<b>19 Other income</b>		
Interest income	54.21	65.57
Dividend income from long term investments (non-traded)	-	18.09
Foreign exchange gain (net)	11.85	8.80
Profit on sale of fixed assets (net)	-	55.63
Profit on sale of a long term investment-quoted (non traded)	53.78	46.21
Profit on sale of a long term investment-unquoted (non traded)	-	295.94
Miscellaneous income	2.57	5.59
	122.41	495.83
<b>20 Cost of raw materials consumed</b>		
Melting scrap	10,053.36	11,536.92
Pig iron	2,535.66	2,763.36
Ferro alloys	1,019.83	1,090.18
Metallic additives	617.56	555.87
Carboriser	321.93	385.43
	14,548.34	16,331.76
<b>21 Changes in inventories of work in progress</b>		
Opening stock		
Work-in-progress	2,382.28	1,337.41
Less: Closing stock		
Work-in-progress	2,472.87	2,382.28
	(90.59)	(1,044.87)
<b>22 Employee benefit expense</b>		
Salaries, bonus and other allowances	4,231.91	4,126.53
Contribution to provident and other funds	346.26	397.05
Gratuity expense	167.70	187.97
Compensated absences	(12.27)	71.28
Staff welfare expenses	224.18	256.54
	4,957.78	5,039.37



**DCM Engineering Limited**

**Notes to the financial statements for the year ended 31 March 2015**

(All amounts in Rupees, unless otherwise stated)

	For the year ended 31 March 2015 (Rs. lacs)	For the year ended 31 March 2014 (Rs. lacs)
<b>23 Finance costs</b>		
Interest expense		
- on borrowings	975.50	786.29
- on taxes	19.24	7.36
Bank charges	40.40	42.14
Other borrowing costs (refer Note 37)	84.33	99.46
	<b>1,119.47</b>	<b>935.25</b>
<b>24 Depreciation and amortization expense</b>		
Depreciation on tangible assets	1,630.98	1,081.95
Amortisation on intangible assets	-	24.36
Less: Depreciation on fixed assets whose useful life is already exhausted as on 31 March 2014 in accordance to the provisions of the Schedule II of the Companies Act, 2013	(35.10)	-
	<b>1,595.88</b>	<b>1,106.31</b>
<b>25 Other expenses</b>		
Consumption of stores and spare parts	6,376.30	6,748.65
Power and fuel	6,503.91	7,550.55
Rent	83.95	99.67
Repairs to:		
- building	15.93	23.78
- machinery	889.76	1,171.77
- others	69.22	61.83
Sub-contracting charges *	903.80	909.10
Purchase of toolings	355.59	58.28
Contractor wages	744.59	722.88
Freight, transport, etc.	457.47	483.28
Traveling and conveyance	258.61	283.85
Legal and professional expenses	149.67	134.55
Insurance	25.84	26.46
Rates and taxes	8.34	5.59
Brokerage, discounts (other than trade discount), etc.	20.19	21.41
Auditors' remuneration (excluding service tax)		
- as auditors	15.00	10.00
- for limited reviews	6.00	4.00
- for tax audit	2.00	2.00
- for reimbursement of expenses	1.80	2.52
Doubtful debts/advances written off		
Doubtful debts/advances written off	-	5.65
Less: Adjusted against provision for doubtful debts/advances	-	-
Net loss on sale/discard of fixed assets	13.73	5.65
Miscellaneous expenses	196.13	187.37
	<b>17,097.83</b>	<b>18,513.19</b>

\* includes freight, transportation expense Rs. 220.00 lacs (previous year Rs. 209.21 lacs) incurred on materials sent to and received back from sub-contractors.



**DCM Engineering Limited**

Notes to the financial statements for the year ended 31 March 2015

(All amounts in Rupees, unless otherwise stated)

- 26 The Scheme of Restructuring and Arrangement (the SORA) of the Company and DCM Limited, under sections 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 year ended March 31, 2004.

**27 Contingent liabilities**

Particulars	As at 31 March 2015 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)
Claims against the Company not acknowledged as debts*		
- Excise claims	510.93	523.55
- Sales Tax	139.21	-
- Income-tax	34.41	25.06
- Employees related litigations	33.96	30.74

\* including interest and penalty to the extent quantified in the respective orders. 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.

**28 Commitments:**

Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for in the financial statements aggregate Rs. 203.85 lacs (previous year Rs. 1,337.98 lacs).

**29 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. During the year ended on 31 March 2015, the Company recognized Rs. 313.79 lacs (previous year Rs. 363.87 lacs) as expense towards contributions to these plans and included in "Employee benefit expenses" in Note 22.

Particulars	As at 31 March 2015 (Rs. lacs)	For the year ended 31 March 2014 (Rs. lacs)
Company's contribution to provident fund	231.21	264.68
Company's contribution to superannuation fund	56.19	60.73
Company's contribution to employees' state insurance scheme	26.39	38.46

**b) Defined benefit plans and other long-term benefits:**

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. The amount is recognised as expense and included in "Employee benefit expenses" in Note 22.

Particulars	31 March 2015		31 March 2014	
	Gratuity fund	Compensated Absences	Gratuity fund	Compensated Absences
<b>Change in present value of obligation</b>				
Present value of obligation as at the beginning of the year	1362.93	273.47	1381.47	253.48
Current service cost	61.98	99.44	62.93	124.95
Interest cost	109.03	21.88	124.33	22.81
Actuarial (gain) / loss	(3.31)	(133.59)	0.72	(76.47)
Benefits paid	(189.61)	(38.88)	(206.51)	(51.30)
Present value of obligation as at the end of the year	1341.02	222.31	1362.93	273.47
<b>Liability recognized in the financial statement</b>	<b>1341.02</b>	<b>222.31</b>	<b>1362.93</b>	<b>273.47</b>
<b>Expense recognized in the Statement of Profit and Loss</b>				
Current service cost	61.98	99.44	62.93	124.95
Interest cost	109.03	21.88	124.33	22.81
Return on plan assets	-	-	-	-
Actuarial (gain) / loss	(3.31)	(133.59)	0.72	(76.47)
Expense recognized in the Statement of Profit and Loss	167.71	(12.28)	187.97	71.29
<b>Main actuarial assumptions</b>				
Discount rate**	8.00%	8.00%	9.00%	9.00%
Expected future salary increase*	5.00%	5.00%	6.00%	6.00%
Expected rate of return on plan assets	-	-	-	-
Average remaining working lives of employees (years)	10.68	10.68	11.66	11.66



DCM Engineering Limited  
Notes to the financial statements for the year ended 31 March 2015  
(All amounts in Rupees, unless otherwise stated)

Experience adjustment:

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014		For the year ended 31 March 2013		For the year ended 31 March 2012		For the year ended 31 March 2011	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Present value of obligation at the end	1,341.02	222.31	1,362.93	273.47	1,381.46	253.48	1,270.76	259.51	1,176.73	194.64
Fair value of plan assets at the end	-	-	-	-	-	-	-	-	-	-
Net liability recognized in balance sheet	1,341.02	222.31	1,362.93	273.47	1,381.46	253.48	1,270.76	259.51	1,176.73	194.64
Experience adjustment on plan liabilities loss /gain	(1.40)	(103.31)	(1.25)	(45.23)	95.69	(42.88)	72.13	2.37	49.83	13.35
Experience adjustment on plan assets loss /gain	-	-	-	-	-	-	-	-	-	-

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

\*\* The discount rate is based on the prevailing market yields of Indian government securities as at the Balance Sheet date for the estimated term of the obligations.

- 30 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. Accordingly, disclosure requirements of Accounting Standard - 17 "Segment reporting" notified by the Companies (Accounting Standards) Rules, 2006 are not applicable.

31 Earnings per share

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Net (loss)/profit attributable to equity shareholders as per Statement of Profit and Loss (Rs. lacs)	(1836.52)	(543.85)
Weighted average number of equity shares outstanding during the year	20,050,000	20,050,000
Basic and diluted (loss)/earnings per share in rupees (face value per equity share Rs. 10 each)	(9.16)	(2.71)

32 Related party transactions

a) Enterprises having control over the Company:

- DCM Limited (holding company)

Particulars	For the year ended 31 March 2015 (Rs. lacs)	For the year ended 31 March 2014 (Rs. lacs)
a) Transactions with related parties		
Reimbursement of expenses	2.19	0.17
Sale of long term investments	-	542.55
Sale of fixed assets	-	208.77
Sale of rights of acquisition in a property	-	575.00
b) Balances outstanding at the year end		
Receivable against sale of asset	-	208.77

b) Key management personnel:

- Dr. Vinay Bharat Ram [Executive Chairman (Director)]  
- Mr. Sumant Bharat Ram [Executive Vice-Chairman and Managing Director]

Transaction with related parties referred above :

Particulars	For the year ended 31 March 2015 (Rs. lacs)	For the year ended 31 March 2014 (Rs. lacs)
Managerial remuneration**		
Dr. Vinay Bharat Ram	142.52	142.52
Total	142.52	142.52

\* excludes provision for gratuity and leave encashment, as these are determined on the basis of actuarial valuation for the Company as a whole.

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

c) Enterprises where key management personnel have significant influence :

- Juhi Developers Private Limited (JDPL)  
- Teak Farms Private Limited (TFPL)

Particulars	For the year ended 31 March 2015 (Rs. lacs)	For the year ended 31 March 2014 (Rs. lacs)
Guarantee taken		
Guarantee taken during the year for loan obtained (Refer note 4)	2,000.00	-
	2,000.00	-

- 33 The Company's significant operating lease arrangements entered into on or after April 1, 2001, are in respect of premises (residential, office, etc.) These leasing arrangements, which are cancellable, are renewable by mutually agreeable terms. The lease rentals charged in the other expenses as rent aggregate Rs. 83.95 lacs for the year ended on 31 March 2015 (previous year Rs. 99.67 lacs).



DCM Engineering Limited  
Notes to the financial statements for the year ended 31 March 2015  
(All amounts in Rupees, unless otherwise stated)

34 Foreign Currency exposures that are not hedged by derivatives instruments or otherwise is as follows :

Particulars	Currency	As at 31 March 2015		As at 31 March 2014	
		Amount in foreign currency (lacs)	Amount in local currency (Rs. lacs)	Amount in foreign currency (lacs)	Amount in local currency (Rs. lacs)
Receivables	USD	0.01	0.71	-	-
Payables	EURO	1.28	87.49	1.10	90.87
Advances to vendors	EURO	0.55	45.37	3.16	260.52
	USD	-	-	0.55	32.78
Deferred payment liability	EURO	0.55	37.72	2.31	189.90

35 Value of imported/indigenous raw materials, components and stores and spares consumed:

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	Rs. lacs	% of total	Rs. lacs	% of total
(i) Raw materials				
Imported	120.14	0.83%	104.39	0.64%
Indigenous	14,428.20	99.17%	16,227.37	99.36%
	14,548.34	100.00%	16,331.76	100.00%
(ii) Stores, spare parts and components				
Imported	104.79	1.64%	70.45	1.04%
Indigenous	6,271.50	98.36%	6,678.19	98.96%
	6,376.30	100.00%	6,748.65	100.00%

36 Additional Information

Particulars	For the year ended 31 March 2015 (Rs. lacs)	For the year ended 31 March 2014 (Rs. lacs)
(a) Value of imports on CIF basis:		
Raw materials	59.24	145.30
Components and spare parts	114.83	232.45
Capital goods (includes Rs. 1,174.68 (previous year :Nil) presently shown under Capital work in progress)	1,289.38	182.39
	1,463.45	560.14
(b) Expenditure in foreign currency:		
Traveling expense	5.81	17.78
Interest expense	4.43	14.95
Technical consultancy	11.49	27.14
	21.73	59.87
(c) Earnings in foreign currency:		
Direct export of goods on FOB basis / as per contracts, where FOB value is not readily ascertainable	45.03	1.48

37 Additions in capital work-in-progress includes Rs. 82.56 lacs (previous year Rs. 17.10 lacs) on account of borrowing costs capitalised during the year.

38 The schedule of provisions as required to be disclosed in compliance with Accounting Standard-29 on "Provisions, Contingent liabilities and Contingent Assets" is as under:

Provision relating to	Opening balance as on 1 April 2014	Additional provision created during the year	Utilisation/(Reversed) during the year	Closing balance as on 31 March 2015
Provision for sales return	69.48	310.26	294.18	85.56

39 Pursuant to Companies Act, 2013 ("the Act") being effective from 1 April 2014, the Company has revised depreciation rates on its tangible fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, the depreciation charge for the year ended 31 March 2015 is higher by Rs 265.36 lacs. In respect of fixed assets whose useful life is already exhausted as on 1 April 2014, depreciation of Rs 35.10 lacs has been adjusted in reserves and Surplus in accordance with the requirements of Schedule II of the Act.

40 Board of directors of the Company in their meeting held on 8 December 2014, have approved the merger of the Company with DCM Limited (the holding company) under a Scheme of Amalgamation ("Scheme") between the Company and its holding company under sections 391 to 394 and other applicable provisions of the Companies Act, 1956. The Scheme is subject to and would become effective on receipt of all regulatory/statutory approvals. The Scheme envisages that upon it becoming effective and with effect from the appointed date (1 April 2014), all assets and liabilities and the entire business of the Company shall transferred to and vested in the holding company as a going concern. The Scheme is pending approvals from the concerned regulatory/statutory authorities as at 31 March 2015. Pending such approvals, these financial statements have been prepared on a going concern basis without taking effect of any provisions of the Scheme.

As per our report attached to the Balance Sheet

For BSR & Co. LLP  
Chartered Accountants  
Firm Registration No.: 101248W/WS-100022

Pravin Talwar  
Partner  
Membership No.: 108044

For and on behalf of the Board of Directors of  
DCM Engineering Limited

Dr. Vinay Bharat Ram  
Executive Chairman  
(Director)

Ramesh Goel  
Chief Financial Officer

Shamant Bharat Ram  
Executive Vice Chairman  
& Managing Director

Apil Agrawal  
Company Secretary

Ravi Vira Gupta  
(Director)

Place: Gurgaon  
Date: 18 May 2015

Place: New Delhi  
Date: 18 May 2015