



International Combustion (India) Limited

ANNUAL REPORT 2013-14

CORPORATE INFORMATION

Board of Directors

Sanjay Bagaria *Chairman*
 Indrajit Sen *Managing Director*
 Sanjoy Saha *Executive Director (Whole-time Director)*
 Ratan Lal Gaggar
 Sukhendu Ray
 Ravi Ranjan Prasad (w.e.f. 25th July, 2014)

Board Committees

Audit Committee

Sukhendu Ray *Chairman*
 Ratan Lal Gaggar
 Indrajit Sen

Share Transfer/Stakeholders' Relationship Committee

Sanjay Bagaria *Chairman*
 Indrajit Sen
 Sukhendu Ray

Nomination & Remuneration Committee

Ratan Lal Gaggar *Chairman*
 Sukhendu Ray
 Sanjay Bagaria

Corporate Social Responsibility (CSR) Committee

Sanjay Bagaria *Chairman*
 Sukhendu Ray
 Ratan Lal Gaggar

Vice President (Finance) & Secretary/ Chief Financial Officer & Compliance Officer

Suhas Chandra Saha

Auditors

Lodha & Co.
 Chartered Accountants

Bankers

UCO Bank
 Axis Bank
 IDBI Bank
 ICICI Bank
 DCB Bank Ltd.

Registered Office

Infinity Benchmark
 11th Floor, Plot No. G-1
 Block-EP & GP, Sector-V
 Salt Lake Electronics Complex
 Kolkata - 700 091
 Telephone : (033) 3315-3000
 Fax : (033) 2357-6653
 CIN No. : L28131WB1936PLC008588
 Email : info@internationalcombustion.in
 Website : www.internationalcombustion.in

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**DIRECTORS' REPORT**

To the Members,

Your Directors take pleasure in presenting the Seventy-eighth Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2014 :

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2013-14	2012-13
Profit before depreciation, interest & tax	556.35	1255.93
Less: Interest	75.71	121.77
Depreciation	414.24	403.22
Profit before Tax	66.40	730.94
Less: Provision for Income Tax –		
Current Tax	2.70	337.23
Deferred Tax (reversal)/charge	(16.11)	(54.25)
Profit after Tax	79.81	447.96
Profit brought forward from last year	144.30	148.07
Profit available for appropriations	224.11	596.03
Appropriations :		
General Reserve	35.00	311.91
Proposed Dividend	35.85	119.51
Tax on Proposed Dividend	6.09	20.31
Balance carried over to Balance Sheet	147.17	144.30
	224.11	596.03

DIVIDEND

Your Directors recommend a dividend of 15% (i.e. Rs. 1.50 per equity share) on 23,90,276 equity shares of Rs.10/- each for the financial year ended 31st March, 2014. The dividend, if approved at the forthcoming Annual General Meeting, will absorb Rs. 35.85 lac excluding tax on dividend of Rs. 6.09 lac.

OPERATIONS

During the year under review, the industrial slowdown continued and the capital goods sector had a negative growth. Worst affected were the mining and steel industry, which are major business areas of your Company. The slowdown in the market demand together with continued increase in input costs affected the performance of your Company for the year under review. The sales for the year was Rs. 9661 lac as compared to Rs. 11843 lac of the previous year and the operating surplus for the year was Rs. 66 lac as compared to Rs. 731 lac for the previous year.

FUTURE OUTLOOK

Since January 2014, the business environment showed marginal improvement and your Company expects this to improve further during the current year.

During the year, the Joint Venture Company with Allgaier Werke GmbH, Germany for Mozer Dryers and Coolers has been established and your Company has made necessary investments at their Nagpur Plant to commence manufacture of the Dryers and Coolers. This product is expected to contribute to the performance of the Company in the current and future years.

DIRECTORS' REPORT (Contd.)

HUMAN RESOURCE MANAGEMENT

The development programme in various operational areas has been undertaken as an ongoing programme.

INDUSTRIAL RELATIONS

Industrial relations for the year under review at all units remained cordial.

FIXED DEPOSITS

The Company did not have any outstanding fixed deposits as on 31st March, 2014 or as on 31st March, 2013. The Company did not accept any fixed deposits during the year.

TECHNOLOGY AND FOREIGN EXCHANGE

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, particulars regarding Technology Absorption, Foreign Exchange Earnings and Outgo are set out in Annexure-I, forming part of this Report.

PARTICULARS OF EMPLOYEES

A statement as required under Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975, forming part of this Report, is annexed. (Annexure – II).

CAPITAL EXPENDITURE

In view of the ongoing business environment, there was no significant capital expenditure for the year under review. The total capital expenditure incurred for the year was Rs. 154.27 lac.

CONSERVATION OF ENERGY

The Company is continuing with the efforts to conserve energy and have plans to progressively undertake energy audit at all manufacturing plants for taking further appropriate measures as considered necessary.

CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement relating to Corporate Governance, the following Reports/Certificates are attached which form part of this Annual Report :

- i) Report on Corporate Governance.
- ii) Certificate of CEO/CFO.
- iii) Declaration from the Managing Director on compliance of Code of Conduct by the Directors and Senior Management Personnel.
- iv) Auditors' Certificate regarding compliance of conditions of Corporate Governance.
- v) Management Discussions and Analysis Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief, confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company, along with proper explanation relating to material departures, if any ;
- ii) appropriate accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Annual Accounts have been prepared on a going concern basis.



DIRECTORS' REPORT *(Contd.)*

COST AUDIT

M/s. S. Datta & Co., Cost Accountants in Practice, who conducted the audit of the cost accounting records relating to all the products manufactured by the Company across all its plants for the Financial Year 2012-13 pursuant to Order No. F.No. 52/26/CAB-2010 dated 24th January, 2012, issued by the Cost Audit Branch, Ministry of Corporate Affairs, Government of India under Section 233B of the Companies Act, 1956, filed the Cost Audit Report with the Ministry of Corporate Affairs, Government of India on 30th September, 2013. The due date for filing the said report was 30th September, 2013.

M/s. S. Datta & Co., Cost Accountants in Practice, have again been appointed by your Board as the Cost Auditors of the Company for the Financial Year 2013-14 and the said appointment has been duly approved by the Central Government. The Cost Audit Report for the said Financial Year 2013-14 shall be filed within the due date.

DIRECTORS

Mr. Prasanta Kumar Mallik, who had been a Director of the Company since 29th April, 2004, ceased to be a Director of the Company with effect from 26th February, 2014 due to his sad demise. The Board acknowledges the invaluable contribution rendered by Mr. Mallik during his tenure as a Director of the Company.

Mr. Sanjay Bagaria, Chairman, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

In accordance with the Companies Act, 2013, the appointments of Mr. Sukhendu Ray & Mr. Ratan Lal Gaggar, Independent Directors, has been formally ratified by the Board with effect from 1st April, 2014 for a period of five years which is subject to confirmation by the shareholders at the ensuing Annual General Meeting. Mr. Ray & Gaggar are not liable to retire by rotation in accordance with the said new Act.

AUDITORS

M/s. Lodha & Company, Chartered Accountants – Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. In accordance with Section 139 of the Companies Act, 2013, the Board has recommended to the shareholders the re-appointment of M/s. Lodha & Company as the Statutory Auditors of the Company for a period of three years with effect from the conclusion of the ensuing Seventy-Eighth Annual General Meeting of the shareholders of the Company.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the newly enacted Companies Act, 2013, a Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company has been constituted with effect from 2nd May, 2014 with Mr. Sanjay Bagaria (Chairman of the Committee), Mr. Sukhendu Ray & Mr. Ratan Lal Gaggar as its members for the purpose of recommending to the Board the CSR policy of the Company and the amount of expenditure to be incurred by the Company for CSR activities as well as for monitoring the implementation of the CSR policy.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all government authorities, banks, customers and shareholders, for the continuous support extended by them to the Company. Your Directors place on record their appreciation for the dedication and commitments of the employees at all levels in achieving and sustaining excellence in all areas of the operation of the Company.

For & on behalf of the Board

Kolkata
20th May, 2014

S. Bagaria
Chairman

ANNEXURE TO DIRECTORS' REPORT - I**TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO****A. TECHNOLOGY ABSORPTION****I. Research & Development (R&D)**

- i) Specific Areas:
Several steps have been taken to improve the efficiency of the equipments presently manufactured by the Company.
- ii) Benefits derived:
Improved efficiency of the equipments resulted in substantial increase in the productivity of the end users.
- iii) Future plan of action:
The Company is planning for continued up-gradation programme of their product range to match with international standard from time to time.

II. Technology Absorption, Adaptation and Innovation

- i) Efforts made:
Efforts are made for complete absorption of latest technology received from the licensed partners and implement the same commercially.
- ii) Benefits derived:
Successful implementation of the technology to match with the international standard.
- iii) Imported Technology:

Technology imported	Year of Import	Has technology been fully absorbed?	If not absorbed, areas where this has not taken place, reasons thereof & future plans of action
Cone Crushers, Jaw Crushers & Roll Crushers	2010	Yes	N.A.
Single & Double MOZER Type Drum Dryer	2012	No	Under process of absorption

B. FOREIGN EXCHANGE EARNINGS & OUTGO

During the year foreign exchange earnings was Rs. 1237.86 lac (Previous Year - Rs. 1006.28 lac) against outgo of Rs. 527.34 lac (Previous Year - Rs. 556.43 lac).

For & on behalf of the Board

Kolkata
20th May, 2014

S. Bagaria
Chairman

ANNEXURE TO DIRECTORS' REPORT - II**PARTICULARS OF EMPLOYEES**

Employed throughout the year

Name	Age Last Birthday (Years)	Designation & Nature of Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment
Indrajit Sen	74	Managing Director	1,32,63,680	B.E.(Mech)	52	14.12.1971	Hooghly Docking & Engg. Co. Ltd.
Sanjoy Saha	69	Executive Director (Whole-time Director)	66,30,049	B.E. (Met.)	47	15.02.1967	First Employment

Notes :

- Gross remuneration comprises of salaries, allowances, leave travel assistance, reimbursement of medical expenses, Company's contribution to Provident & Superannuation Funds. In addition to the above remuneration, the Managing Director and the Executive Director (Whole-time Director) are entitled to gratuity in accordance with the Company's Rules.
- The appointment of the Managing Director and the Executive Director (Whole-time Director) are contractual.

For & on behalf of the Board

Kolkata
20th May, 2014

S. Bagaria
Chairman

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

The Company's Report on Corporate Governance for the year ended 31st March, 2014 as required under Clause 49 of the Listing Agreement, is furnished below :

A. Company's Philosophy on Corporate Governance

The philosophy of the Company is to aim for optimum performance at all levels. For achieving the same, the Company follows the basic Corporate Governance practices viz. fair and transparent business practices, effective management control by the Board, compliance of laws, monitoring of executive performance, accountability for performance and monitoring of business risks. The Company believes that good Corporate Governance generates from the mind-set of the organisation and is based on the principles of equity, accountability and commitment to do things in a manner where the resources available can be effectively utilised to meet the stakeholders' aspirations and social expectations.

B. Board of Directors

(i) Composition

The Board of Directors of the Company, as on 31st March 2014, comprised of 5 (five) members with two Executive Directors – Managing Director and Executive Director (Wholetime Director) and three Non-Executive Directors (two of whom are independent Directors). Prior to the sad demise of Mr. P.K. Mallik on 26th February, 2014, the Board had 6 members, including 4 non-executive Directors (3 independent Directors). The Chairman of the Board is a Non-Executive Director. The Non-Executive Directors with specialization in their respective fields are bringing in a wide range of skills and experience.

(ii) Attendance of the Directors at the Board Meetings of the Company held during the year ended 31st March, 2014 and at the last Annual General Meeting (AGM) along with no. of other Directorship(s), other Committee Membership(s) and the Directors' shareholding as on 31st March, 2014 are given below :-

Sl. No.	Name of Director	Category	No. of Board Meetings attended	Attendance at last AGM held on 04.09.13	No. of Other Directorships*	Other Membership of Committees**		Shares held (Nos.)
						Chairman	Member	
1.	Mr. Sanjay Bagaria [#]	Chairman & Non-Executive Director (Promoter)	7	Yes	4	—	—	43,900
2.	Mr. Indrajit Sen [#]	Managing Director (Non-Promoter)	7	Yes	1	—	2	—
3.	Mr. Sanjoy Saha [#]	Executive Director (Wholetime Director) (Non-Promoter)	6	Yes	—	—	—	—
4.	Mr. Ratan Lal Gagar	Non-Executive Independent Director	6	Yes	11	1	9	—
5.	Mr. Sukhendu Ray	Non-Executive Independent Director	7	Yes	1	2	—	—
6.	Mr. Prasanta Kumar Mallik [®]	Non-Executive Independent Director	5	Yes	3	2	—	—

[#] Denotes Non-Independent Directors.

* For the purpose of above information in computing 'Other Directorships', Private Limited Companies and Section 25 Companies have been excluded and for Committee Memberships, Chairmanship/Membership in Audit Committee & Shareholders' Grievance Committee only have been considered.

** None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement) across all the Companies in which he is a Director.

[®] Ceased to be a Director w.e.f. 26th February, 2014 due to his sad demise.

(iii) Meetings of the Board of Directors

The meetings of the Board are usually held at the Registered Office of the Company at Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector - V, Salt Lake Electronics Complex, Kolkata - 700 091. During the year under review, 7 (seven) Board Meetings were held on 03.05.2013, 17.05.2013, 17.07.2013, 04.09.2013, 13.11.2013, 22.01.2014 & 04.03.2014. The Company Secretary prepares the Agenda in consultation with the Chairman of the Board, for each meeting and circulates the same in advance to the Directors. The Board meets at least once in every quarter to review the Quarterly Results and other items on the Agenda. The information as required under Annexure

REPORT ON CORPORATE GOVERNANCE (Contd.)

1A to Clause 49 of the Listing Agreement is made available periodically to the Board. Details of Directors seeking reappointment at the 78th Annual General Meeting are being circulated with the Notice convening the Annual General Meeting. The Board periodically reviews the compliance reports to various laws applicable to the Company and takes steps to rectify instances of non-compliance, if any. Copies of Minutes of the Board Meetings are circulated among the members of the Board for their comments, if any.

C. Board Committees**(i) Audit Committee**

The Audit Committee of the Company comprises three Directors – two of whom are Independent and Non-Executive. The Chairman of the Committee is an Independent Non-Executive Director, nominated by the Board. The composition of the Audit Committee is in line with the Clause 49 of the Listing Agreement and provisions of the Companies Act, 1956/2013. During the year ended 31st March, 2014, the Meetings of the Audit Committee were held on 12.04.2013, 03.05.2013, 17.05.2013, 17.07.2013, 13.11.2013, 18.12.2013, 16.01.2014 & 22.01.2014. The composition of the Audit Committee along with the attendance of the each member are given below :-

Name of Director	Designation	Profession	Committee Meetings	
			Held	Attended
Mr. Sukhendu Ray	Chairman	Chartered Accountant	8	8
Mr. R. L. Gaggar	Member	Solicitor & Advocate	8	7
Mr. P. K. Mallik [@]	Member	Chartered Accountant	8	6
Mr. Indrajit Sen [#]	Member	Engineer	–	–

[@] Ceased to be a member of the Committee w.e.f. 26.02.2014 due to his demise.

[#] Was inducted as a member of the Committee w.e.f. 4th March, 2014.

The Vice President (Finance) & Secretary attends the Committee Meeting as Secretary to the Committee. The Statutory Auditors, Internal Auditors & Sr. General Manager (Finance) are invitees to the Audit Committee meetings.

The Audit Committee acts as a link between the management, statutory auditors, internal auditors and the Board of Directors. The terms of reference of the Audit Committee included those specified under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956, such as :

- | The adequacy of the Internal Audit function and observations of the Internal Auditors.
- | Compliance with accounting standards.
- | Compliance with the Listing Agreement and other legal requirements concerning financial statements and related party transactions.
- | Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors, Cost Auditors, Internal Auditors and Tax Auditors and fixation of their audit fees.
- | Approval of payment for any other services rendered by Statutory Auditors.
- | Reviewing the Quarterly/half yearly results and the Audited Financial Results before they are submitted to the Board.
- | Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- | Disclosure of contingent liability, if any.

The terms of the reference of the Audit Committee have further been expanded in accordance with the requirements of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement with stock exchanges.

(ii) Share Transfer/Shareholders' Grievance Committee**(a) Terms of reference**

- | Redressal of investors' complaints including non-receipt of Annual Reports, non-receipt of dividend warrants, non-receipt of share certificates after transfer, etc.
- | Approval of transfer and transmission of shares or other securities, if any, issue of new share certificates on split/consolidation, issue of duplicate share certificates against lost/mutilated shares, etc.

REPORT ON CORPORATE GOVERNANCE (Contd.)

(b) Composition

The Committee comprises of three Directors viz. Mr. Sanjay Bagaria, Non-Executive Director as Chairman of the Committee, Mr. Indrajit Sen, Managing Director and Mr. Sukhendu Ray, Non-Executive Independent Director. During the year under review, this Committee met eight times – 04.04.2013, 15.05.2013, 10.06.2013, 05.07.2013, 26.07.2013, 25.10.2013, 11.02.2014 & 28.03.2014. All the meetings of Share Transfer/Shareholders' Grievance Committee were attended by all members except one meeting which the Managing Director could not attend. In accordance with the Companies Act, 2013, the Share Transfer/Shareholders' Grievance Committee has been renamed as the Share Transfer and Stakeholders' Relationship Committee.

(c) Investors' Complaints

Mr. S. C. Saha, Vice President (Finance) & Secretary is the Compliance Officer of the Company for compliance of the requirements under the Listing Agreement with the Stock Exchanges.

Investors' complaint which cannot be settled at the level of Compliance Officer and CB Management Services (P) Ltd. – Registrar and Share Transfer Agents of the Company, are forwarded to the Share Transfer/Shareholders' Grievance Committee for final settlement.

Name, designation & address of Compliance Officer :

Name : Mr. S. C. Saha
 Designation : Vice President (Finance) & Secretary
 Address : Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP.
 & GP, Sector - V, Salt Lake Electronics Complex,
 Kolkata - 700 091.

E-mail ID : sc.saha@internationalcombustion.in (for Investors' complaint).

The number of shareholders' complaints received during the Financial Year 2013-14 was 1 (one) which were duly redressed. No shareholders' complaints were pending unresolved as at the end of the Financial Year 2013-14.

(iii) Remuneration Committee

The Remuneration Committee of the Company was constituted during the Year 2004-05. The Remuneration Committee recommends to the Board of Directors, the remuneration payable to the Managing Director & Executive Director of the Company. The Remuneration Committee comprises of three Directors, all of whom are Non-Executive Directors. The members of the Committee are Mr. R. L. Gaggar, Mr. Sukhendu Ray & Mr. Sanjay Bagaria. Mr. R. L. Gaggar is the Chairman of the Committee. Mr. P.K. Mallik ceased to be a member of the Committee with effect from 26th February, 2014 due to his demise. The Committee has power to regulate its meetings and proceedings. In accordance with the Companies Act, 2013, the Remuneration Committee has been re-designated as the Nomination & Remuneration Committee and its terms of reference have been expanded.

During the year ended 31st March, 2014, no meeting of the Remuneration Committee was held.

D. Details of Directors' Remuneration for the year ended 31st March, 2014

Name	Salary Rs.	Perquisites Rs.	Retirement Benefits Rs.	Commission Rs.	Sitting Fees Rs.	Total Rs.
a) Executive Directors :						
Mr. I. Sen Managing Director	58,95,000	58,94,930	14,73,750	—	—	1,32,63,680
Mr. S. Saha Executive Director (Wholetime Director)	29,47,500	29,45,674	7,36,875	—	—	66,30,049
b) Non-Executive Directors :						
Mr. S. Bagaria	—	—	—	2,71,150	75,000	3,46,150
Mr. R. L. Gaggar	—	—	—	—	65,000	65,000
Mr. S. Ray	—	—	—	—	1,15,000	1,15,000
Mr. P. K. Mallik [^]	—	—	—	—	55,000	55,000
					3,10,000	2,04,74,879

[^] Ceased to be a Director w.e.f. 26.02.2014 due to his sad demise.

REPORT ON CORPORATE GOVERNANCE (Contd.)

- | The tenure of office of the Managing Director and Executive Director (Whole-time Director) of the Company is for a period of three years with effect from 1st May 2012 to 30th April, 2015. The tenure of office can however be terminated by either party by giving six months' notice in writing. There is no separate provision for payment of severance fees.
- | Pursuant to the Companies Act, 2013, now all the Directors except Mr. Sukhendu Ray & Mr. Ratan Lal Gaggar, Independent Directors, retire by rotation.
- | There are no stock options available/issued to any Director of the Company.

E. General Body Meetings

The last three Annual General Meetings of the Company were held as under :

Financial Year	Date	Time	Location	No. of Special Resolutions Passed
2012-13	04.09.2013	2.00 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	—
2011-12	07.09.2012	3.30 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	3 (Three)
2010-11	13.08.2011	11.30 A.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	—

- | The special resolutions were passed by show of hands.
- | No special resolution requiring postal ballot was passed at the aforesaid Annual General Meetings.
- | No special resolution is proposed to be passed through postal ballot at the forthcoming Annual General Meeting scheduled to be held on 12th September, 2014.

F. Disclosures**(a) Disclosure by key managerial persons about related party transactions**

All related party transactions have been entered into in the ordinary course of business and are placed periodically before the Audit Committee in summary form. There are no significant related party transactions, which have conflict with the interests of the Company at large. The related party transactions have been disclosed in Note No. 31.06 of the Notes to the Financial Statements for the year ended 31st March, 2014.

(b) Disclosure of accounting treatment

The applicable accounting standards as issued by the Institute of Chartered Accountants of India, have been followed in preparation of the financial statements of the Company.

(c) Board Disclosures – Risk Management

The Company has established risk assessment/minimization procedures as approved by the Board. During the year ended 31st March 2014, these procedures for risk assessment and minimization have been updated. These have been disclosed in the Management Discussion and Analysis Report forming a part of the Directors' Report.

(d) Matters related to capital market

The Company has complied with the requirements of the Stock Exchanges, SEBI and other authorities on all matters relating to capital markets. No penalties or strictures have been imposed on the Company by any Stock Exchange or SEBI or any statutory authority on any matter relating to capital markets during the last three years.

(e) Management Discussion & Analysis Report

The Management Discussion & Analysis Report is attached to and forms a part of the Directors' Report.

(f) Code of Conduct

The Company has laid down a Code of Conduct for all Board members and Sr. Managerial Personnel of the Company. The Code of Conduct is available on the website of the Company at www.internationalcombustion.in. All Board members and Sr. Management Personnel affirm compliance with the Code of Conduct on an annual basis. A declaration to this effect duly signed

REPORT ON CORPORATE GOVERNANCE (Contd.)

by the Managing Director of the Company is annexed along with this Report. In accordance with the Companies Act, 2013, the Code of Conduct has been revised to include therein the Code for Independent Directors.

(g) Compliance with Non-Mandatory requirements

The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure 1(D) to Clause 49 of the Listing Agreement with the Stock Exchanges :

- 1 The Company is maintaining an office for the Non-Executive Chairman at the Registered Office of the Company.
- 1 The Company has a Remuneration Committee, now re-designated as the Nomination & Remuneration Committee in accordance with the Companies Act, 2013, as has already been mentioned in Item No. C(iii) above of this Report.
- 1 There is no qualification in the Auditors' Report to the shareholders of the Company on the Financial Statements for the year ended 31st March, 2014.

(h) CEO & CFO's Certification

The Managing Director (CEO) & the Vice President (Finance) & Secretary (CFO) have given a Certificate to the Board of Directors as per Clause 49(V) of the Listing Agreement for the year ended 31st March, 2014, which is annexed at the end of this Report.

(i) Means of Communication

Quarterly/half yearly unaudited and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they are reviewed by the Audit Committee and approved by the Board. The quarterly and annual financial results are normally published in leading English Daily newspaper (Financial Express/Business Standard – all editions) and a Bengali Daily ("Ei Samay"). The same is also posted on the website of the Company – www.internationalcombustion.in.

G. General Shareholders' Information :

(a) Annual General Meeting :

The 78th Annual General Meeting of the Company has been convened on Friday, the 12th September, 2014 at Kala Kunj, 48, Shakespeare Sarani, Kolkata – 700 017 at 2.00 P.M.

(b) Financial Year of the Company : 1st April to 31st March.

(c) Tentative Financial Calendar :

	Events	Period
1	Audited Annual Results for 2013-14	May 20, 2014
2	Mailing of Annual Reports 2013-14	By 8th August, 2014
3	First Quarter Results (30th June, 2014)	By 30th July, 2014
4	Annual General Meeting	September 12, 2014
5	Second Quarter Results (30th Sept., 2014)	By first week of November, 2014
6	Third Quarter Results (31st Dec., 2014)	By first week of February, 2015
7	Audited Annual Results for 2014-15	By 30th May, 2015

(d) Book Closure :

The Share Transfer Books and Register of Members of the Company will remain closed from Wednesday, 3rd September, 2014 to Friday, 12th September, 2014 (both days inclusive).

(e) Dividend Payment :

Dividend, if declared at the Annual General Meeting, will be paid on and from Monday, 22nd September, 2014, to those members/beneficial owners whose names appear in the Register of Members as at the close of business on Tuesday, 2nd September 2014.

(f) Listing of Equity Shares on Stock Exchange :

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and on the Calcutta Stock Exchange Limited, Kolkata (CSE). The Board of Directors of the Company at their meeting held on 13th November, 2013, have resolved to voluntarily delist the equity shares of the Company from the CSE in compliance with the Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. However, the equity shares of the Company shall

REPORT ON CORPORATE GOVERNANCE (Contd.)

continue to be listed on the BSE. The Company is in the process of complying with the procedural requirements of the CSE for effecting the said voluntary delisting.

(g) Listing Fees

The Company has paid the listing fees for the year 2014-15 to BSE and CSE.

(h) Custodial Fees to Depository

The Company has paid custodial fees for the year 2014-15 to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on the basis of average number of beneficial accounts maintained by them during the year 2013-14.

(i) Stock Codes : BSE : 505737
CSE : 019233

(j) Demat ISIN Number : INE403C01014.

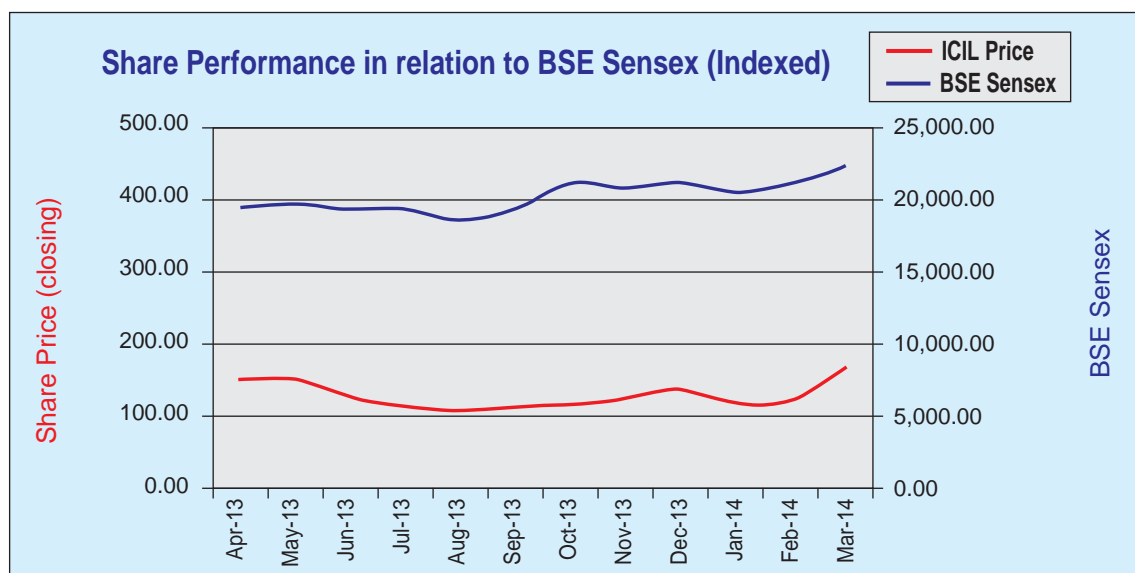
(k) (i) Stock Market price data :

(1st April, 2013 to 31st March, 2014)

Month/Year	Bombay Stock Exchange Ltd.	
	High (Rs.)	Low (Rs.)
April 2013	160.90	142.25
May 2013	164.00	140.10
June 2013	164.75	120.00
July 2013	134.90	109.95
August 2013	124.00	101.00
September 2013	118.00	102.45
October 2013	123.80	108.00
November 2013	123.05	111.15
December 2013	142.00	114.00
January 2014	136.80	116.00
February 2014	126.70	112.00
March 2014	167.40	116.20

(ii) Stock Performance vs. BSE Sensex :

The performance of Company's Equity Share in relation to BSE Sensex, graphically represented in the chart below :



REPORT ON CORPORATE GOVERNANCE (Contd.)
(l) Registrar and Share Transfer Agents :

The Company has retained C B Management Services (P) Ltd., P-22, Bondel Road, Kolkata – 700019 (CBMS), a SEBI registered Registrars & Share Transfer Agents to carry out the share related activities.

(m) Share Transfer System

The Company's shares are required to be traded in the Stock Exchanges compulsorily in dematerialized mode. Shareholders are therefore requested to send promptly the physical documents viz. Demat Request Form (DRF), Share Certificate etc. directly to the Registrars & Share Transfer Agents through their DP so as to get their shares dematerialized. Transfers/ transmissions of shares in scrip/ physical form are effected within a fortnight of the lodgement thereof.

(n) Distribution of Shareholding as on 31st March, 2014

No. of Shares	Shareholders		Shareholding	
	Number	%	No. of Shares held	%
1 - 500	6581	94.41	5,55,241	23.23
501 - 1000	230	3.30	1,70,201	7.12
1001 - 2000	97	1.39	1,37,959	5.77
2001 - 3000	22	0.32	56,071	2.35
3001 - 4000	7	0.10	26,527	1.11
4001 - 5000	8	0.11	36,510	1.53
5001 - 10000	9	0.13	61,561	2.57
10001 and above	17	0.24	13,46,206	56.32
Total	6971	100.00	23,90,276	100.00

(o) Pattern of Shareholding as on 31st March, 2014

Sl. No.	Category	No. of Shares	Percentage of Shareholding
1.	Promoter & Promoter Group	12,66,931	53.00
2.	Bank/Trust Fund	251	0.01
3.	Foreign Institutional Investors/OCB	1,900	0.08
4.	Non-Resident Indians (NRI)	43,495	1.82
5.	Bodies Corporate	30,482	1.28
6.	Indian Public	10,42,477	43.61
7.	Others (Demat transit/clearing member)	4,740	0.20
	Total	23,90,276	100.00

(p) Dematerialisation of Shares :

As on 31st March, 2014, 95.13% of the Company's total paid up capital representing 22,73,862 shares were held in dematerialized form and the balance 4.87% representing 1,16,414 shares were held in scrip form.

(q) Outstanding Convertible Instruments :

No securities/ instruments/ warrants convertible into equity shares of the Company are outstanding as on 31st March, 2014.

(r) Share Capital Reconciliation Audit Report

As stipulated by the Securities and Exchange Board of India, a qualified Practising Company Secretary has been appointed to carry out the Share Capital Reconciliation Audit at quarterly

REPORT ON CORPORATE GOVERNANCE (Contd.)

intervals to reconcile the total admitted Capital held in dematerialised form in National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total issued and listed Capital. The Audit is carried out every quarter and the Report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The Report, inter-alia, confirms that the total listed and paid up share capital of the Company is in agreement with the aggregate of the total dematerialized shares and those in the physical mode.

(s) Registered & Corporate Office

Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector - V, Salt Lake Electronics Complex, Kolkata - 700 091

(t) Factory Locations

Baidyabati : 156 (371), G. T. Road, Baidyabati, Dist. - Hooghly-712222, West Bengal
Nagpur : L-7, MIDC, Industrial Area, Hingna, Nagpur - 440016, Maharashtra
Aurangabad : B-74/1, MIDC Waluj, P.O. Bajaj Nagar, Aurangabad - 431136, Maharashtra

(u) Regional / Branch Offices

Aurangabad : B-74/1, MIDC Waluj, P.O. Bajaj Nagar, Aurangabad - 431136, Maharashtra
Bangalore : No. 548/51, 2nd Floor, Andal Temple Street, R. V. Road, Basavangudi
Bangalore - 560 004
Chennai : Modern Towers, 5th Floor, No. 23, West Cott Road, Royapettah
Chennai - 600014
Hyderabad : Flat No.303, Bhanu Enclave, 7-1-638 to 643
Sundar Nagar, Hyderabad - 500038
Kolkata : Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector - V,
Salt Lake Electronics Complex, Kolkata - 700 091 (Registered Office &
Corporate Office)
Mumbai : Khanna Construction House, 44, Dr. R. G. Thadani Marg, Worli,
Mumbai - 400018
Nagpur : L-7, MIDC Industrial Area, Hingna, Nagpur - 440016, Maharashtra
New Delhi : 2E/28, Jhandewalan Extn., New Delhi - 110055
Pune : D 407, Business Court, Mukund Nagar, Pune - 411 037
Vadodara : 307, 3rd Floor, 'Opal Square Building', Behind Hotel Express, R.C. Dutt Road, Alkapuri,
Vadodara - 390007

(v) Total number of employees as on 31.03.2014 : 501

(w) Shareholders' Correspondence :

All communications regarding share transactions, change of address, bank mandates, dividend, nomination, etc. should be addressed to the Registrars and Share Transfer Agents of the Company at the following address :

C. B. Management Services (P) Limited
Unit : International Combustion (India) Limited
P-22, Bondel Road, Kolkata – 700019
Telephone : 40116700/6715/6717/6724/6742; Fax : (033) 4011-6739
E-mail : rta@cbmsl.com

Complaints, if any, may also be addressed to Mr. S. C. Saha, Vice President (Finance) & Secretary (Compliance Officer) at the Registered Office at Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector – V, Salt Lake Electronics Complex, Kolkata 700 091 (Phone No. : 033-33153000/3013 ; Fax No. : 033-23576653) or sent by email at sc.saha@internationalcombustion.in.

For & on behalf of the Board

Kolkata
20th May, 2014

S. Bagaria
Chairman



CEO AND CFO CERTIFICATION

To
The Board of Directors
International Combustion (India) Limited

SUB : CEO / CFO CERTIFICATE

Dear Sirs,

We hereby certify that :-

- (a) We have reviewed financial statements for the Financial Year 2013-14 i.e. the Balance Sheet as at 31st March, 2014, the Profit & Loss Account for the year ended 31st March, 2014 and the Cash Flow Statement for the year ended 31st March, 2014 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

However, during the year, there were no such changes or instances.

Yours sincerely,

Kolkata
20th May, 2014

Indrajit Sen
Managing Director
(CEO)

S. C. Saha
Vice President (Finance) & Secretary
(CFO)

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Shareholders of
International Combustion (India) Limited

Sub : Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct of the Company, as adopted by the Board of Directors, for the Financial Year 2013-14.

Kolkata
May 20, 2014

Indrajit Sen
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
International Combustion (India) Limited

We have examined the compliance of conditions of Corporate Governance by International Combustion (India) Limited, for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement. The Company has established risk assessment/ minimization and internal control procedures which are being updated/ formalized.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Partner
Membership No.: 055104

Place : Kolkata
Date : 20th May, 2014

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Overview

Due to the severe industrial downturn of the previous year which unfortunately continued during the year under review, the capital goods industry had seen a negative growth. The worst affected was the mining and steel industry sectors, where your Company has significant presence.

Further, because of the continued slowdown in the global market, the export business including supply of parts to the collaborators also declined during the year.

Low market demand together with the continued increase in the input cost, adversely affected the performance of the Heavy Engineering Division. The business of Geared Motors/ Gear Box Division, however, remained stable and showed marginal improvement.

2. Opportunities

Your Company has always been recognized as a technology leader in their area of operations and this has helped the Company to continually expand the business, both in India and abroad. This trend is expected to continue.

New business areas in Crushing, Dryers & Coolers are also expected to make significant contributions towards the future growth.

3. Threats

Over the last few years, the gradual increase in raw material costs in general and steel/steel related items in particular, continues to be an issue of concern. While the Company has a system of reviewing the price of its products periodically to take corrective measures against the rise in input costs, low cost manufacturers from other Asian countries continue to be a threat to the Indian industries. To meet this challenge, the Company has adopted a policy of upgrading the technology through in-house development. New production techniques are also being developed to maintain high quality of its products at competitive prices.

4. Risk & Concerns

The Company has identified following Risk & Concerns as significant and has also devised a framework for managing as well as mitigating those risks, as detailed below:-

(a) Competition

Increased number of global players have started operating in India with low cost products. This has intensified the competition in the large domestic market. Necessary steps have been initiated to move ahead of competitors with the Company's strong brand image and also by upgradation of technology and effective marketing framework.

(b) Costs

The steady increase in the cost of raw materials and the increasingly unfavourable exchange rate continue to be an issue of concern. The Company recognizes this situation and is making efforts to minimize the impact of this on the business and performance for the current and future years.

(c) Human Resources Management

The Company has undertaken various development programmes involving all divisions and operational areas. The programmes would lead to development, optimization and efficient engagement of the human resources currently available and to be inducted in future.

(d) Receivables

To facilitate smooth recovery of sale proceeds, the Company has adopted various recovery measures and the debtor management system have resulted in improvement in the liquidity position of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**(e) Financials**

The comfortable liquidity position arising out of retained earnings over the preceding few years has enabled the Company to meet all its capital expenditure out of internal generation. The surplus remaining after meeting the capital expenditure has been kept invested partly in Fixed Maturity Plans (F.M.P.) and partly in Fixed Deposit Schemes for short periods with various banks/finance Companies/ mutual funds.

5. Outlook

The business environment started showing certain improvement since January, 2014 and we hope that the business environment will improve further during the current year.

We have also informed you earlier about the proposed Joint Venture with Allgaier Werke GmbH, Germany for Mozer Type Rotary Dryers and Coolers. We are pleased to inform you that the Joint Venture Company has been formed during the year and capital investment has been made by your Company for manufacture of these Dryers at Nagpur Plant. We expect these hi-tech equipment and systems to make substantial contribution to the performance of the Company in the current and the future years.

The market demand for the products of Gear Box and Geared Motor Division has been increasing steadily during the last few years and the capacity enhancement undertaken by your Company in the recent past is expected to support the business growth in this area.

6. Internal Control System

The Company has an adequate system of Internal Control commensurate with its size and nature of operations to ensure that all assets are safeguarded, authorised and reported properly and correctly. The system also ensures that applicable statutes – the Code of Conduct of the Company and the corporate policies are duly complied with.

The Internal Control System is further supplemented by Internal Audit carried out by two independent firms of Chartered Accountants who submit their reports on half yearly basis to the Management and the Audit Committee. The Audit Committee reviews the Reports of Internal Auditors and addresses significant issues raised by both the Internal Auditors and the Statutory Auditors. The Committee also follows up the implementation of the corrective actions suggested by the Auditors to ensure adequacy of the Internal Control System.

7. Financial Performance

(Rs. in lacs)

Particulars	2013-2014	2012-2013
Sales	9661	11843
Operating Profit Before Tax	66	731
Exceptional Items	—	—
Operating Profit After Tax	80	448
Net Cash Flow from Operation	633	308
Operating Profit to Sales (%)	1	6
Basic E.P.S. (Rs.)	3.34	18.74

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)
8. Segment-Wise Performance

(Rs. in lacs)

Particulars	2013-2014	2012-2013
Segment Revenue (Sales & Other Operating Income)		
a) Mineral & Material Processing & Handling Equipment	6171	8483
b) Geared Motor and Gear Box	4154	4238
Net Sales / Income & Inter-Divisional Transfers	10325	12721
Less : Inter-Segment Transfers	453	754
Net Sales/ Income from Operations	9872	11967
Segment Results (Profit before Tax & Interest)		
a) Mineral & Material Processing & Handling Equipment	1250	2307
b) Geared Motor and Gear Box	239	71
Total	1489	2378
Less: Finance Costs	76	122
Other Unallocable Expenditure, net of unallocable Income	1347	1525
Total Profit before Tax	66	731

9. Cautionary Statement

Certain statements in this report relating to Company's objectives, outlooks, projections, expectations etc. may be "forward looking statements" within the meaning of the applicable laws and regulations. Although the Company believes that the expectations reflected in such "forward looking statements" are reasonable, the Company does not and cannot guarantee the accuracy of various assumptions underlying such expectations, would prove to be correct. Accordingly, actual results or performance could differ materially from such expectations, projections etc., whether expressed or modified, due to changes in global economy and business conditions, changes in political environment, changes in the Government regulations, tax laws, external economic condition affecting demand and supply, influencing price condition in the market in which the Company operates, natural phenomena such as flood and earthquake, customers' strategies etc. over which the Company does not have any control.

The Company does not assume any responsibility/obligation in respect of forward-looking statement which may undergo changes in future on the basis of subsequent developments or events.

For & on behalf of the Board

 Place : Kolkata
 Date : 20th May, 2014

S. Bagaria
 Chairman

INDEPENDENT AUDITORS' REPORT

To the Members of International Combustion (India) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of International Combustion (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 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.

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") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with 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 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.

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:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - (c) 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 and returns;

INDEPENDENT AUDITORS' REPORT (Contd.)

- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act, read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Partner
Membership No.: 055104

Place : Kolkata
Date : 20th May, 2014

Annexure to the Auditors' Report (Referred to in Paragraph 1 of our Report of even date)

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
b. The fixed assets of the Company have been physically verified by the management during the year and these revealed no material discrepancies.
c. In our opinion, during the year, the Company has not disposed of substantial part of its fixed assets.
- ii) a. The inventory of the Company except those lying with third parties have been physically verified during the year. In our opinion, frequency of verification is reasonable.
b. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
c. In our opinion, the Company is maintaining proper records of inventory and the discrepancies between the physical stocks to the extent verified and the book stocks were not material.
- iii) The Company has not granted or taken loans secured or unsecured to /from companies, firms or parties covered in the register maintained under Section 301 of the Act. Accordingly, clause 4 (iii) of the Order is not applicable to the Company.
- iv) Having regard to the fact that certain items are of special nature for which comparative quotations are not readily available, in our opinion the internal control procedures of the Company relating to purchases of stores, raw materials including components, plant and machinery, equipment and other similar assets and for the sale of the goods are commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into a register in pursuance of section 301 of the Act have been entered;
b. In our opinion and according to the information and explanations given to us, there is no transaction made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rs 5 lacs in respect of any party during the year.
- vi) The Company has not accepted any deposits from public covered under Sections 58A, 58AA or any other relevant provisions of the Act and rules framed thereunder.
- vii) In our opinion, the Company's internal audit, carried by firms of Chartered Accountants, in respect of areas covered during the year is commensurate with the size and the nature of the business.
- viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of the Company's products to which the said rules are made applicable

INDEPENDENT AUDITORS' REPORT (Contd.)

and are of the opinion that prima facie, the prescribed account and records have been made and maintained. We are, however, not required to make a detailed examination of such records to ascertain whether these are accurate or complete.

- ix) a. According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues outstanding as on 31st 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 sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and cess, if any, as at 31st March, 2014.
- x) The Company does not have any accumulated losses as at the end of the year and the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
- xii) According to the information and explanations given and based on documents and records produced 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) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, provision of the clause 4(xiii) of the Order is not applicable to the Company.
- 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 guarantees for loans taken by others from bank or financial institutions.
- xvi) Based on information and explanations given to us by the management, the Company has not raised any term loan during the financial year covered under audit and accordingly, the clause 4(xvi) of the Order is not applicable to the Company.
- xvii) According to the information and explanations given to us and based on an overall examination of the balance sheet of the Company, in our opinion, no funds raised on short term basis have been used for long term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix) The Company has not issued any debentures during the year. Accordingly, clause 4(xix) of the Order is not applicable to the Company.
- xx) The Company has not raised any money by public issue during the period under audit.
- xxi) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.

For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Partner
Membership No.: 055104

Place : Kolkata
Date : 20th May, 2014



BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	(Rs. in lacs)	
		As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2	239.03	239.03
(b) Reserves and Surplus	3	9129.25	9095.83
(2) Non-current liabilities			
(a) Long-term borrowings	4	—	6.13
(b) Deferred Tax liabilities	5	329.20	345.31
(c) Long term provisions	6	57.25	52.29
(3) Current liabilities			
(a) Short-term borrowings	7	259.71	664.48
(b) Trade payables	8	1596.05	2081.01
(c) Other current liabilities	9	834.36	836.68
(d) Short term provisions	10	94.20	231.87
TOTAL		12539.05	13552.63
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets	11		
(i) Tangible assets		2789.38	3086.45
(ii) Intangible assets		84.67	143.65
(iii) Capital work-in-progress		76.86	5.09
(b) Non-Current Investments	12	50.00	—
(c) Long term loans and advances	13	120.19	105.62
(d) Other non-current assets	14	95.96	234.80
(2) Current assets			
(a) Current investments	15	2198.26	2100.00
(b) Inventories	16	2852.89	3082.22
(c) Trade receivables	17	3370.29	3848.77
(d) Cash and Bank Balances	18	485.23	381.56
(e) Short-term loans and advances	19	402.38	557.71
(f) Other current assets	20	12.94	6.76
TOTAL		12539.05	13552.63
Summary of Significant Accounting Policies	1		
Notes on Financial Statements	2 - 31.13		

The notes are an integral part of the Financial Statements.

As per our report of even date

For **Lodha & Co.**,
Chartered Accountants,

H.K. Verma
Partner
Kolkata, 20th May, 2014

S.C. Saha
Vice President (Finance)
& Secretary

On behalf of the Board
S. Bagaria, Chairman
I. Sen, Managing Director
S. Saha, Executive Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

		(Rs. in lacs)	
Particulars	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<i>Revenue :</i>			
I. Revenue from operations	21	9872.14	11966.91
II. Other Income	22	227.86	100.51
III. Total Revenue (I + II)		10100.00	12067.42
<i>IV. Expenses:</i>			
Cost of materials consumed	23	5053.78	6133.52
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	73.63	168.43
Employee benefit expenses	25	2563.90	2436.13
Finance cost	26	75.71	121.77
Depreciation and amortization expense	11 & 27	418.69	407.63
Less : Transferred from Revaluation Reserve		(4.45)	(4.41)
Other expenses	28	1852.34	2073.41
Total Expenses		10033.60	11336.48
V. Profit before exceptional and extraordinary items and tax (III-IV)		66.40	730.94
VI. Exceptional Items		—	—
VII. Profit before extraordinary items and tax (V+VI)		66.40	730.94
VIII. Extraordinary Items		—	—
IX. Profit before tax (VII-VIII)		66.40	730.94
X. Tax expense:	29		
(1) Current tax		2.70	337.23
(2) Deferred tax	5	(16.11)	(54.25)
Total Tax Expenses		(13.41)	282.98
XI. Profit for the period (IX-X)		79.81	447.96
XII. Earning per equity share:			
(1) Basic	30	3.34	18.74
(2) Diluted	30	3.34	18.74
Summary of Significant Accounting Policies	1		
Notes on Financial Statements	2 - 31.13		

The notes are an integral part of the Financial Statements.

As per our report of even date

For **Lodha & Co.,**
Chartered Accountants,

H.K. Verma
Partner
Kolkata, 20th May, 2014

S.C. Saha
Vice President (Finance)
& Secretary

On behalf of the Board
S. Bagaria, Chairman
I. Sen, Managing Director
S. Saha, Executive Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. in lacs)

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and extraordinary items	66.40	730.94
Adjustments for :		
Depreciation & Amortisation expenses	414.24	403.22
(Profit)/loss on sale of fixed asset (net)	8.23	(0.09)
Provision for diminution in the value of current investments	1.74	
Irrecoverable Debts written off	60.72	28.37
Interest Income	(38.14)	(41.14)
Profit on maturity/redemption of current investments	(168.61)	(50.53)
Interest on borrowings	75.71	121.77
Liabilities no longer required written back	(71.91)	(23.80)
Difference in Exchange Rate	(3.02)	2.17
Operating profit before Working Capital changes	345.36	1170.91
Movement in working capital:		
Increase/ (decrease) in trade Payables	(412.49)	(451.94)
Increase/ (decrease) in long-term provisions	4.96	2.37
Increase/ (decrease) in short-term provisions	0.45	6.85
Increase/ (decrease) in other current liabilities	(1.35)	(377.01)
Decrease/ (increase) in trade receivables	374.88	(369.37)
Decrease/ (increase) in inventories	229.33	553.26
Decrease/ (increase) in long-term loans and advances	(1.75)	10.75
Decrease/ (increase) in short-term loans and advances	177.88	20.05
Decrease/ (increase) in other current assets	(6.18)	0.00
Cash generated from/(used in) operations	711.09	565.87
Direct Taxes Paid(net of refunds)	(78.31)	(257.65)
Net Cash from /(used in) operating activities ...(A)	632.78	308.22
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of fixed asset	11.63	0.56
Purchase of Fixed Assets including intangible assets, CWIP and capital advances	(154.27)	(83.48)
Proceeds from Redemption/ Maturity of current investments	1618.61	500.53
Purchase of Investments	(1550.00)	(950.00)
Investment in joint venture	(50.00)	—
Investment in bank deposits (having original maturity of more than three months)	(23.48)	(116.42)
Interest Received	38.14	41.14
Net Cash from /(used in) investing activities ...(B)	(109.37)	(607.67)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(7.49)	(6.79)
Proceeds/ (Repayment) of short term borrowings	(404.77)	(183.01)
Interest Paid	(75.71)	(121.77)
Dividends Paid (including corporate tax on dividend)	(139.43)	(137.54)
Net Cash flow from/(used in) Financing activities ...(C)	(627.40)	(449.11)
Net increase/(decrease) in Cash and Cash equivalents (A+B+C)	(103.99)	(748.56)
Cash and Cash equivalents at the beginning of the year	226.80	975.36
Cash and Cash equivalents at the close of the year. (Refer Note 18)	122.81	226.80

Notes: (i) Figures in brackets represent loss/outflows

(ii) The above Cash Flow Statement has been prepared under "the Indirect Method" as set out in the Accounting Standard 3 on "Cash Flow Statements" as prescribed by Companies (Accounting Standard) Rules, 2006

As per our report of even date

 For **Lodha & Co.,**
Chartered Accountants,
H.K. Verma
Partner

Kolkata, 20th May, 2014

S.C. Saha
*Vice President (Finance)
& Secretary*

On behalf of the Board

S. Bagaria, Chairman
I. Sen, Managing Director
S. Saha, Executive Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1. ACCOUNTING POLICIES**(A) Significant Accounting Policies****(i) ACCOUNTING CONCEPTS**

The Company follows the Mercantile System of Accounting and recognises Revenue and Expenditure on Accrual basis.

The financial statements have been prepared on historical cost basis, adjusted by the revaluation of certain fixed assets, as a going concern, and are consistent with generally accepted accounting principles. The accounts have been prepared in accordance with the provisions of the Companies Act, 1956 read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

(ii) USE OF ESTIMATES

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of revenue and expenses during the year. Contingencies are recorded when it is probable that a liability will be incurred and the amount can reasonably be estimated. Difference between the actual results and the estimates are recognised in the year in which the results are known / materialised.

(iii) FIXED ASSETS**Tangible**

Fixed assets are stated at cost or at revalued amount, as the case may be. Cost includes taxes, freight and other incidental expenses related to acquisition and installation of the respective assets, interest on specific borrowings and other pre-operative expenses related to the project.

Intangible

Costs incurred on intangible assets, resulting in future economic benefits are capitalized as intangible assets.

Capital Work-in-progress

Capital Work-in-progress includes equipments to be installed, constructions and erection expenses etc.

(iv) DEPRECIATION & AMORTIZATION

Depreciation on fixed assets (Tangible) (other than on certain leasehold land, building and vehicles which is amortised over the period of lease) is provided on the following basis:

- (a) Nagpur and Aurangabad Units - on straight line method in respect of assets acquired/installed up to 31st December, 1987 at the then prevailing rates and assets acquired / installed thereafter at the rates specified in Schedule XIV to the Companies Act, 1956.
- (b) Other Units - on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956.

Assets whose original cost does not exceed Rs. 5000 are depreciated fully in the year of acquisition. Depreciation in respect of revalued fixed assets is calculated on straight-line method based on remaining life as estimated by the valuer.

Intangible assets are amortized on straight line method over a period of six years.

(v) IMPAIRMENT

Fixed assets are reviewed at each Balance Sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amounts of fixed assets is determined. An impairment loss is recognised, whenever the carrying amount of assets belonging to the Cash Generating Unit (CGU) exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flows from the use of assets are discounted to their present value as appropriate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

(vi) INVESTMENTS

Long-term investments are stated at cost less provision for diminution in value other than temporary.

Current Investments are carried at lower of cost or fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)**(vii) INVENTORIES**

Inventories are stated at lower of cost or net realisable value. Cost of inventories is determined on weighted average cost. Cost in case of work-in-progress and finished goods represent material, labour, and other appropriate overheads. Cost in respect of raw materials, components, stores and spares include expenses incurred for procuring the same.

(viii) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are accounted for at the exchange rate prevailing as on the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated using closing rates. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transaction during the year are recognized as revenue or expenses and are adjusted in the Statement of Profit and Loss.

The difference between the forward rate and exchange rate at the date of transaction is recognized as revenue or expense over the life of the contract.

(ix) REVENUE RECOGNITION

Revenue from sale of goods is recognised at the point of despatch to the customers. Gross Sales include excise duty and exclude returns and Value Added Tax (VAT) and Central Sales Tax (CST).

Revenue in respect of others is recognized when there is reasonable certainty as to ultimate collection.

(x) EMPLOYEE BENEFITS

The Company has Defined Contribution Plan for its employees Retirement Benefits comprising of Provident Fund, Superannuation Fund and Pension Fund. The Company makes regular contribution to Provident Fund which are fully funded and administered by the Trustee/ Government. Contributions are recognized in the Statement of Profit and Loss on accrual basis. The Company contributes to Superannuation Fund administered through its Trustees for certain category of employees and also contributes to the Employees' Pension Scheme, 1995 for certain group of employees. Short term employee benefits are however recognized as an expense in the Statement of Profit and Loss for the year in which the related services are rendered.

The Company has Defined Benefit Plan comprising of Gratuity and Leave Encashment schemes. The Company contributes to the Gratuity Fund which is administered through its Trustees. The Trustee managed Gratuity Fund has taken a Master Policy with Life Insurance Corporation (LIC) for future payment of gratuity liability to its employees.

Long-term employee benefits under Defined Benefit Scheme are determined at the close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gain and loss are recognized in the year when they arise.

(xi) INCOME TAX

Provision for tax is made for both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax arising on account of timing differences, which are capable of reversals in one and more subsequent years, are recognised using tax rates and tax laws, which have been enacted. Deferred tax assets are recognised to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. In case of carry forward of unabsorbed depreciation and business losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

(xii) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities, if material, are disclosed by way of notes.

(xiii) FINANCE LEASE

Asset acquired on finance lease is capitalized and a corresponding liability disclosed as lease obligation under "Long Term Borrowings". Such assets are capitalized at fair values or present value of minimum lease payments whichever is lower, at the inception of the lease term and disclosed as leased assets. Rentals/ Equated Monthly Instalments paid by the Company are apportioned between the finance charges and as a reduction of the outstanding liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

(Rs. in lacs)

2. SHARE CAPITAL**(a) Authorised Shares**

5000000 Equity Shares of Rs. 10 each

(b) Issued, Subscribed and fully paid-up shares2390276 Equity Shares of Rs. 10 each
fully paid (2012-13 - 2390276)

	As at 31st March, 2014	As at 31st March, 2013
	500.00	500.00
	239.03	239.03
	239.03	239.03

- (c) The Company has only one class of equity shares having a par value of Rs. 10/- each. Each holder of equity shares is entitled for one vote per share.
- (d) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts in proportion of their shareholding.
- (e) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31st March, 2014 the amount of per share dividend recognised as distribution to the equity shareholder is Rs. 1.50 per share.
- (f) There is no movement in the number of shares outstanding at the beginning and at the end of the year.
- (g) Details of Shareholders' holding more than 5% of the shares alongwith number of shares held:

Name of the Shareholder	As at 31st March, 2014 No. of shares	As at 31st March, 2013 No. of shares
Tradelink Securities Limited	343703	343703
Stephen Court Limited	279088	279088
Woolworth Merchandise Private limited	170609	170609

3. RESERVES & SURPLUS

Capital Reserve

As per last Balance Sheet

Securities Premium Account

As per last Balance Sheet

Revaluation Reserve

As per last Balance Sheet

Less: Transferred to Statement
of Profit and Loss

11(a) & 11(b)

General Reserve

As per last Balance Sheet

Add: Transferred from Surplus

Surplus as per Statement of Profit and Loss

As per last Balance Sheet

Add: Net profit after Tax transferred from
Statement of Profit and Loss

Amount available for appropriation

Appropriations:

Proposed Dividend

Tax on proposed dividend

Transferred to General Reserve

Balance

31.12 & 2(e)

TOTAL

	As at 31st March, 2014	As at 31st March, 2013
	605.34	605.34
	890.41	890.41
	155.78	160.19
	(4.45)	(4.41)
	151.33	155.78
	7300.00	6988.09
	35.00	311.91
	7335.00	7300.00
	144.30	148.07
	79.81	447.96
	224.11	596.03
	(35.85)	(119.51)
	(6.09)	(20.31)
	(35.00)	(311.91)
	147.17	144.30
	9129.25	9095.83

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

		(Rs. in lacs)	
	Note No.	As at 31st March, 2014	As at 31st March, 2013
4. LONG TERM BORROWINGS			
Secured			
Vehicle Finance loan			
From Bank	4(a),4(b)&4(c)	—	6.13
		—	6.13
(a) Finance lease obligation is secured against car taken on finance lease and is repayable in 36 monthly instalments starting from January, 2012			
(b) Repayment details of Vehicle Finance loan are given below:			
2013-14		—	7.49
2014-15 (included under Current Maturities of Vehicle Finance Lease in Note 9)		—	6.13
(c) Interest Rate of Vehicle Finance loan		—	9.93%

5. DEFERRED TAX LIABILITIES (Net)

The break-up of deferred tax assets and liabilities are as given below:

(Rs. in lacs)

	Opening as on 1st April, 2013	Debit/(Credit) during the year	Closing as on 31st March, 2014
Deferred Tax Assets :			
Expenses Allowable on Payment Basis	83.10	(49.58)	33.52
Unabsorbed Depreciation	—	19.53	19.53
Gross Deferred Tax Asset	83.10	(30.05)	53.05
Deferred Tax Liabilities :			
Timing Difference with respect to Fixed Asset	428.41	46.16	382.25
Gross Deferred Tax Liabilities	428.41	46.16	382.25
Net Deferred Tax Liabilities	345.31	16.11	329.20

	Note No.	As at 31st March, 2014	As at 31st March, 2013
6. LONG TERM PROVISIONS			
Provision for Employee Benefits		57.25	52.29
7. SHORT TERM BORROWINGS			
(a) Secured Loans (Repayable on demand)			
Cash credit from Banks	7(b)	259.71	664.48
		259.71	664.48

(b) Cash Credit from UCO Bank and Axis Bank are secured by hypothecation of stock of raw materials, work-in-progress, finished goods, stores and spares, book debts and other current assets of the Company and all moveable assets and by equitable mortgage by deposit of title deeds of immoveable properties comprising of land and buildings of the Company's factories situated at Baidyabati, Nagpur and Aurangabad.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

		(Rs. in lacs)	
	Note No.	As at 31st March, 2014	As at 31st March, 2013
8. TRADE PAYABLES			
(a)	8(b)	1596.05	2081.01
(b)			
Disclosures of Trade Payables is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" (the Act)			
Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006			
(i) The principal amount and the interest due remaining unpaid to any supplier as at the end of the year			
		46.08	22.78
		—	—
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year:			
		116.73	46.76
		—	—
(iii) The amount of interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.			
		—	—
(iv) The amount of interest accrued and remaining unpaid at the end of the year and			
		—	—
(v) 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 section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.			
		—	—
9. OTHER CURRENT LIABILITIES			
Current Maturities of Vehicle Finance Lease	4	6.13	7.49
Unclaimed Dividends *		15.83	15.44
Advances from Customers		604.63	458.30
Other Payables			
Statutory deductions/payable-P.F, ESI, Sales tax, VAT etc		110.97	231.43
Others		96.80	124.02
		834.36	836.68
* Not due for payment to Investor Education and Protection Fund			
10. SHORT TERM PROVISIONS			
Provision for Employee Benefits		52.26	51.81
Proposed Dividend	31.12 & 2(e)	35.85	119.51
Tax on Proposed Dividend		6.09	20.31
Provision for Taxation (2012-13 - net of Advance Tax-Rs.1192.50 lakhs)		—	40.24
		94.20	231.87

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)
11. FIXED ASSETS

Assets	GROSS BLOCK (Cost/ on revaluation)				DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 1st April, 2013	Additions/ Adjustments during the year	Deletion during the year	As at 31st March, 2014	Upto 31st March, 2013	During the year	Deletion during the year	Upto 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
A. Tangible Assets										
Land -										
Freehold	3.04	—	—	3.04	—	—	—	—	3.04	3.04
Leasehold	36.75	—	—	36.75	0.01	—	—	0.01	36.74	36.74
Buildings	1059.82	1.48	—	1061.30	326.32	26.24	—	352.56	708.74	733.50
Buildings -Leasehold	789.88	—	—	789.88	73.26	35.79	—	109.05	680.83	716.62
Plant and Equipments	3671.44	73.69	98.14	3646.99	2339.67	250.83	78.69	2511.81	1135.18	1331.77
Furniture and Fixtures	257.48	0.61	—	258.09	110.81	22.83	—	133.64	124.45	146.67
Vehicles										
Freehold	51.24	—	2.98	48.26	38.88	2.78	2.59	39.07	9.19	12.36
Leasehold	28.40	—	—	28.40	8.98	5.03	—	14.01	14.39	19.42
Office Equipment	22.98	1.17	—	24.15	12.88	1.39	—	14.27	9.88	10.10
Electrical Installation	172.76	1.27	0.36	173.67	96.53	10.54	0.34	106.73	66.94	76.23
	6093.79	78.22	101.48	6070.53	3007.34	355.43	81.62	3281.15	2789.38	3086.45
B. Intangible Assets										
Technical Knowhow fees	328.13	—	—	328.13	243.30	25.66	—	268.96	59.17	84.83
ERP Software	36.20	—	—	36.20	33.16	3.02	—	36.18	0.02	3.04
Autocad Software	10.10	4.28	—	14.38	5.05	2.28	—	7.33	7.05	5.05
Patent	105.53	—	—	105.53	54.80	32.30	—	87.10	18.43	50.73
	479.96	4.28	0.00	484.24	336.31	63.26	0.00	399.57	84.67	143.65
Total (A+B)	6573.75	82.50	101.48	6554.77	3343.65	418.69	81.62	3680.72	2874.05	3230.10
Previous year	6094.21	483.16	3.62	6573.75	2939.17	407.63	3.15	3343.65	3230.10	

Notes :

- (a) Certain Buildings and Plant and Equipments had been revalued on 31st October, 1991 by an approved valuer on market value basis, resulting in an increase in value of such assets by Rs. 437.37 lakhs
- (b) Gross depreciation for the current year is Rs.418.69 lakhs (2013- Rs.407.63 lakhs) of which Rs.4.45 lakhs (2013- Rs.4.41 lakhs) has been transferred from Revaluation Reserve.
- (c) Refer Notes 4(a) and 7(b)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

(Rs. in lacs)

	As at 31st March, 2014	As at 31st March, 2013
12. NON CURRENT INVESTMENTS		
Long term		
Equity Shares-		
Unquoted		
Joint Venture		
Mozer Process Technology Pvt Ltd - 500000 shares of Face value Rs. 10 each	50.00	—
	<u>50.00</u>	<u>—</u>

12.1 Interest in Joint Venture:

The Company's interest, as a venture in jointly controlled entity is given below:

Name of Entity	Country of Incorporation	Proportion of ownership interest as at	
		31st March, 2014	31st March, 2013
Mozer Process Technology Pvt Ltd	India	50%	—
The Company's interest in this Joint Venture is reported as Long-term Investments and stated at cost. However, aggregate amount of the Company's share of each of the assets, liabilities, income and expenses related to its interest in this jointly controlled entity is given below:			
Income		1.44	—
Expenses		22.92	—
Assets		35.56	—
Liabilities		0.10	—

13. LONG TERM LOANS AND ADVANCES

Unsecured-Considered good

Security Deposits	64.78	63.03
Mat Credit Entitlement	55.41	42.59
	<u>120.19</u>	<u>105.62</u>

13.1 The Company is entitled to MAT credit and accordingly based on evidences MAT credit of Rs. 12.82 lakhs (2012-13-Rs.42.59 lakhs) has been recognised in these financial statements.

14. OTHER NON-CURRENT ASSETS

Unsecured, considered good

Long term Trade receivables	45.34	—
Deposits with banks with more than twelve months maturity (including interest accrued thereon)	50.62	234.80
	<u>95.96</u>	<u>234.80</u>

Fixed Deposits receipts of Rs 50.62 lakhs (2013-Rs.234.80 lakhs) have been deposited with banks against guarantees issued by them

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

	Note No.	As at 31st March, 2014	(Rs. in lacs) As at 31st March, 2013
15. CURRENT INVESTMENTS-at cost			
(fully paid-up otherwise stated)			
Unquoted-Other than Trade			
Investment in Mutual Funds			
i. Kotak FMP Series 88 370 D 1000000 units of Rs.10 each		—	100.00
ii. ICICI Prudential FMP Series 63-3 Year Plan L-Cumulative 3000000 units of Rs.10 each		300.00	300.00
iii. Kotak FMP Series 64-Growth Option 2000000 units of Rs.10 each		—	200.00
iv. Kotak FMP Series 65-Growth Option 1500000 units of Rs.10 each		—	150.00
v. HDFC FMP 24 M-Growth Series XX 2500000 units of Rs.10 each		250.00	250.00
vi. ICICI Prudential Income Opportunities Fund-Regular Plan-Growth 642508.353 units of Rs.10 each		—	100.00
vii. Reliance Fixed Horizon Fund-XXI Series 19-Growth 1000000 units of Rs.10 each		—	150.00
viii. HDFC FMP 36 M Series XIX-Growth 3000000 units of Rs.10 each		300.00	300.00
ix. Reliance Fixed Horizon Fund-XXIII Series 11 3000000 units of Rs.10 each		300.00	—
x. Sundaram Flexible Income Fund-Regular Growth 1183635.062 units of Rs.16.8971 each		200.00	
Less : Diminution in value of investments		1.74	
		198.26	—
xi. Kotak Mahindra Mutual Fund Collection Account 1500000 units of Rs.10 each		150.00	—
xii. DSW Gilt Fund-Regular Plan-Growth 1593574.707 units of Rs.10 each		—	200.00
xiii. ICICI Prudential FMP Series 73 2000000 units of face value of Rs.10 each		200.00	—
xiv. DSP BlackRock FTP Series 3-24 M 2000000 units of Rs.10 each		—	200.00
xv. DSP BlackRock FTP Series 1-24 M 1500000 units of Rs.10 each		—	150.00
xvi. Birla Sunlife MF-NFO Account Series JJ 1000000 units of Rs.10 each		100.00	—
xvii. Birla Sunlife MF-NFO Account 3000000 units of Rs.10 each		300.00	—
xviii. Tata Fixed Maturity Plan Series 46 Scheme-D 1000000 units of Rs.10 each		100.00	—
TOTAL INVESTMENTS		2198.26	2100.00
Aggregate book value of Unquoted Investments in Mutual Funds		2198.26	2100.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

		(Rs. in lacs)	
	Note No.	As at 31st March, 2014	As at 31st March, 2013
16. INVENTORIES	7(b)		
(As taken, valued and certified by the management)			
Raw Materials and Components		1088.69	1239.91
[including in transit Rs. 5.52 lakhs (2012-13 - Rs. 21.86 lakhs)]			
Work-in-progress	31.08(c)	526.90	535.19
Finished Goods	31.08(c)	1034.70	1127.44
Stores		167.25	166.84
Packing Materials		35.35	12.84
		<u>2852.89</u>	<u>3082.22</u>
17. TRADE RECEIVABLES	7(b)		
Unsecured, considered good			
Trade receivables outstanding for period exceeding six months			
Considered good		801.70	877.40
Other			
Considered good		<u>2568.59</u>	<u>2971.37</u>
		<u>3370.29</u>	<u>3848.77</u>
18. CASH AND BANK BALANCES			
(As certified by the management)			
Cash and Cash Equivalents			
- Cash in hand		2.19	2.84
Balances with Banks:			
- Current Accounts		104.79	208.52
- Unclaimed Dividends Accounts		15.83	15.44
		<u>122.81</u>	<u>226.80</u>
Other Bank Balances			
- Fixed Deposit Accounts (including interest accrued thereon with original maturity of more than twelve months with original maturity of more than three months but less than twelve months		6.90	6.06
- Margin money with banks (including interest accrued thereon with original maturity of more than twelve months		13.52	12.68
		<u>342.00</u>	<u>136.02</u>
		<u>362.42</u>	<u>154.76</u>
		<u>485.23</u>	<u>381.56</u>
Fixed Deposits receipts of Rs. 342 lakhs (2013 - Rs. 136.02 lakhs) have been deposited with banks against guarantees issued by them			
19. SHORT TERM LOANS AND ADVANCES			
Unsecured-Considered good	7(b)		
Advances to suppliers		45.02	38.01
Advance to Employees		3.51	5.04
Advance Tax (net of Provision - Rs. 1248.20 lakhs)		22.55	—
Advance for Fringe Benefit Tax (net of Provision - Rs. Nil. 2012-13 - Rs. Nil)		0.34	0.34
Balances with statutory / government authorities		199.59	378.22
Prepaid Expenses		47.01	43.09
Others		84.36	93.01
		<u>402.38</u>	<u>557.71</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

		(Rs. in lacs)	
	Note No.	As at 31st March, 2014	As at 31st March, 2013
20. OTHER CURRENT ASSETS			
Export Incentive Receivable	7(b)	12.94	6.76
		<u>12.94</u>	<u>6.76</u>
		(Rs. in lacs)	
		For the year ended 31st March, 2014	For the year ended 31st March, 2013
21. REVENUE FROM OPERATIONS			
Sale of products	31.08(b)	10596.61	13060.58
Sale of services		42.49	14.07
Other operating revenue			
Scrap Sales		77.14	81.73
Liability no longer required written back		71.91	23.80
Duty Drawback		19.92	3.81
Less : excise duty		(935.93)	(1217.08)
Revenue from Operations (net)		<u>9872.14</u>	<u>11966.91</u>
22. OTHER INCOME			
Interest on deposits,overdue debts etc		38.14	41.14
Profit on sale/redemption of current investments (net)		168.61	50.53
Profit on sale of Fixed Asset		0.00	0.09
Net gain on foreign currency translation and transaction		18.91	8.43
Miscellaneous Income		2.20	0.32
		<u>227.86</u>	<u>100.51</u>
23. COST OF MATERIALS CONSUMED			
Raw Materials Consumed	31.09(a)	<u>5053.78</u>	6133.52
24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE			
Finished Goods:			
Opening stock		1127.44	1413.86
Add/(Less) : Provision for Excise duty on finished goods lying at the factories		(27.40)	(31.51)
Less: Closing Stock		<u>(1034.70)</u>	<u>(1127.44)</u>
		65.34	254.91
Work-in-progress:			
Opening stock		535.19	448.71
Less: Closing Stock		<u>(526.90)</u>	<u>(535.19)</u>
		8.29	(86.48)
(Increase) / decrease		<u>73.63</u>	<u>168.43</u>
25. EMPLOYEE BENEFIT EXPENSES			
Salaries and Wages		1991.61	1878.37
Contribution to Provident and Other Funds		189.97	208.38
Workmen and Staff Welfare Expenses		114.07	113.59
Travelling and Conveyance		268.25	235.79
		<u>2563.90</u>	<u>2436.13</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

		(Rs. in lacs)	
	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
26. FINANCE COST			
Interest Expense		68.73	120.68
Other Borrowing Cost		6.98	1.09
		<u>75.71</u>	<u>121.77</u>
27. DEPRECIATION AND AMORTIZATION EXPENSE			
Depreciation on tangible assets		355.43	363.32
Amortisation of intangible assets		63.26	44.31
		<u>418.69</u>	<u>407.63</u>
Less : Transfer from Revaluation Reserve		(4.45)	(4.41)
		<u>414.24</u>	<u>403.22</u>
28. OTHER EXPENSES			
Consumable Stores		259.24	302.94
Rent		14.35	14.39
Rates and Taxes		17.06	20.95
Power and Fuel		147.07	144.64
Repairs to – Buildings		31.76	42.28
– Machinery		9.08	9.13
– Others		58.41	58.47
Insurance		48.11	47.31
Selling and Distribution Expenses	28(c)	385.41	412.81
Royalty		195.36	222.58
Directors' Commission		2.71	18.58
Auditors' Remuneration	28(d)	3.90	3.60
Irrecoverable Debts/Advances written off		60.72	28.37
Communication Expenses		21.85	21.37
Consultancy		31.45	125.93
Donation		0.20	—
Loss on sales of fixed assets		8.23	—
Provision for diminution in the value of current investments		1.74	—
Packing Materials consumed and packing charges (net)		143.19	151.19
Freight Charges (net)		60.30	105.49
Miscellaneous Expenses		352.20	343.38
		<u>1852.34</u>	<u>2073.41</u>
(a) Expenditure in Foreign Currency			
Royalty		180.65	155.35
Other matters		39.17	91.99
(b) The Company has incurred expenses on account of Research and Development expenses which has been charged in the Statement of Profit and Loss		—	78.95
(c) Selling and Distribution Expenses comprise of –			
Travelling Expenses		274.25	324.14
Commission on Sales		48.29	36.90
Other Expenses		62.87	51.77
(d) Auditors' Remuneration:			
Audit Fees		2.25	2.25
Certification		1.65	1.35

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

(Rs. in lacs)

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
29. TAX EXPENSE		
Current Tax	—	305.00
Minimum Alternate Tax	12.99	—
Earlier years' short/excess provision	2.53	32.23
	15.52	337.23
Less : Minimum Alternate Tax Credit-(Refer Note-13.1)	12.82	—
	2.70	337.23

30. EARNINGS PER EQUITY SHARE (EPS)

Year ended 31st March

	2014	2013
I. Profit /(Loss) after tax.....(a)	79.81	447.96
II. Shares		
Number of Equity Shares as on 31st March	2390276	2390276
Weighted average number of Equity shares outstanding during the year (for EPS)(b)	2390276	2390276
III. EPS (Face value of Rs.10 each)		
Basic EPS (a/b) in Rupees	3.34	18.74
Diluted EPS (a/b) in Rupees	3.34	18.74

31.01 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

Outstanding Bank Guarantees	96.12	102.18
Sales Tax demand under appeal	—	540.94

Commitments

Estimated amount of contracts remaining to be executed on capital account	—	13.62
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31.02 UNHEDGED FOREIGN CURRENCY EXPOSURES ARE AS FOLLOWS :

Nature	Currency	31st March, 2014	31st March, 2013
Import	Euro	20875	42405
Advance for Import	Euro	14333	11619
Export	USD	51233	25361
Export	Euro	673148	268452
Advance received against Export	USD	37654	8609
Advance received against Export	Euro	305	203

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

31.03 EMPLOYEE BENEFITS

- a) The Company has Defined Contribution Schemes for its employees' retirement benefits such as Provident Fund, Superannuation and defined Contribution Pension Schemes. For these Schemes, contributions are made by the Company for certain group of employees based on their current salary to recognised funds maintained by the Company and contributions are also made to the State funds for certain other employees. In case of Provident Fund Scheme, the contributions are also made by the employees.

Contributions to Defined Contribution Plan recognized for the year are as under:

	2013-14	2012-13
Employer's Contribution to Provident Fund	115.91	105.30
Employer's Contribution to Pension Fund	32.57	33.73
Employer's Contribution to Superannuation Fund	11.55	11.09
Employer's Contribution to Employees State Insurance Scheme	24.08	25.47

(Rs. in lacs)

Defined Benefit Scheme

The Employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligations is determined based on actuarial valuation 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.

- b) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2014

(i) Gratuity (Funded)	Year Ended 31st March	
	2014	2013
A. Change in Defined Benefit Obligations :		
Present Value of Defined Benefit Obligations as at the beginning of the year	557.54	480.72
Current Service Cost	32.33	31.48
Interest Cost	50.82	46.72
Benefits Paid	(71.31)	(33.05)
Actuarial (Gains)/ Losses	2.45	31.67
Present Value of Defined Benefit Obligations as at the end of the year	571.83	557.54
B. Change in the Fair Value of Assets:		
Fair value of Plan Assets at the beginning of the year	638.35	553.58
Expected Return on Plan Assets	58.62	53.63
Contributions by the Company	41.59	66.21
Benefits paid	(71.31)	(33.05)
Actuarial Gains/ (Losses)	(2.97)	(2.02)
Fair value of Plan Assets at the end of the year	664.28	638.35
Total Actuarial (gain)/loss to be recognised	5.42	33.69

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

31.03 EMPLOYEE BENEFITS (Contd.)

	Year Ended 31st March				
	2014	2013			
C. Actual Return on Plan Assets					
Expected Return on Plan Assets	41.59	66.21			
Actuarial gain/(loss) on Plan assets	(2.97)	(2.02)			
Actual Return on Plan Assets	38.62	64.19			
D. Amount Recognised in Balance Sheet and the Fair Value of Assets :					
Present Value of Defined Benefit Obligations as at the end of the year	571.83	557.54			
Fair value of Plan Assets at the end of the year	664.28	638.35			
Liability /(Assets) recognized in the Balance Sheet	(92.45)	(80.81)			
E. Expenses recognized in the Statement of Profit & Loss					
Current Service Cost	32.33	31.48			
Interest Cost	50.82	46.72			
Expected Return on Plan Assets	(58.62)	(53.63)			
Net Actuarial (Gain)/ Loss	5.42	33.69			
Total Expenses recognized in the Statement of Profit & Loss *	29.95	58.26			
F. Principal Actuarial Assumptions used :					
Discounted Rate (per annum) Compound	8.75%	8.75%			
Expected Rate of return on Plan Assets	9.00%	9.00%			
Rate of Salary increase (per annum)	5.00%	5.00%			
	2014	2013	2012	2011	2010
Defined Benefit Obligations as at the end of the year	571.83	557.54	480.72	435.97	343.52
Fair value of Plan Assets at the end of the year	664.28	638.35	553.58	395.21	274.24
Funded Status	(92.45)	(80.81)	(72.86)	40.76	69.28
Experience Adjustments					
Experience gain/(loss) adjustment on plan liabilities	2.45	31.67	7.70	62.47	(20.38)
Experience gain/(loss) adjustment on plan assets	(2.97)	(2.02)	(3.13)	(1.72)	0.65

(ii) Leave Encashment (Non Funded)

Year Ended 31st March

	2014	2013
The obligation for compensated absence is recognised in the same manner as gratuity. The actuarial liability of compensated absence (unfunded) of accumulated leaves of the employees of the Company as at 31.3.2014 is given below :		
Particulars		
Leaves	84.13	72.80

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

31.03 EMPLOYEE BENEFITS (Contd.)

(iii) Provident Fund (Funded)	Year Ended 31st March	
	2014	2013
A. Change in Defined Benefit Obligations :		
Present Value of Defined Benefit Obligations as at the beginning of the year	5.02	1.59
Current Service Cost	—	2.58
Interest Cost	0.39	0.13
Benefits Paid	—	—
Actuarial (Gains)/ Losses	(1.21)	0.72
Present Value of Defined Benefit Obligations as at the end of the year	4.20	5.02
B. Change in the Fair Value of Assets:		
Fair value of Plan Assets at the beginning of the year	—	—
Expected Return on Plan Assets	—	—
Contributions by the Employer	—	—
Benefits paid	—	—
Actuarial Gains/ (Losses)	—	—
Fair value of Plan Assets at the end of the year	—	—
C. Reconciliation of Present value of Defined Benefit Obligation and the Fair Value of Assets :		
Present Value of Defined Benefit Obligations as at the end of the year	4.20	5.02
Fair value of Plan Assets at the end of the year	—	—
Liability /(Assets) recognized in the Balance Sheet	4.20	5.02
D. Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	—	2.58
Interest Cost	0.39	0.13
Expected Return on Plan Assets	—	—
Actuarial (Gain)/ Loss	(1.21)	0.72
Total Expenses recognized in the Statement of Profit & Loss*	(0.82)	3.43
E. Principal Actuarial Assumptions used :		
Discounted Rate (per annum) Compound	8.89%	7.88%
Return on EPFO	8.75%	8.50%

*Included in "Salaries and Wages" and "Contribution to Provident and Other Funds" under "EMPLOYEE BENEFIT EXPENSES" on Note 25

Note:

- 1) Assumptions relating to future salary increases, attrition, interest rate for discount and overall expected rate of return on assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.
- 2) The contributions expected to be made by the Company for the year 2014-15 is yet to be determined.
- 3) The guidance on implementing Accounting Standard (AS-15) (Revised 2005) on Employees' Benefits issued by Accounting Standard Board (ASB) states that provident fund trustees set up by the employers which require the interest shortfall to be met by the employers need to be treated as "Defined Benefit Plan". Accordingly the actuary in consultation with the management, has carried out the actuarial valuation of such provident fund liability on account of shortfall of interest on the basis of the guidelines issued by Actuarial Society of India. Such liability as determined by the actuary amounts to Rs. 4.20 lakhs (Previous Year-Rs. 5.02 lakhs) which has been provided in the Accounts for the year ended 31st March, 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)
31.04 SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2014

Primary segment reporting - Business Segments

(Rs. in lacs)

Particulars	Mineral & Material Processing And Handling Equipment		Gear Box and Geared Motor Drive System		Unallocated / Corporate {Ref Note (b)}		Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
REVENUE										
External Sales / Revenue	6059.02	8391.99	3813.12	3574.92	—	—	—	—	9872.14	11966.91
Inter-Segment Sales	112.33	90.98	340.60	663.00	—	—	(452.93)	(753.98)	—	—
Total Revenue	6171.35	8482.97	4153.72	4237.92	—	—	(452.93)	(753.98)	9872.14	11966.91
RESULT										
PROFIT BEFORE INTEREST, DEPRECIATION and TAXATION	1348.61	2376.99	473.11	307.45	—	—	—	—	1821.72	2684.44
(Less): Depreciation & Amortisation expenses	(98.39)	(70.58)	(234.20)	(236.65)	(81.65)	(95.99)	—	—	(414.24)	(403.22)
PROFIT AFTER DEPRECIATION AND AMORTISATION EXPENSE	1250.22	2306.41	238.91	70.80	(81.65)	(95.99)	—	—	1407.48	2281.22
(Less): Finance Costs									(75.71)	(121.77)
Add: Other unallocable expenditure (net of unallocable revenue)					(1265.37)	(1428.51)			(1265.37)	(1428.51)
PROFIT BEFORE INCOME TAX									66.40	730.94
(Less): Provision for income tax										
- Current									0.17	305.00
- Deferred									(16.11)	(54.25)
- Earlier year									2.53	32.23
NET PROFIT									79.81	447.96
OTHER INFORMATION										
Segment Assets	4439.79	5698.83	4203.74	4054.20					8643.53	9753.03
Unallocated Corporate assets					3895.52	3799.60			3895.52	3799.60
Total Assets	4439.79	5698.83	4203.74	4054.20	3895.52	3799.60	—	—	12539.05	13552.63
Segment liabilities	1324.86	1950.85	1052.52	894.99					2377.38	2845.84
Unallocated Corporate liabilities					204.48	362.14			204.48	362.14
Total Liabilities	1324.86	1950.85	1052.52	894.99	204.48	362.14	—	—	2581.86	3207.98
Capital Expenditure	113.58	49.92	28.41	23.92	12.28	8.32			154.27	82.16
Depreciation/Amortisation	98.39	70.58	234.20	236.65	81.65	95.99			414.24	403.22

(a) The Company has identified business segments as primary segments. The reportable business segments are Mineral and Material Processing and Handling Equipment and Geared Motors based on industry and product lines.

Handling Equipment include Mineral, material processing and other handling equipment. Geared motors include Gear Box, Geared Motor Drive system.

(b) Assets and liabilities (including provision for income tax, deferred tax liability and advance tax) which are not attributable / identifiable / allocable to business segments are shown as unallocated / corporate assets / liabilities.

(c) Secondary segment information - Geographical

Out of total Sales of Rs. 9660.68 lakhs (2012-13 - Rs. 11843.50 lakhs), Sales outside India is Rs. 1234.60 lakhs (2012-13 - Rs. 1006.03 lakhs)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

31.05 In the opinion of the Board of Directors, Current Assets and Loans and Advances have a value at which these are stated in the Balance Sheet and unless otherwise stated adequate provision for all known liabilities have been made and are not in excess of the amount reasonably required.

31.06 Related Party disclosures as identified by the management in accordance with the Accounting Standard 18 issued by the Companies Accounting Standard Rules 2006.

a) Key Management Personnel:

Mr. I. Sen - Managing Director

Mr. S. Saha - Executive Director

b) Joint Venture Company having substantial interest in the Company with effect from 23rd July, 2012
Mozer Process Technology Pvt. Ltd

c) Chairman and non-executive Director - Mr. Sanjay Bagaria

The aggregate amount of transactions with the related parties as mentioned in (a) to (c) above is as given under :

	2013-14	2012-13
(i) Key Management Personnel:(a)		(Rs. in lakhs)
Managing Director	132.64	117.43
Executive Director	66.30	58.75
(ii) Joint Venture Company (b)		(Rs. in lakhs)
	During the year 2013-14	During the year 2012-13
Recovery of Expenses:		
Salary	9.59	—
Staff Welfare Expenses	0.32	—
Conveyance & Travelling Expenses	2.54	—
Rent	0.13	—
Repairs & Maintenance to Motor Car	0.29	—
Selling & Distribution Expenses	5.25	—
Telephone & Communication Expenses	0.14	—
Recruitment, Insertion & Notification	4.71	—
Preliminary Expenditure	4.60	—
Miscellaneous Expenses	1.01	—
Purchase of Intangible Assets	0.18	—
	28.76	—
Non-current Investment	50.00	—
	78.76	—
Outstanding balance as at 31st March, 2014	(0.17)	—
(iii) Commission payable to Mr. Sanjay Bagaria, Chairman & Non-Executive Director (c)	2.71	9.29

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

31.07 LEASES

- a) The Company had certain not non-cancellable operating lease arrangements for residential and office premises which are renewable by mutual consent and mutually agreed terms.
- b) The aggregate lease rentals payable are charged as "Rent" in Note 28
The future minimum lease payments under non-cancellable operating leases is Rs. Nil (2012-13 – Rs. Nil)
- c) The future obligation for vehicle taken on finance lease is given below: (Refer Note-4)

	31st March, 2014	31st March, 2013
		(Rs. in lacs)
Not later than one year	6.13	7.49
Later than one year and not later than 5 years	—	6.13
Present value of minimum lease rentals	<u>6.13</u>	<u>13.62</u>
31.08 (a) Earnings in Foreign Exchange		
F.O.B.value of exports	1234.60	1006.03
Others	3.26	0.25
(b) Details of product sold		
Raymond Grinding Classifications and Drying System	121.30	337.93
Electro Magnetic Vibrators/Vibratory Feeders	146.94	147.47
Mechanical Vibratory Screens/Feeders/Bulk Material Handling Equipment	2089.04	2983.71
Omni Screens/Feeders	174.65	315.10
Vacseal Pumps	14.03	23.50
Mogensen Sizer	844.40	918.11
Crusher	—	264.00
Gear Box & Geared Motor	2953.00	2801.45
Finished Spares (none of which individually exceeds 10% of total turnover)	3317.32	4052.23
Sale of product (net of excise duty)	<u>9660.68</u>	<u>11843.50</u>
(c) Details of inventory		
(i) Work-in-progress		
Mechanical Vibratory Screens/Feeders/Bulk Material Handling Equipment	199.12	312.31
Omni Screens/Feeders	13.32	19.18
Electro Magnetic Vibrators/Vibratory Feeders	0.29	2.14
Crusher	3.89	—
Mogensen Sizer	53.68	58.14
Vacseal Pump	2.13	2.13
Gear Box & Geared Motor	4.92	5.00
Mill	32.06	—
Others	217.49	136.29
	<u>526.90</u>	<u>535.19</u>
(ii) Finished Goods		
Mechanical Vibratory Screens/Feeders/Bulk Material Handling Equipment	30.11	3.64
Electro Magnetic Vibrators/Vibratory Feeders	3.58	—
Crusher	131.63	134.09
Gear Box & Geared Motor	258.33	275.04
Finished Spares	611.05	714.67
	<u>1034.70</u>	<u>1127.44</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

	31st March, 2014	31st March, 2013
(Rs. in lacs)		
31.09 (a) Raw Materials consumed		
Steel	904.75	1028.06
Castings	899.84	1028.72
Components and Spares*	<u>3249.19</u>	<u>4076.74</u>
	<u>5053.78</u>	<u>6133.52</u>
*(none of which individually exceeds 10% of total consumption)		
(b) Details of Purchase of raw materials and components		
Steel	901.68	949.46
Castings	866.48	985.91
Components and Spares*	3026.83	3732.71
Carriage Inward	<u>107.57</u>	<u>134.77</u>
	<u>4902.56</u>	<u>5802.85</u>
*(none of which individually exceeds 10% of total consumption)		
31.10 Value of Imports (C.I.F. basis)		
Components & Spares	<u>307.52</u>	<u>309.09</u>

31.11 Value of Indigenous and Imported Raw Materials

	2013-14		2012-13	
	% of total consumption	Value Rs. in lacs	% of total consumption	Value Rs. in lacs
SPARES AND COMPONENTS CONSUMED				
Imported	6.42	324.31	5.39	330.85
Indigenous	<u>93.58</u>	<u>4729.47</u>	<u>94.61</u>	<u>5802.67</u>
	<u>100.00</u>	<u>5053.78</u>	<u>100.00</u>	<u>6133.52</u>

31.12 PROPOSED DIVIDEND

Rate of dividend proposed per Equity Share

2013-14	2012-13
Rs.	Rs.
<u>1.50</u>	<u>5.00</u>

Amount of Proposed Dividend

2013-14	2012-13
Rs.	Rs.
<u>(Rs. in lacs)</u>	<u>(Rs. in lacs)</u>
<u>35.85</u>	<u>119.51</u>

31.13 Previous year's figures have been re-grouped wherever necessary.

For **Lodha & Co.**,
Chartered Accountants,
H.K. Verma
Partner
Kolkata, 20th May, 2014

S.C. Saha
Vice President (Finance)
& Secretary

On behalf of the Board
S. Bagaria, Chairman
I. Sen, Managing Director
S. Saha, Executive Director

TEN YEARS' FINANCIAL STATISTICS

(Rs. in lacs)

2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13 2013-14

OPERATING RESULTS:

Sales	4588	6684	7981	9519	9819	9699	10556	10587	11843	9661
Other Income	54	60	108	158	154	339	274	374	224	439
Exceptional Income	—	—	—	—	—	—	—	989*	—	—
Total Income	4642	6744	8089	9677	9973	10038	10830	11950	12067	10100
Profit before Interest, Depreciation & Tax (PBIDT)	536	1171	1590	2145	1894	2129	1825	2768	1256	556
Interest	120	74	33	42	63	33	66	84	122	76
Depreciation	99	192	264	301	315	351	281	364	403	414
Profit before Tax / (Loss)	317	905	1293	1802	1516	1745	1478	2320	731	66
Profit after Tax / (Loss)	220	575	828	1173	991	1196	1003	1646	448	80
Dividends	54	109	115	120	120	120	120	120	120	36
Tax on Dividend	7	15	19	20	20	20	20	19	20	6
Retained Profit	159	451	694	1033	851	1056	863	1507	308	38

NET ASSETS EMPLOYED

Net Fixed Assets	1297	1557	1857	1987	1899	1920	2770	3560	3235	2951
Net Current Assets	1720	1711	2116**	3083**	3841**	5499**	5593**	6332**	6770**	6677**
Net Assets Employed	3017	3268	3973	5070	5740	7419	8363	9892	10005	9628
Financed by –										
Shareholders' Fund	2351	2983	3882	4808	5645	6687	7537	9031	9335	9368
Borrowings	666	285	91	262	95	732	826	861	670	260
Funds Employed	3017	3268	3973	5070	5740	7419	8363	9892	10005	9628

RATIOS

PBIDT to Sales (%)	11.7	17.5	19.9	22.5	19.3	22.0	17.3	26.1	10.6	5.76
Debt : Equity	0.28	0.10	0.02	0.05	0.02	0.11	0.11	0.10	0.07	0.03
Earnings per Share (Basic) (Rs.)	10.16	26.31	36.11	49.09	41.46	50.03	41.94	68.86	18.74	3.34
Dividend per Equity Share (Rs.)	2.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	1.50
Book value per Share (Rs.)	108.83	136.57	169.35	201.15	236.17	279.76	315.32	377.82	390.54	391.92

* represents profit on sale of two office premises of the Company

** includes short term investments

Previous years' figures have been re-arranged and re-grouped wherever necessary.