

**DIRECTORS' REPORT**

Dear Members,

Your directors have pleasure in presenting this 25<sup>th</sup> Annual Report together with the Audited Financial Statements of your company for the year ended March 31, 2014.

**Economic and Automotive Industry Scenario**

Over the past decades, the Indian economy has witnessed different cycles of growth. With the opening-up of the economy, growth rates showed promise but, in the recent past, the economy has not been able to sustain that path. The global economic slowdown that started a few years ago added to the complexity and volatility in the environment. Even though the Indian economy was able to sustain some growth, the strain on the economy had started to show by 2011. In subsequent years, the GDP growth rate continued to slide even lower.

The year under review witnessed divergent growth globally, led by strengthening of the US economy, uneven and subdued growth in the Euro area and Japan coupled with a slowdown in Developing & Emerging markets. In the domestic market, growth continued to be muted with the second successive year of sub 5% GDP growth.

Indian economy continues to go through a difficult phase as a result of which automobile sector recorded one of its worst periods in 2013. Demand for engineering products, especially by the commercial and automobile industry has been steadily declining over the past few years. With many giants Original equipment manufacturers (OEMs) in the automobile sector have been reporting negative growth in sales of their products. These companies are facing unprecedented challenges for survival and many have resorted to cost-cutting measures including pruning their workforce.

Coupled with the overall stagnating demand under this macroeconomic scenario, your company has been facing a number of challenges including significant inflationary pressures on cost of several inputs.

While the financial year 2014-15 has started off on a dismal note, the automobile market is pinning its hopes on the stimulus in the form of excise duty cuts announced in the interim Union Budget 2014. The automobile market is also looking forward to new vehicle launches, many of which were unveiled at the Auto Expo 2014. The new launches and the reduction in vehicle prices arising out of the cut in excise duty are expected to unleash pent-up demand in the short term. However, demand recovery in most segments is likely only in the second half of financial year 2014-15. The key for the sector is a fundamental recovery in the economy, boosting industrial growth and consumer incomes.

The operating context for the year was challenging. Given the backdrop of a market slowdown, a volatile input cost environment and heightened competitive intensity, your company's performance for the year 2013-14 has to be viewed in the context of aforesaid economic and market environment.

However, it is expected that the economy in general will improve in second half of financial year 2014-15, albeit gradually on the premise that a strong government will reduce uncertainty in the business environment and focus on reviving growth.

### Financial Highlights

Particulars	(Rs. Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Gross Despatch of Casting (in MT)	52,320	52,028
Gross Sales/Turnover	44,797	43,304
Profit before Depreciation, Interest & Tax	1,498	1,016
Less: Finance Cost	935	673
Less: Depreciation	1,106	843
Profit before Tax (PBT)	(543)	(500)
Less: Provision for Taxation including Deferred Tax	1	394
Profit after Tax (PAT)	(544)	(894)
Add: Opening Balance in Surplus profit Account	2,584	3,478
Balance in Surplus Account available for appropriation	2,040	2,584
Profit Carried to Balance Sheet	2,040	2,584

### Operations

Your company continued to get affected by the slowdown in the economy and could achieve a total despatch of 52,320 MT (Previous year 52028 MT). The major reason for above was dip in the automobile and loss of production due to planned shutdown of KUNKEL WAGNER Line (KW line) on account of lower market demand.

The reason(s) for losses during the year besides no volume growth /under recovery of fixed overheads, increase in input cost of raw materials price particularly steel scrap, sand, petroleum products (oil, resin, CPC, LPG), power cost, and transportation cost.

The Loramendi auto core cell is being established with a trial production of complex and thin walled products. These castings are under validation with customer and bulk production of some of these items is expected to start by the second quarter of 2014-15.

Under the on-going modernization and upgradation projects, the new sand cooler of 150 MT/Hr and Hopper capacity of 320 MT has been installed and will be operational in July-2014. This will improve the sand-related problems in the KW line. The in-house tool manufacturing capability has been strengthened by installing latest tool-cutting machine from DECKEL which will also become operational from July, 2014.

The company has achieved EMS/ ISO 14001 certification. Apart from regular goals, certain special goals have been defined i.e. Loramendi core cell productionising, improving the environment and implement TQM across the company.

The shopfloor GEMBA meetings have been effective by involving the entire workforce resulting in reduction of rejections, improvement in productivity, increase in participation through Kaizens & PSP etc.

With the above-mentioned initiatives and expected improvement in economy, the current financial year looks better.

#### **Directors**

Mr. Ravi Vira Gupta retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment as a director of the Company. His re-appointment is placed before members of the company at the ensuing Annual General Meeting.

Pursuant to Section 149 of the Companies Act, 2013, your directors are seeking appointments of Mr. Chandra Mohan, Mr. Raghupati Singhania and Mr. L Lakshman as Independent Directors of the company for term of 5 years.

Further in terms of Section 161(1) of the Companies Act, 2013, Dr. Meenakshi Nayar has been appointed as an additional director of the Company by the Board in its meeting held on May 19, 2014, holds office up to the date of the ensuing Annual General Meeting. A resolution is proposed for her re-appointment as a director of the Company, liable to retire by rotation.

#### **Subsidiary Company**

The Company does not have any subsidiary.

#### **Listing**

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



### **Directors' Responsibility Statement**

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

- (i) That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the directors had selected such accounting policies and applied them consistently and made 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 account of the Company for that period;
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors had prepared the annual accounts on a going concern basis.

### **Corporate Governance Report**

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

### **Fixed Deposits**

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

### **Dividend**

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

### **Auditors and Auditors' Report**

The Auditors of the Company, M/s BSR & Co. LLP, Chartered Accountants (Registration No. 101248W), retire at the conclusion of the ensuing 25<sup>th</sup> Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. Your Board recommends their appointment as Auditors of the Company from the conclusion of the ensuing 25<sup>th</sup> Annual General Meeting (AGM) till the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company, subject to ratification of their appointment by the members at AGM held after this AGM but before 27<sup>th</sup> AGM.

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

#### **Cost Audit**

Pursuant to erstwhile section 233B of the Companies Act, 1956, the Central Government has prescribed cost audit of the Company. Now, as required under section 148 of the Companies Act, 2013, the Board of Directors have re-appointed M/s V. Kumar & Associates, Cost Accountants, Chandigarh as the Cost Auditors of the Company for the Financial Year 2014-15 at a remuneration of Rs. 1.25 lacs (Rupees one lac and twenty-five thousand only). In terms of said Section 148 and rules issued thereunder, the remuneration of Cost Auditors is to be ratified by members of the Company. Accordingly a resolution is included in the Notice of ensuing Annual General Meeting for ratification of their remuneration by members of the Company.

The Cost Audit Report for the financial year 2012-13 was filed on September 17, 2013 and the Cost Audit Report for the financial year 2013-14 will be filed with the Central Government as per prescribed statutory timeline.

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

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

#### **Particulars of Employees**

This information as required in accordance with Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in Annexure "B", forming part of this Report.

#### **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.

#### **Audit Committee**

The Board of Directors of your Company has renamed and reconstituted its existing 'Committee of Directors for Audit, Compensation and finance facilities' as 'Audit Committee' and have also revised its terms of reference to bring it in line with the requirements of Section 177 of the Companies Act, 2013. At present, the Audit Committee comprises of Mr. Ravi Vira Gupta as Chairman and Mr. Chandra Mohan and Mr. L Lakshman as members.

**Corporate Social Responsibility Committee (CSR Committee)**

In terms of requirements of Section 135 of the Companies Act, 2013 and rules issued thereunder, 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.

**Nomination and Remuneration Committee**

In terms of requirements of Section 178 of the Companies Act, 2013 and rules issued thereunder, the Board of Directors of your Company has constituted a Nomination and Remuneration Committee comprising of Mr. Chandra Mohan as Chairman and Mr. Raghupati Singhania and Prof. Sudhir Kumar Jain as members. This Committee is also responsible for formulating and monitoring the Remuneration Policy for Directors and Senior Management Personnel of the Company.

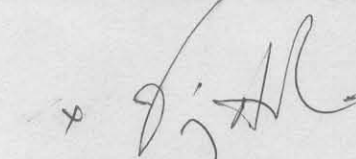
Mr. Apil Agrawal, Company Secretary of the Company acts as Secretary to all these Committee.

**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: May 19, 2014

Place: New Delhi



"ANNEXURE A"

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2014

**FORM A**

**Conservation of Energy**

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

**Research and Development**

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

**Energy Conservation Measures Taken**

The foundry is an energy-intensive industry and besides the national objective of reducing energy consumption, it is also critical to the business objective to constantly innovate to reduce energy consumption. Towards this objective some of the key initiatives taken by the Company for the year 2013-14 were:

- 1 In the utility area, nine reciprocating compressors of 90kw were replaced with four screw compressors of 160Kw. This achieved a saving of 170KW from utility transformer.
- 2 10 KW compressor cooling pumps were removed from intensive transformer.
- 3 TEA gas heater replaced in core shop machine, resulting in a saving of 5000 kwh per month.

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

<b>A. Power and fuel consumption</b>			
<b>1. Electricity</b>			
<b>(a) Purchased</b>	<b>Unit</b>	<b>Current Year 2013-14</b>	<b>Previous Year 2012-13</b>
Unit	MWH	84497	84819
Total amount	Rs. lacs.	6271.18	5378.06
Rate/unit	Rs.	7.42	6.34
<b>(b) Own generation</b>			
<b>(i) Through diesel generator</b>			
Unit	MWH	22	65
Units per ltr. of diesel oil	KWH	3.40	3.55
Cost/unit	Rs./KWH	16.21	11.29
<b>(ii) Through steam Turbine/ generator</b>	N.A.	N.A	N.A
Units	N.A.	N.A	N.A
Units per ltr. of fuel oil/gas	N.A.	N.A	N.A
Cost/unit	N.A.	N.A	N.A
<b>2. Coal (specify quality and where used)</b>	N.A	N.A	N.A
Quantity (tonnes)	N.A	N.A	N.A
Total cost	N.A	N.A	N.A
Average rate	N.A	N.A	N.A
<b>3. Furnace oil (LDO,HSD)</b>	<b>Unit</b>		
Quantity (k ltrs.)	K. Ltr.	1454.45	1701.00
Total amount	Rs. lacs.	799.23	676.56
Average rate	Rs./K.Ltr.	54951	39774
<b>4. LPG</b>			
Quantity	MT	729.75	751.93
Total cost	Rs.lacs.	480.14	488.20
Rate/unit	Rs./MT	65795	64926
<b>B. Consumption per unit of Gross production</b>			
<b>Particulars</b>	<b>Unit</b>	<b>Current Year 2013-14</b>	<b>Previous Year 2012-13</b>
Products (Alloy Iron Castings) - Gross	MT	56453	55958
Electricity,	KWH/MT	1497	1517
Furnace oil (LDO,HSD)	Ltr./MT	25.76	30.39
Coal (specify quality)	NA	N.A	N.A
LPG	Kg./MT	12.93	13.44



## FORM B

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

#### I. Research and Development

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

Benefits derived : N.A.

Expenditure on R&D : Nil

#### II. Technology absorption, adaptation and innovation efforts made:

During the year, your company has acquired several new technology-savvy equipment to promote efficiency. This included upgradation of the return sand plant for KW mouldling line, two additional Loramendi core cell and installation of a CNC Milling Machine (Deckel - DMF 180) etc.

#### III. Foreign Exchange Earnings & Outgo

1.	Activities taken to export, initiatives taken to increase export, development of new export market for products and services and export plans	Your company's focus was the domestic market. However, your company is keen to develop the export market.
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2. Total foreign exchange used and earned		Amount (Rs. in lacs)	
Particulars		Current Year 2013-14	Previous Year 2012-13
foreign exchange used		1033.87	3355.90
foreign exchange earned		1.48	Nil

"ANNEXURE B"

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

(A) Employed throughout the year under review:						
Name	Age (Year)	Designation	Qualification	Total Experience	Date of Joining	Remuneration received p.a. (Rs. In lacs)
Dr. Vinay Bharat Ram	78	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	52 Years	25/09/2001	142.52
				Details of Employment		last
				Name of Co.	DCM Limited	Chairman and Managing Director

1. The employments are contractual.
2. The remuneration includes basic salary, allowances and taxable value of perquisites.

For and on behalf of the Board

Date: May 19, 2014  
Place: New Delhi

  
Dr. Vinay Bharat Ram  
Executive Chairman

# 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  
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## Independent Auditor's Report To the Members of DCM Engineering Limited

### 1. Report on the Financial Statements

We have audited the accompanying financial statements of DCM Engineering Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### 2. Management's Responsibility for the Financial Statements

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

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with 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 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 control over financial reporting relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

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





#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

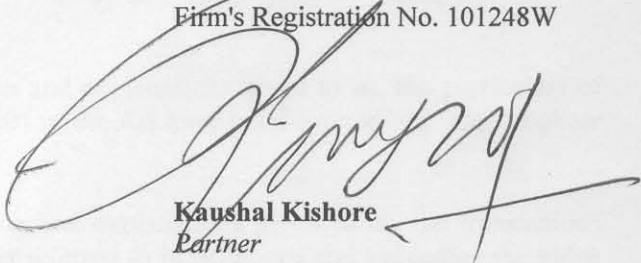
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 5. Report on Other Legal and Regulatory Requirements

- a) As required by the Companies (Auditor's Report) Order, 2003 ('Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- b) As required by Section 227(3) of the Act, we report that:
  - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - (iii) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of the section 211 of the Companies Act, 1956; and
  - (v) on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as director in terms of clause (g) of sub-section (1) of the Section 274 of the Companies Act, 1956.

Place: Gurgaon  
Date: 19 May 2014

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W

  
Kaushal Kishore  
Partner  
Membership No.: 090075



**Annexure referred to in paragraph 5 of the Independent Auditor's Report to the members of DCM Engineering Limited ('the Company') on the accounts for the year ended 31 March 2014.**

- (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 all fixed assets are verified over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no discrepancy was noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.
- (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 the 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) On the basis of our examination of the records of inventory, we are of the opinion that 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 neither granted nor taken any loans, secured or unsecured, to or from companies or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As informed to us and according to the information and explanations given to us, there are no firms covered in the register required under section 301 of the Companies Act, 1956.
- (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) (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.



(vi) The Company has not accepted any deposits from the public. Accordingly, paragraph 4(vi) of the Order is not applicable.

- (vii) According to the information and explanations given to us, we are of the opinion that the Company has an internal audit system commensurate with the size of the company and nature of its business.
- (viii) 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 209(1)(d) of the Companies Act, 1956 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.
- (ix) (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 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.

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 and other material statutory dues were in arrears as at 31 March 2014 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, sales tax, service tax and customs duty which have not been deposited with the appropriate authorities on account of any dispute. The details of disputed excise duty and income-tax dues that have not been deposited by the Company as at 31 March 2014 are as follows:

Name of the Statute	Nature of the dues	Forum where pending	Amount involved* (Rs. lacs)	Amount paid under protest (Rs. lacs)	Year to which the amount relates
Central Excise Tax Law	Excise duty	Customs Excise and Service Tax Appellate Tribunal	520.48	-	1996-1999, 2004-2011
		Supreme Court	3.07	-	2002-2004
Income-tax Act, 1961	Income-tax	Income Tax Appellate Tribunal	12.72	12.72	2007-2008

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

- (x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xi) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank. The Company did not have any dues payable to any financial institutions or debenture holders during the year.



*Signature*



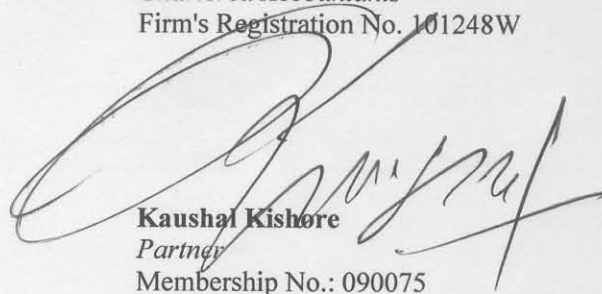
**B S R & Co. LLP**

- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) 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.
- (xvi) 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.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) 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.

Place: Gurgaon  
Date: 19 May 2014



**For B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No. 101248W



**Kaushal Kishore**  
*Partner*  
Membership No.: 090075

DCM Engineering Limited  
Balance Sheet as at 31 March 2014  
(All amounts in Rupees, unless otherwise stated)

	Note	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	2,005.00	2,005.00
Reserves and surplus	3	5,960.34	6,504.19
		<u>7,965.34</u>	<u>8,509.19</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	1,970.15	2,794.14
Long-term provisions	5	1,497.95	1,506.22
		<u>3,468.10</u>	<u>4,300.36</u>
<b>Current liabilities</b>			
Short-term borrowings	6	5,723.73	4,843.57
Trade payables	7	4,677.10	3,537.43
Other current liabilities	8	1,972.69	1,637.21
Short-term provisions	5	207.91	205.26
		<u>12,581.43</u>	<u>10,223.47</u>
		<u>24,014.87</u>	<u>23,033.02</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	9,702.84	6,875.82
Intangible assets	10	94.56	94.89
		<u>9,797.40</u>	<u>6,970.71</u>
Capital work-in-progress (refer to note 38)		1,093.21	3,401.36
		<u>10,890.61</u>	<u>10,372.07</u>
Non-current investments	11	127.72	750.35
Deferred tax asset (net)	12	-	-
Long-term loans and advances	13	1,260.68	1,363.13
Other non-current assets	14	1.00	1.00
		<u>12,280.01</u>	<u>12,486.55</u>
<b>Current assets</b>			
Inventories	15	4,236.51	3,210.04
Trade receivables	16	6,622.17	6,377.29
Cash and bank balances	17	48.16	138.76
Short-term loans and advances	13	484.26	694.68
Other current assets	14	343.76	125.70
		<u>11,734.86</u>	<u>10,546.47</u>
		<u>24,014.87</u>	<u>23,033.02</u>

**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.: 107248W

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

**Dr. Vinay Bharat Ram**  
Executive Chairman  
(Director)

**Sumant Bharat Ram**  
Executive Vice Chairman  
& Managing Director

**Ravi Vira Gupta**  
(Director)

**Kaushal Kishore**  
Partner  
Membership No.: 090075

**Vinay Sharma**  
Sr. Manager (Costing & MIS)

**Apil Agrawal**  
Company Secretary

Place: Gurgaon  
Date: 19 May 2014

Place: New Delhi  
Date: 19 May 2014

**DCM Engineering Limited**  
**Statement of Profit and Loss for the year ended 31 March 2014**  
(All amounts in Rupees, unless otherwise stated)

	Note	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
<b>Revenue</b>			
<b>Revenue from operations</b>			
Sale of products (gross)	18	44,686.19	43,178.48
Less: Excise duty		4,954.15	4,831.82
Sale of products (net)		39,732.04	38,346.66
Other operating revenues	18	110.60	125.61
		39,842.64	38,472.27
<b>Other income</b>	19	495.83	108.27
		40,338.47	38,580.54
<b>Expenses</b>			
Cost of materials consumed	20	16,331.76	16,110.82
Changes in inventories of work in progress	21	(1,044.87)	(91.56)
Employee benefits expense	22	5,039.37	4,890.79
Finance costs	23	935.25	673.91
Depreciation and amortisation expense	24	1,106.31	842.54
Other expenses	25	18,513.19	16,654.32
		40,881.01	39,080.82
<b>Loss before tax</b>		(542.54)	(500.28)
Tax expense			
- current tax		-	-
- adjustment for earlier year		1.31	(3.62)
- deferred tax benefit			(166.36)
Less: derecognition (refer note 12)		-	563.86
			397.50
<b>Loss for the year</b>		(543.85)	(894.16)
<b>Loss per equity share (face value of Rs. 10 per share)</b>	31		
- Basic		(2.71)	(4.46)
- Diluted		(2.71)	(4.46)

**Significant accounting policies**

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

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

**Dr. Vinay Bharat Ram**  
Executive Chairman  
(Director)  
**Vinay Sharma**  
Sr. Manager (Costing & MIS)

**Sumant Bharat Ram**  
Executive Vice Chairman  
& Managing Director  
**Apil Agrawal**  
Company Secretary

**Ravi Vira Gupta**  
(Director)

**Kaushal Kishore**  
Partner  
Membership No.: 090075

Place: Gurgaon  
Date: 19 May 2014

Place: New Delhi  
Date: 19 May 2014



DCM Engineering Limited  
Cash Flow Statement for the year ended 31 March 2014  
(All amounts in Rupees, unless otherwise stated)

	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
<b>A. Cash flow from operating activities:</b>		
Loss before tax	(542.54)	(500.28)
Adjustments for:		
- Depreciation and amortisation expense	1,106.31	842.54
- Net gain on sale/discard of fixed assets	(55.63)	17.21
- Capital work-in-progress written off	-	72.61
- Dividend income	(18.09)	(18.09)
- Interest expense	893.11	634.09
- Profit on sale of investments	(342.15)	-
- Interest income	(65.57)	(86.22)
Operating profit before working capital changes	975.44	961.86
Adjustments for:		
- Decrease / (increase) in long-term loans and advances	(1.39)	4.64
- Decrease / (increase) in inventories	(1,026.47)	492.20
- Decrease / (increase) in trade receivables	(244.88)	598.32
- Decrease / (increase) in short-term loans and advances	200.42	(254.15)
- Decrease / (increase) in other current assets	(0.18)	263.91
- Increase / (decrease) in long-term provisions	(8.27)	3.63
- Increase in trade payables	1,139.67	456.77
- Increase in other current liabilities	283.92	68.64
- Increase in short-term provisions	2.65	102.64
<b>Cash generated from operations</b>	<b>1,320.91</b>	<b>2,698.48</b>
Taxes paid (including interest on taxes)	(87.13)	(73.25)
<b>Net cash generated from operating activities</b>	<b>1,233.78</b>	<b>2,625.23</b>
<b>B. Cash flow from investing activities:</b>		
Loans received back	10.00	225.00
Purchase of fixed assets	(1,282.56)	(5,214.09)
Sale of fixed assets	18.29	15.51
Sale of investment	964.77	-
Decrease/ (increase) in fixed deposits with original maturities greater than 3 months	15.49	(23.42)
Dividend received	18.09	18.09
Interest received	56.46	33.99
<b>Net cash used in investing activities</b>	<b>(199.45)</b>	<b>(4,944.92)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from long-term borrowings	(870.80)	2,996.54
Changes in short-term borrowings (net)	880.16	643.36
Dividend paid (including tax on dividend)	-	(699.08)
Interest paid	(1,118.80)	(568.52)
<b>Net cash generated from/(used in) financing activities</b>	<b>(1,109.44)</b>	<b>2,372.30</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(75.11)</b>	<b>52.61</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>100.92</b>	<b>48.31</b>
<b>Cash and cash equivalents at the end of the year (refer to note 17)</b>	<b>25.81</b>	<b>100.92</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

Kaushal Kishore  
Partner  
Membership No.: 090075

Place: Gurgaon  
Date: 19 May 2014

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

Dr. Vinay Bharat Ram  
Executive Chairman  
(Director)  
Vinay  
Sr. Manager (Costing & MIS)

Place: New Delhi  
Date: 19 May 2014

Sumant Bharat Ram  
Executive Vice Chairman  
& Managing Director  
Apil Agrawal  
Company Secretary

Ravi Vira Gupta  
(Director)

**DCM Engineering Limited**

**Notes to the financial statements for the year ended 31 March 2014**

(All amounts in Rupees, unless otherwise stated)

**1. Significant accounting policies**

**a) Accounting convention**

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 by the Companies (Accounting Standards) Rules, 2006, and the presentational requirements of the Companies Act, 1956 ("the Act"), to the extent applicable.

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 Revised Schedule VI to the Companies Act, 1956. 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.

Vinay



**DCM Engineering Limited**

**Notes to the financial statements for the year ended 31 March 2014**

(All amounts in Rupees, unless otherwise stated)

**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.

**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**

Depreciation on tangible fixed assets is provided on Straight Line Method over the estimated useful life of assets, as estimated by the management, at rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation is calculated on pro-rata basis from the date of additions, except in case of assets costing Rs. 5,000 or less, where each such asset is fully depreciated in the year of purchase. 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.

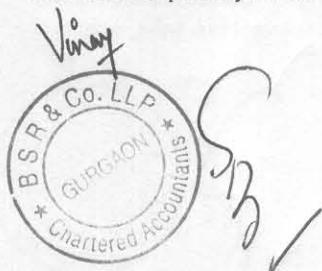
**g) Borrowing costs**

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 revised Schedule VI.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. Current investments are carried at the lower of cost and fair value.





**DCM Engineering Limited**

**Notes to the financial statements for the year ended 31 March 2014**

(All amounts in Rupees, unless otherwise stated)

**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.

**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.

**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.

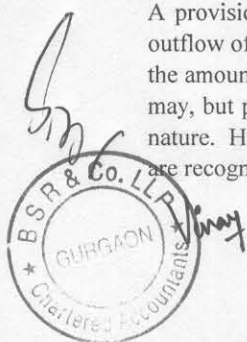
**o) Earnings per share**

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.



**DCM Engineering Limited**

**Notes to the financial statements for the year ended 31 March 2014**

(All amounts in Rupees, unless otherwise stated)

**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.

*Vinay*





**DCM Engineering Limited****Notes to the financial statements for the year ended 31 March 2014**

(All amounts in Rupees, unless otherwise stated)

	As at 31 March 2014		As at 31 March 2013	
	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 2014		As at 31 March 2013	
	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 2014**

(All amounts in Rupees, unless otherwise stated)

	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (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	2,584.09	3,478.25
Less: Loss for the year	(543.85)	(894.16)
	<u>2,040.24</u>	<u>2,584.09</u>
	<u>5,960.34</u>	<u>6,504.19</u>



**DCM Engineering Limited**
**Notes to the financial statements for the year ended 31 March 2014**

(All amounts in Rupees, unless otherwise stated)

4 Long-term borrowings	Secured/ Unsecured	Non-current portion		Current maturities #	
		As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
From banks					
- Term loan*	Secured	1,841.80	2,542.15	699.60	699.60
- Vehicle loans**	Secured	82.95	91.75	49.15	46.85
Deferred payment liability***	Unsecured	45.40	160.24	144.49	193.60
		<u>1,970.15</u>	<u>2,794.14</u>	<u>893.24</u>	<u>940.05</u>

\* Rs. 2,541.40 lacs (previous year Rs. 3,241.75 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.

\*\* 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.

# 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 Revised Schedule VI.

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 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
Provision for employee benefits				
Gratuity (refer to note 29)	1,243.97	1,260.52	118.95	120.95
Compensated absences (refer to note 29)	253.98	245.70	19.48	7.78
	<u>1,497.95</u>	<u>1,506.22</u>	<u>138.43</u>	<u>128.73</u>
Other provisions				
Provision for sales return	-	-	69.48	76.53
	-	-	69.48	76.53
	<u>1,497.95</u>	<u>1,506.22</u>	<u>207.91</u>	<u>205.26</u>





**DCM Engineering Limited**
**Notes to the financial statements for the year ended 31 March 2014**

(All amounts in Rupees, unless otherwise stated)

	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
<b>6 Short-term borrowings:</b>		
Loan repayable on demand (secured)*		
- Working capital demand loan	1,500.00	1,500.00
- Cash credits	4,223.73	3,343.57
	<u>5,723.73</u>	<u>4,843.57</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	743.60	621.73
- dues to others	3,933.50	2,915.70
	<u>4,677.10</u>	<u>3,537.43</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	743.60	621.73
- 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 period 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>743.60</u>	<u>621.73</u>

**8 Other current liabilities**

Current maturities of long-term debt (refer to note 4)	893.24	940.05
Interest accrued but not due on borrowings	35.03	55.11
Employee related payables	304.62	298.09
Other payables		
- advances from customers	423.14	158.85
- statutory liabilities	114.24	96.67
- security deposits received	4.68	4.18
- dues in respect of purchase of fixed assets	175.95	57.51
- miscellaneous	21.79	26.75
	<u>1,972.69</u>	<u>1,637.21</u>



9 Tangible assets #

(Rs. lacs)

Asset description	Gross block						
	As at 31 March 2012	Additions	Deletions/ adjustments	As at 31 March 2013	Additions	Deletions/ adjustments	As at 31 March 2014
Land *	415.82	-	-	415.82	-	-	415.82
Buildings *	1,366.33	138.61	-	1,504.94	-	130.33	1,374.61
Plant and machinery**	12,698.80	2,294.23	17.71	14,975.32	3,995.07	117.65	18,852.74
Furniture and fixtures	42.29	4.28	0.09	46.48	2.39	-	48.87
Vehicles	426.57	17.06	58.26	385.37	69.57	60.47	394.47
Office equipments	71.22	14.97	0.11	86.08	5.66	-	91.74
Computer hardware	174.99	12.41	40.41	146.99	7.71	-	154.70
<b>Total</b>	<b>15,196.02</b>	<b>2,481.56</b>	<b>116.58</b>	<b>17,561.00</b>	<b>4,080.40</b>	<b>308.45</b>	<b>21,332.95</b>

Asset description	Depreciation						
	Upto 31 March 2012	For the year	On deletions/ adjustments	Upto 31 March 2013	For the year	On deletions/ adjustments	Upto 31 March 2014
Land	-	-	-	-	-	-	-
Buildings	356.00	40.75	-	396.75	41.13	4.01	433.87
Plant and machinery	9,337.25	716.94	16.98	10,037.21	983.05	99.51	10,920.75
Furniture and fixtures	13.00	2.78	0.07	15.71	2.90	-	18.61
Vehicles	95.16	39.62	26.51	108.27	38.03	33.50	112.80
Office equipments	18.90	5.05	0.04	23.91	4.14	-	28.05
Computer hardware	123.53	20.06	40.26	103.33	12.70	-	116.03
<b>Total</b>	<b>9,943.84</b>	<b>825.20</b>	<b>83.86</b>	<b>10,685.18</b>	<b>1,081.95</b>	<b>137.02</b>	<b>11,630.11</b>

Asset description	Net block				
	As at 31 March 2012		As at 31 March 2013		As at 31 March 2014
Land	415.82		415.82		415.82
Buildings	1,010.33		1,108.19		940.74
Plant and machinery	3,361.55		4,938.11		7,931.99
Furniture and fixtures	29.29		30.77		30.26
Vehicles	331.41		277.10		281.67
Office equipments	52.32		62.17		63.69
Computer hardware	51.46		43.66		38.67
<b>Total</b>	<b>5,252.18</b>		<b>6,875.82</b>		<b>9,702.84</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 Nawansahar 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. 212.97 lacs (previous year nil) on account of borrowing cost and Rs. 31.10 (previous year Rs. 2.55 lacs) on account of foreign exchange fluctuations capitalised during the year.

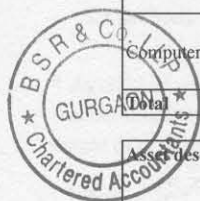
10 Intangible Assets

(Rs. lacs)

Asset description	Gross block						
	As at 31 March 2012	Additions	Deletions/ adjustments	As at 31 March 2013	Additions	Deletions/ adjustments	As at 31 March 2014
Computer software	182.76	65.16	-	247.92	24.03	-	271.95
<b>Total</b>	<b>182.76</b>	<b>65.16</b>	<b>-</b>	<b>247.92</b>	<b>24.03</b>	<b>-</b>	<b>271.95</b>

Asset description	Amortisation						
	Upto 31 March 2012	For the year	On deletions/ adjustments	Upto 31 March 2013	For the year	On deletions/ adjustments	Upto 31 March 2014
Computer software	135.69	17.34	-	153.03	24.36	-	177.39
<b>Total</b>	<b>135.69</b>	<b>17.34</b>	<b>-</b>	<b>153.03</b>	<b>24.36</b>	<b>-</b>	<b>177.39</b>

Asset description	Net block				
	As at 31 March 2012		As at 31 March 2013		As at 31 March 2014
Computer software	47.07		94.89		94.56
<b>Total</b>	<b>47.07</b>		<b>94.89</b>		<b>94.56</b>



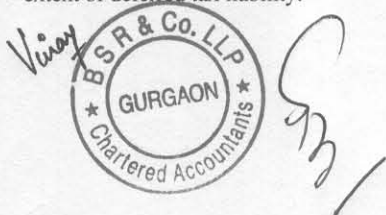
*Vinay*

**DCM Engineering Limited****Notes to the financial statements for the year ended 31 March 2014**

(All amounts in Rupees, unless otherwise stated)

	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (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		
45,850* (previous year 180,850) equity shares of Rs. 10 each, fully paid up	127.72	503.74
Unquoted equity shares		
Purearth Infrastructure Limited		
Nil** (previous year 2,466,135) equity shares of Rs. 10 each fully paid up	-	246.61
	127.72	750.35
	127.72	750.35
* 135,000 equity shares (previous year Nil) sold during the year		
** 2,466,135 equity shares (previous year Nil) sold during the year		
Aggregate amount of quoted investments	127.72	503.74
Aggregate market value of quoted investments	165.13	306.18
Aggregate amount of unquoted investments	-	246.61
<b>12 Deferred tax asset (net)</b>		
Deferred tax asset on:		
Unabsorbed depreciation	907.57	258.01
Provision for gratuity	442.20	448.22
Provision for compensated absences	88.72	82.24
Others	41.09	43.93
	1,479.59	832.40
Deferred tax liability on:		
Difference between block of assets as per books and as per Income-tax Act, 1961	636.61	268.54
	636.61	268.54
Net deferred tax asset	842.98	563.86
Net deferred tax asset recognised to be recognised in financial statement*	-	-

\* 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 2014**

(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 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
Capital advances	429.47	611.77	-	-
Security deposits	480.70	480.68	-	-
Other loans and advances				
Advances to vendors	-	-	101.05	70.11
Advances to employees	11.57	5.68	30.04	25.18
Prepaid expenses	-	-	77.27	64.83
Advance income-tax {net of provision Rs. 1,059.18 lacs (previous year Rs. 1,059.18 lacs)}	338.94	259.17	-	-
Advance fringe benefit tax {net of provision Rs. Nil (previous year Rs. 17.95 lacs)}	-	1.31	-	-
Others				
- with customs and excise authorities	-	-	191.47	509.42
- inter corporate deposits	-	-	15.00	25.00
- claims receivables	-	4.52	-	-
- amount receivable against sale of investment	-	-	69.28	-
- Others	-	-	0.14	0.14
	<u>1,260.68</u>	<u>1,363.13</u>	<u>484.26</u>	<u>694.68</u>

14 Other Assets (Unsecured and considered good, unless stated otherwise)	Non-Current		Current	
	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
From a related party:				
Receivable against sale of asset (refer note 32)	-	-	208.77	-
From others:				
Bank deposits not due for realisation within 12 months of the reporting date	1.00	1.00	-	-
Interest accrued on deposits	-	-	63.48	54.37
Unbilled revenue	-	-	71.51	71.33
	<u>1.00</u>	<u>1.00</u>	<u>343.76</u>	<u>125.70</u>

Vinay



Signature

**DCM Engineering Limited****Notes to the financial statements for the year ended 31 March 2014**

(All amounts in Rupees, unless otherwise stated)

	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
<b>15 Inventories</b>		
<i>(At lower of cost and net realizable value)</i>		
Stores, spares and components	1,188.47	1,227.79
Raw materials	665.76	644.84
Work-in-progress	2,382.28	1,337.41
	<u>4,236.51</u>	<u>3,210.04</u>
<b>16 Trade receivables</b>		
<i>(Unsecured and current, unless stated otherwise)</i>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- considered good	62.03	92.49
Other debts		
- considered good	6,560.14	6,284.80
	<u>6,622.17</u>	<u>6,377.29</u>
<b>17 Cash and bank balances</b>		
Cash and cash equivalents		
Balances with banks		
- in current accounts	20.62	90.02
Cheques, drafts on hand	0.39	-
Cash on hand	3.07	2.71
In deposit accounts with original maturity of 3 months or less		
- held as margin money	1.73	8.19
	<u>25.81</u>	<u>100.92</u>
Other bank balances		
In deposit accounts due for realization within 12 months of the reporting date		
- held as margin money	22.35	37.84
	<u>22.35</u>	<u>37.84</u>
	<u>48.16</u>	<u>138.76</u>



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**DCM Engineering Limited**
**Notes to the financial statements for the year ended 31 March 2014**

(All amounts in Rupees, unless otherwise stated)

	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
<b>18 Revenue from operations</b>		
Sale of products - own manufactured		
- Iron castings	44,467.08	43,036.25
- Patterns, jigs and fixtures	219.11	142.23
Sale of products (gross)	44,686.19	43,178.48
Less: Excise duty	4,954.15	4,831.82
Sale of products (net)*	39,732.04	38,346.66
Other operating revenues		
Excess provisions / liabilities no longer required, written back	2.89	31.65
Discounts received from vendors	-	0.72
Miscellaneous sales	107.71	93.24
	110.60	125.61
	<u>39,842.64</u>	<u>38,472.27</u>
* Includes unbilled revenue of Rs. 71.51 lacs (previous year Rs. 71.33 lacs) net of excise duty and taxes amounting to Rs. 17.43 lacs (previous year Rs. 10.09 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	65.57	86.22
Dividend income from long term investments (non-traded)	18.09	18.09
Foreign exchange gain (net)	8.80	-
Profit on sale of fixed assets (net)	55.63	-
Profit on sale of a long term investment-quoted (non traded)	46.21	-
Profit on sale of a long term investment-unquoted (non traded)	295.94	-
Miscellaneous income	5.59	3.96
	<u>495.83</u>	<u>108.27</u>
<b>20 Cost of raw materials consumed</b>		
Melting scrap	11,536.92	12,043.06
Pig iron	2,763.36	2,170.69
Ferro alloys	1,090.18	1,034.42
Metallic additives	555.87	444.38
Carboriser	385.43	418.27
	<u>16,331.76</u>	<u>16,110.82</u>
<b>21 Changes in inventories of work in progress</b>		
Opening stock		
Work-in-progress	1,337.41	1,245.85
Less: Closing stock		
Work-in-progress	2,382.28	1,337.41
	<u>(1,044.87)</u>	<u>(91.56)</u>
<b>22 Employee benefit expense</b>		
Salaries, bonus and other allowances	4,126.53	3,808.36
Contribution to provident and other funds	397.05	481.82
Gratuity expense	187.97	296.65
Compensated absences	71.28	57.26
Staff welfare expenses	256.54	246.70
	<u>5,039.37</u>	<u>4,890.79</u>





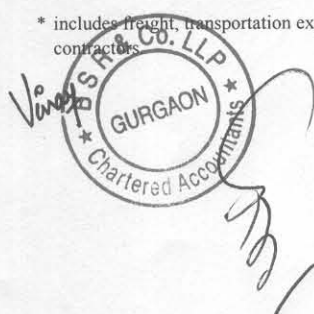
DCM Engineering Limited

Notes to the financial statements for the year ended 31 March 2014

(All amounts in Rupees, unless otherwise stated)

	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
<b>23 Finance costs*</b>		
Interest expense		
- on borrowings	786.29	535.84
- on taxes	7.36	12.54
Bank charges	42.14	39.82
Other borrowing costs	99.46	85.71
	<u>935.25</u>	<u>673.91</u>
* refer to note 38		
<b>24 Depreciation and amortization expense</b>		
Depreciation on tangible assets	1,081.95	825.20
Amortisation on intangible assets	24.36	17.34
	<u>1,106.31</u>	<u>842.54</u>
<b>25 Other expenses</b>		
Consumption of stores and spare parts	6,748.65	6,448.63
Power and fuel	7,550.55	6,536.81
Rent	99.67	129.15
Repairs to:		
- building	23.78	12.20
- machinery	1,171.77	938.07
- others	61.83	48.73
Sub-contracting charges *	909.10	712.11
Purchase of toolings	58.28	-
Contractor wages	722.88	533.25
Freight, transport, etc.	483.28	451.97
Traveling and conveyance	283.85	284.57
Legal and professional expenses	134.55	188.93
Insurance	26.46	22.35
Rates and taxes	5.59	5.16
Brokerage, discounts (other than trade discount), etc.	21.41	32.78
Auditors' remuneration (excluding service tax)		
- as auditors	10.00	8.00
- for limited reviews	4.00	6.00
- for tax audit	2.00	2.00
- for other certification works	-	0.25
- for reimbursement of expenses	2.52	3.49
Doubtful debts/advances written off		
Doubtful debts/advances written off	5.65	28.06
Less: Adjusted against provision for doubtful debts/advances	-	15.37
Net loss on sale/discard of fixed assets		17.21
Capital work-in-progress written off	-	72.61
Foreign exchange loss (net)	-	6.78
Miscellaneous expenses	187.37	180.58
	<u>18,513.19</u>	<u>16,654.32</u>

\* includes freight, transportation expense Rs. 209.21 lacs (previous year Rs. 201.35 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 2014**

(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 period ended March 31, 2004.

**27 Contingent liabilities**

Particulars	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
Claims against the Company not acknowledged as debts*		
- Excise claims	523.55	653.00
- Service tax	-	1.24
- Income-tax	25.06	25.06
- Employees related litigations	30.74	29.09

\* 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. 1,337.98 lacs (previous year Rs. 144.96 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, the Company recognized Rs. 363.87 lacs (previous year Rs. 446.87 lacs) as expense towards contributions to these plans and included in "Employee benefit expenses" in Note 22.

Particulars	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
Company's contribution to provident fund	264.68	262.12
Company's contribution to superannuation fund	60.73	74.07
Company's contribution to employees' state insurance scheme	38.46	110.68

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.

Vinay  
GURGAON  
Chartered Accountants

(Rs. lacs)

Particulars	31 March 2014		31 March 2013	
	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	1381.46	253.48	1270.76	259.51
Current service cost	62.93	124.95	64.29	106.43
Interest cost	124.33	22.81	101.66	20.76
Actuarial (gain) / loss	0.72	(76.47)	130.70	(69.93)
Benefits paid	(206.51)	(51.30)	(185.95)	(63.29)
Present value of obligation as at the end of the year	1362.93	273.47	1381.46	253.48
<b>Liability recognized in the financial statement</b>	1362.93	273.47	1381.46	253.48
<b>Expense recognized in the Statement of Profit and Loss</b>				
Current service cost	62.93	124.95	64.29	106.43
Interest cost	124.33	22.81	101.66	20.76
Return on plan assets	-	-	-	-
Actuarial (gain) / loss	0.72	(76.47)	130.70	(69.93)
Expense recognized in the Statement of Profit and Loss	187.98	71.29	296.65	57.26
<b>Main actuarial assumptions</b>				
Discount rate**	9.00%	9.00%	8.00%	8.00%
Expected future salary increase*	6.00%	6.00%	5.00%	5.00%
Expected rate of return on plan assets	-	-	-	-
Average remaining working lives of employees (years)	11.66	11.66	10.37	10.37

**Experience adjustment:**

(Rs. lacs)

Particulars	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		For the year ended 31 March 2010	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Present value of obligation at the end	1,362.93*	273.47	1,381.46	253.48	1,270.76	259.51	1,176.73	194.64	1,088.48	163.22
Fair value of plan assets at the end	-	-	-	-	-	-	-	-	-	-
Net liability recognized in balance sheet	1,362.93	273.47	1,381.46	253.48	1,270.76	259.51	1,176.73	194.64	1,088.48	163.22
Experience adjustment on plan liabilities loss/(gain)	(1.25)	(45.23)	95.69	(42.88)	72.13	2.37	49.83	13.35	143.03	6.06
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 2014	For the year ended 31 March 2013
Net (loss)/profit attributable to equity shareholders as per Statement of Profit and Loss (Rs. lacs)	(543.85)	(894.16)
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)	(2.71)	(4.46)





32 Related party transactions

a) Enterprises having control over the Company:

- DCM Limited (holding company)

Particulars	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
<b>a) Transactions with related parties</b>		
Dividend payment	-	451.50
Reimbursement of expenses	0.17	15.00
Sale of long term investments	542.55	-
Sale of fixed assets	208.77	-
Sale of rights of acquisition in a property (refer note 34)	575.00	-
<b>b) Balances outstanding at the year end</b>		
Receivable against sale of asset (refer note 14)	208.77	-

b) Key management personnel:

- Dr. Vinay Bharat Ram [Executive Chairman (Director)]  
- Mr. Sumant Bharat Ram [Executive Vice Chairman and MD (Director)]  
- Mr. J. K. Menon [Managing Director till 15 March 2013]

Particulars	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
<b>Managerial remuneration**</b>		
Dr. Vinay Bharat Ram	142.52	142.52
Mr. Sumant Bharat Ram	-	81.44
Mr. J. K. Menon	-	90.60
<b>Total</b>	<b>142.52</b>	<b>314.56</b>

\* 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) Enterprise over which key management personnel are able to exercise significant influence and with whom transactions have taken place:

- Purearth Infrastructure Limited

Particulars	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
<b>Balance outstanding at the year end</b>		
Investment in equity shares	-	246.61

d) Enterprise in respect of which the Company is an associate and with whom transactions have taken place:

- Aggresar Leasing and Finance Private Limited

Particulars	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
Dividend payment	-	150.00

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. 99.67 lacs (previous year Rs. 129.15 lacs).

34 Capital advances include unsecured advances, considered good, Rs. Nil (previous year Rs. 575.55 lacs) paid to certain parties during the previous years to acquire certain property under construction in New Delhi. The matter has been under litigation between the developer and local authority for allowability of FAR (floor area ratio) in respect of said property. During the year these rights have been sold/disposed off at market value to DCM Limited (Holding company) based of an independent valuation report and market quotations.

Vinay

GURGAON  
Chartered Accountants

**DCM Engineering Limited**

Notes to the financial statements for the year ended 31 March 2014

(All amounts in Rupees, unless otherwise stated)

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

Particulars	Currency	As at 31 March 2014		As at 31 March 2013	
		Amount in foreign currency (lacs)	Amount in local currency (Rs. lacs)	Amount in foreign currency (lacs)	Amount in local currency (Rs. lacs)
Payables	EURO	1.10	90.87	1.02	71.17
	USD	-	-	0.00	0.09
Advances to vendors	EURO	3.16	260.52	-	-
	USD	0.55	32.78	0.19	13.29
Deferred payment liability	EURO	2.31	189.90	5.09	353.84

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

Particulars	For the year ended 31 March 2014		For the year ended 31 March 2013	
	Rs. lacs	% of total	Rs. lacs	% of total
(i) Raw materials				
Imported	104.39	0.64%	92.01	0.57%
Indigenous	16,227.37	99.36%	16,018.81	99.43%
	16,331.76	100.00%	16,110.82	100.00%
(ii) Stores, spare parts and components				
Imported	70.45	1.04%	87.68	1.36%
Indigenous	6,678.19	98.96%	6,360.95	98.64%
	6,748.65	100.00%	6,448.63	100.00%

37 Additional information

Particulars	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
(a) Value of imports on CIF basis:		
Raw materials	145.30	116.52
Components and spare parts	232.45	177.71
Capital goods	182.39	3,686.20
	560.14	3,980.43
(b) Expenditure in foreign currency:		
Traveling expense	17.78	12.06
Interest	14.95	14.31
Technical consultancy	27.14	4.65
	59.87	31.02
(c) Earnings in foreign currency:		
Direct export of goods on FOB basis / as per contracts, where FOB value is not readily ascertainable	1.48	-

38 Additions in capital work-in-progress includes Rs. 17.10 lacs (previous year Rs. 212.94 lacs) on account of borrowing costs capitalised during the year.

39 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 2013	Additional provision created during the year	Utilisation/(Reversed) during the year	Closing balance as on 31 March 2014
Provision for sales return	76.53	255.75	262.8	69.48

40 Previous year figures have been regrouped to make them comparable to those of the current year, including cost of tooling (semi finished items) amounting to Rs. 86.36 lacs which in the previous year were grouped under miscellaneous expenses and in the current year have been regrouped under 'cost of raw material consumed'.

As per our report attached to the Balance Sheet

For **BSR & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 101248W

**Kaushal Kishore**  
Partner  
Membership No.: 090075

Place: Gurgaon  
Date: 19 May 2014

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

**Dr. Vinay Bhatnagar**  
Executive Chairman  
(Director)

**Vinay Sharma**  
Sr. Manager (Costing & MIS)

Place: New Delhi  
Date: 19 May 2014

**Sumant Bharat Ram**  
Executive Vice Chairman  
& Managing Director

**Apil Agrawal**  
Company Secretary

**Ravi Vira Gupta**  
(Director)