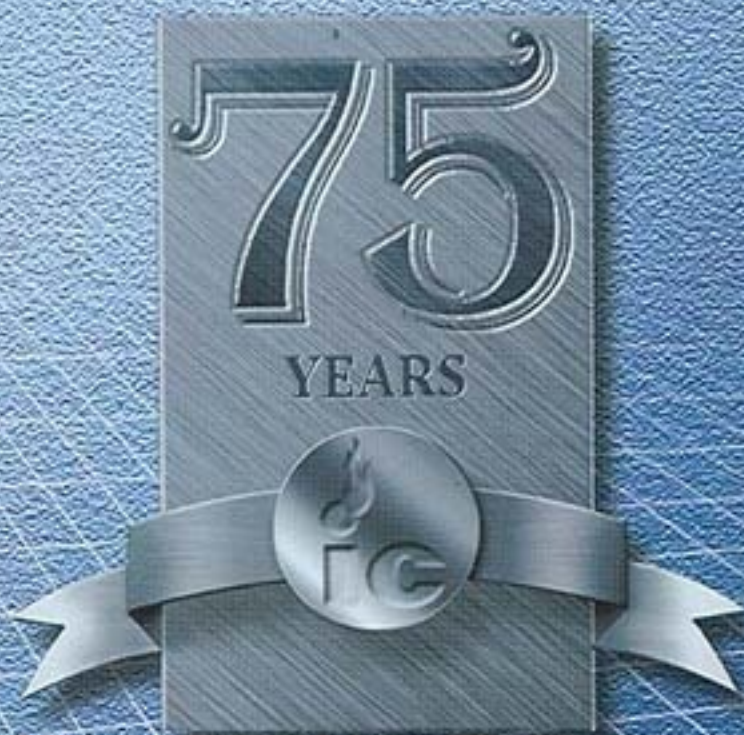




ANNUAL REPORT 2010-2011



International Combustion (India) Limited



CORPORATE INFORMATION

Board of Directors

S. Bagaria *Chairman*
 I. Sen *Managing Director*
 S. Saha *Executive Director*
(Wholetime Director)

R. L. Gaggar
 S. Ray
 P. K. Mallik

Board Committees

Audit Committee

S. Ray *Chairman*
 R. L. Gaggar
 P. K. Mallik

Share Transfer/Shareholders' Grievance Committee

S. Bagaria *Chairman*
 I. Sen
 S. Ray

Remuneration Committee

R. L. Gaggar *Chairman*
 S. Ray
 P. K. Mallik

Vice President (Finance) & Secretary/ Compliance Officer

S. C. Saha

Auditors

Lodha & Co.
 Chartered Accountants

Bankers

UCO Bank
 Axis Bank
 IDBI Bank

Registered Office

107/1 Park Street
 Kolkata 700 016
 Telephone : 2226-6508/1732/1734
 Fax : (033) 2249-3713
 Email : info@internationalcombustion.in
 Website : www.internationalcombustion.in

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NOTICE

Notice is hereby given that the SEVENTY-FIFTH ANNUAL GENERAL MEETING of International Combustion (India) Limited will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700017 on Saturday, the 13th August, 2011 at 11.30 AM to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2011, the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Sukhendu Ray who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. P.K.Mallik who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

The Register of Members and the Share Transfer Books of the Company will remain closed from 5th August, 2011 to 13th August, 2011 (both days inclusive).

By Order of the Board

Kolkata
The 25th May, 2011

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

NOTES :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company.**
Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. The dividend, if declared at the Meeting, will be paid to those members/beneficial owners whose names appear on the Company's Register of Members on 5th August, 2011 or to their mandatees. The payments will be made to them **on and from 26th August, 2011.**
3. In order to provide better services to the shareholders, the Company has already introduced National Electronic Clearing Services (NECS) mode for payment of dividend directly to the credit of the members' Bank Accounts. Shareholders who are not availing the NECS facility, may provide the required information to the Company's Registrar & Share Transfer Agents – M/s. C. B. Management Services (P) Ltd., P-22, Bondel Road, Kolkata 700019.
4. a) In order to provide protection against fraudulent encashment of the dividend warrants, shareholders holding shares in physical form, are requested to intimate their Bank particulars, giving the name of the Bank and the Branch with address, the type of Account with Bank Account No. to the Company's Registrar & Share Transfer Agents at their address given under Item no. 3 above.
b) Shareholders holding shares in electronic form, may kindly note that their Bank Account details as furnished by their Depositories to the Company, will be printed on their Dividend Warrants. Any change in Bank particulars and/or change of address may please be furnished immediately to their respective Depository participants.
c) Shareholders are hereby intimated that under instructions from SEBI furnishing of Bank particulars by the shareholders has become mandatory.



NOTICE (Contd.)

5. In accordance with the provisions of Section 205A read with 205C of The Companies Act, 1956 (the Act), the unpaid/unclaimed dividend for the year ended 31st March 2004 will be transferred to Investors' Education and Protection Fund (IEPF) of the Central Government on or before 14th October 2011. Shareholders who have not so far encashed their dividend warrants, are requested to claim the dividend in writing to the Company's Registrar & Share Transfer Agents on or before 13th September 2011. It may please be noted that once the unclaimed dividend is transferred to IEPF, no claim shall be made either to the Company or to the Fund.

The Shareholders who have not encashed their dividend warrants for the years 2004-05 to 2009-10, are requested to claim immediately the dividend in writing to the Company's Registrar & Share Transfer Agents at the address given under Item No. 3 above. It may please be noted that once the unclaimed dividend is transferred to IEPF, on expiry of 7 years from the date they first became due for payment, no claim shall lie against the Company or IEPF in respect of such unclaimed dividends.

6. Shareholders holding shares in physical form are requested to notify immediately to the Registrar & Share Transfer Agents any change of address and/or "Pin Code" in case the mailing address mentioned on this Annual Report is without Pin Code/incorrect Pin Code.
7. In terms of the provisions of Section 109A of the Act, individual shareholders holding shares in physical form, may make nomination in Form 2B which can be obtained from the Registrar & Share Transfer Agents of the Company. However, in case of demat holdings, the shareholders should approach their respective depository participants for making nominations.
8. Members, who have multiple accounts in identical names or joint names in same order are requested to intimate the Registrar & Share Transfer Agents – M/s. C.B. Management Services (P) Ltd., at their address given under item no. 3 above, the Ledger Folios of such accounts to enable the Company to consolidate all such shareholdings into one account.
9. Members are requested to fill in the Attendance Slips in all respects including Folio No. or DP ID, Client ID as the case may be and sign the same before presenting to registration desk at the venue of AGM.
10. (a) Keeping in view the spirit of the Circular issued by Ministry of Corporate Affairs (MCA) in April 2011, a letter dated 6th June, 2011 has already been circulated among the shareholders, requesting them to provide their e-mail addresses to receive the Annual Report for the year 2010-11 in electronic form. Accordingly, this Annual Report will be sent by electronic mode to those shareholders who have already registered their e-mail address with their Depository Participants in case of demat shares, and in case of shares held in physical mode, by visiting www.cbmsl.com/green.php.
(b) This Annual Report would be sent only to those members who have indicated their desire to receive the documents in physical form.
11. It may please be noted that the full text of the Annual Report will also be available in an easily navigable format on the website www.internationalcombustion.in for download by the shareholders.

NOTICE (Contd.)

BRIEF PROFILE OF DIRECTORS SEEKING REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

Name	SUKHENDU RAY	P. K. MALLIK
Age	88 years	80 years
Qualifications :	B. Sc.	B.Com., F.C.A., C.A.(Scotland)
Other Professional Membership :	<ul style="list-style-type: none"> Fellow of the Institute of Chartered Accountants of England & Wales 	<ul style="list-style-type: none"> Fellow of the Institute of Chartered Accountants of India Member of the Institute of Chartered Accountants of Scotland
Expertise in specific functional area :	39 years' experience in Corporate Management. Retired as Managing Director & CEO of Guest Keen Williams Ltd.	About four decades experience in Corporate Finance, Management, Account and Audit. Retired as a Sr. Partner of Price Waterhouse.
List of other public Companies in which Directorship held :	<ul style="list-style-type: none"> Asiatic Oxygen Ltd. Henkel India Ltd. Nagarjuna Agrichem Ltd. Henkel Marketing India Ltd. Stone India Ltd. 	<ul style="list-style-type: none"> Kesoram Industries Ltd. Peerless Financial Services Ltd. Nagarjuna Agrichem Ltd. NRC Ltd.
Member of the Committees of the Board of other Companies on which he is a Director as on 31st March 2011 :	<p>Audit Committee -</p> <ul style="list-style-type: none"> Stone India Ltd. (Chairman) Asiatic Oxygen Ltd. (Chairman) Nagarjuna Agrichem Ltd. Henkel India Ltd. <p>Shareholders'/Investors Grievance Committee</p> <ul style="list-style-type: none"> Stone India Ltd.(Chairman) 	<p>Audit Committee -</p> <ul style="list-style-type: none"> Kesoram Industries Ltd. (Chairman) NRC Ltd. (Chairman) Nagarjuna Agrichem Ltd. <p>Shareholders'/Investors Grievance Committee</p> <ul style="list-style-type: none"> Kesoram Industries Ltd. (Chairman) NRC Ltd. (Chairman) <p>Share Transfer & Finance Committee</p> <ul style="list-style-type: none"> Kesoram Industries Ltd.

For & on behalf of the Board

Kolkata
25th May, 2011

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



DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the Seventy-fifth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2011 :

FINANCIAL HIGHLIGHTS

	(Rs. in lac)	
	2010-11	2009-10
Profit before depreciation, interest and tax (PBDIT)	1826.08	2128.44
Less : Interest	66.37	32.52
Depreciation	281.10	351.03
Profit before Tax	347.47	383.55
Less : Provision for Income Tax —		
Current Tax	463.16	563.20
Earlier years' provision	14.11	0.16
Deferred Tax (reversal)/charge	(1.19)	(14.26)
Profit after Tax	476.08	549.10
Profit brought forward from last year	140.87	139.90
Profit available for appropriations	1143.40	1335.69
Appropriations :		
General Reserve	863.00	1055.00
Proposed Dividend	119.51	119.51
Tax on Proposed Dividend	19.85	20.31
Balance carried over to Balance Sheet	141.04	140.87
	1143.40	1335.69

DIVIDEND

Your Directors are pleased to recommend a dividend of 50% (i.e. Rs.5.00 per equity share) on 2390276 equity shares of Rs.10/- each for the financial year ended 31st March, 2011. The dividend, if approved at the forthcoming Annual General Meeting, will absorb Rs.119.51 lac excluding tax on dividend of Rs.19.85 lac.

OPERATIONS

For the year under review the turnover of the Company was Rs.10556 lac against Rs.9699 lac for the previous year. During the year the Company achieved a milestone by crossing the Rs.100 crore mark in terms of turnover. The Profit Before Tax for the year is Rs.1478 lac as against Rs.1745 lac for the previous year. Though there has been some marginal increase in the turnover, stiff competition resulting in unfavourable prices as well as rise in input costs have affected the profit for the year.

Despite substantial increase in the inflow of orders, these could not be executed due to capacity constraints in our plants. To address these constraints, the Company has made substantial investments in plant and machinery, thereby enhancing the overall capacity.



DIRECTORS' REPORT *(Contd.)*

FUTURE OUTLOOK

As a part of sustained efforts to attain growth through expansion of the product portfolio, the Company entered into a license agreement with Advance Engineering Ltd., Brazil for manufacture of a range of Jaw Crushers, Cone Crushers and Roll Crushers. The Company is pleased to report that the technology transfer of the Crushers is complete and the prototype is under manufacture. Commercial production is expected to commence during this year.

The Crushers not only have a stand-alone market but with the introduction of the product, your Company would be able to enter in the area of Crushing and Screening Projects.

In regard to Bauer Division, various investments made by the Company have significantly enhanced the production capacity. Your Company enjoys a strong reputation regarding quality and technology. The market of the Geared Motor segment is large and it is expected that there would be a significant growth of the business in this area in the current and future years.

HUMAN RESOURCE MANAGEMENT

The initiative towards human resource development through training at various levels is continuing both in India and at the premises of the licensing partners. The Company has also engaged the services of specialists from Danfoss Bauer, who are providing extensive in-house training on lean manufacturing techniques to both engineers and blue-collared employees for upgrading the manufacturing and managerial skills as well as for improving the quality and productivity of all products.

FIXED DEPOSIT

Total deposits with the Company as on 31st March, 2011 amounting to Rs.139.25 lac did not include any unclaimed matured deposit. All deposits matured during the year were either repaid or renewed.

INDUSTRIAL RELATIONS

Relations with the staff and workers during the year under review continued to be cordial.

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

During the year under review the Company incurred capital investments of Rs.937 lac which included investments made in both Heavy Engineering Division and Bauer Division. Keeping with the growing demands of the domestic market and export market and the requirement to upgrade the product standards to the international level, the Company will embark upon further investments in the current year after due evaluation.

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.



DIRECTORS' REPORT (Contd.)

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 judgements 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, 2011 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

Mr. Sukhendu Ray and Mr. P. K. Mallik retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

COST AUDIT

The Central Government's directions vide their Order dated 25th March, 1992 pursuant to Section 233B of the Companies Act, 1956, require the audit of the cost accounting records for one of the Company's products viz. Vacseal Pumps (Power Driven Pumps) which are manufactured at the Company's Baidyabati unit.

Accordingly, Mr. Anup Laha, Cost Auditor, who conducted the audit of the cost accounting records relating to Power Driven Pumps manufactured at the Company's Baidyabati unit for the financial year 2009-10 filed the Cost Audit report with the Ministry of Corporate Affairs, Government of India on 6th September, 2010. The due date for filing the said report was 30th September, 2010.

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.

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
25th May, 2011

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:
Research & Development activities have been focused on upgrading the quality of the product and adaptation of new technology.
- ii) Benefits derived:
Quality upgradation resulted a competitive edge in enhancement of domestic and export market.
- iii) Future plan of action:
The Company has committed to continue its programme of upgrading the products through latest available technology.
- iv) Expenditure on R&D

Expense heads	(Rs. in lac)
a) Capital	—
b) Recurring	62.16
c) Total	62.16
d) Total R&D expenditure as a percentage of total turnover	0.58%

II. Technology Absorption, Adaptation and Innovation

- i) Efforts made:
Efforts are made for absorption of technology received from its licensed partners and commercial implementation of the same.
- ii) Benefits derived:
Successful implementation of technology and customer satisfaction.
- 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
Air Classifier for fine products ALPHA 300	2009	Yes	N. A.
BM Ball Mill for fine grinding	2009	Yes	N. A.
Cone Crushers, Jaw Crushers & Roll Crushers	2010	No	Under process of absorption

B. FOREIGN EXCHANGE EARNINGS & OUTGO

During the year foreign exchange earnings was Rs. 817.22 lac against outgo of Rs. 1370.54 lac.

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
Sen I.	71	Managing Director	82,01,928	B.E.(Mech)	49	14.12.1971	Hooghly Docking & Engg. Co.Ltd.

Notes :

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

For & on behalf of the Board

Kolkata
25th May, 2011

S. Bagaria
Chairman



REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

The Company's Report on Corporate Governance for the year ended 31st March, 2011 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 strike 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 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, 2011 comprised of 6 (six) members with two Executive Directors – Managing Director and Executive Director (Wholetime Director) and four Non-Executive 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 skill and experience.

(ii) Attendance of the Directors at the Board Meetings of the Company held during the year ended 31st March, 2011 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, 2011 are given below :-

Sl. No.	Name of Director	Nature of Category	No. of Board Meetings attended	Attendance at last AGM held on 14.08.10	No. of Other Directorships	Other Membership of Committees		Shares held (Nos.)
						Chairman	Member	
1.	Mr. S. Bagaria	Chairman & Non-Executive Director – Promoter	2	No	5	—	—	43,900
2.	Mr. I. Sen	Managing Director	6	Yes	1	—	2	625
3.	Mr. S. Saha	Executive Director (Wholetime Director)	6	Yes	—	—	—	44
4.	Mr. R. L. Gaggar	Non-Executive Independent Director	6	Yes	10	—	9	—
5.	Mr. Sukhendu Ray	Non-Executive Independent Director	6	Yes	5	3	2	—
6.	Mr. P. K. Mallik	Non-Executive Independent Director	6	Yes	4	4	2	—

For the purpose of above information in computing 'Other Directorship' Private Limited Companies have been excluded and for Committee Membership, 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 and 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.

(ii) Meetings of the Board of Directors

The meetings of the Board are held at the Registered Office of the Company at 107/1, Park Street, Kolkata 700016. During the year under review 6 (six) Board Meetings were held on 12.04.2010, 21.05.2010, 28.07.2010, 20.08.2010, 03.11.2010 & 31.01.2011. 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 in the 75th 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 – all 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. During the year ended 31st March 2011, the Meetings of the Audit Committee were held on 07.05.2010, 21.05.2010, 28.07.2010, 26.10.2010, 03.11.2010 & 31.01.2011. 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	6	6
Mr. R. L. Gaggar	Member	Solicitor & Advocate	6	6
Mr. P. K. Mallik	Member	Chartered Accountant	6	6

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

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 include 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.
- | The appointment and removal of internal auditors, fixation of audit fees and also approval of payment for any other services.
- | 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.

(ii) Share Transfer/Shareholders' Grievance Committee

(a) Terms of reference

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

(b) Composition

The Committee comprises of three Directors viz. Mr. S. Bagaria, Non-Executive Director as Chairman of the Committee, Mr. I. Sen, Managing Director and Mr. Sukhendu Ray,



REPORT ON CORPORATE GOVERNANCE (Contd.)

Non-Executive Independent Director. During the year under review, this Committee met twelve times – 20.04.2010, 25.05.2010, 21.06.2010, 21.07.2010, 16.08.2010, 16.09.2010, 12.10.2010, 24.11.2010, 22.12.2010, 21.01.2011, 26.02.2011 & 28.03.2011. All the meetings of Share Transfer/Shareholders' Grievance Committee were attended by all members excepting Mr. S. Bagaria, who could not attend seven meetings.

The Committee confirms that there was no share transfer pending as on 31st March, 2011 and all requests for dematerialization of shares as on that date were either confirmed or rejected in the NSDL/CDSL system.

(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 : 107/1, Park Street, Kolkata 700016.

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

(iii) Remuneration Committee

The Remuneration Committee of the Company was constituted on 20th May, 2004. The Remuneration Committee recommends to the Board of Directors regarding 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 Independent Directors. The members of the Committee are Mr. R. L. Gaggar, Mr. Sukhendu Ray & Mr. P. K. Mallik. Mr. R. L. Gaggar is the Chairman of the Committee. The Committee has power to regulate its meetings and proceedings.

No meeting of the Remuneration Committee was held during the year ended 31st March, 2011.

D. Details of Directors' Remuneration for the year ended 31st March, 2011 :

Name	Salary Rs.	Perquisites Rs.	Retirement Benefits Rs.	Commission Rs.	Sitting Fees Rs.	Total Rs.
a) Executive Directors :						
Mr. I. Sen Managing Director	36,00,000	35,98,705	9,00,000	1,03,223	—	82,01,928
Mr. S. Saha Executive Director (Wholetime Director)	16,00,000	15,99,956	4,00,000	8,20,192	—	44,20,148
b) Non-Executive Directors :						
Mr. S. Bagaria	—	—	—	32,80,771	35,000	33,15,771
Mr. R. L. Gaggar	—	—	—	—	60,000	60,000
Mr. S. Ray	—	—	—	—	1,20,000	1,20,000
Mr. P. K. Mallik	—	—	—	—	60,000	60,000
						1,61,77,847

- | The tenure of office of the Managing Director and Executive Director of the Company is for a period of three years from 1st May, 2009 and can be terminated by either party by giving six months' notice in writing. There is no separate provision for payment of severance fees.
- | All Non-Executive Directors retire by rotation.
- | There is no stock options available/issued to any Director of the Company and this does not form a part of their contract with the Company.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 Resolution Passed
2009-10	20.08.2010	3.30 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	—
2008-09	14.08.2009	3.30 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	One
2007-08	05.09.2008	3.30 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	—

- | The special resolution was passed by show of hands.
- | No special resolution requiring postal ballot was passed at the aforesaid Annual General Meetings.

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 interest of the Company at large. The related party transactions have been disclosed in Item no. 14, Schedule 17(B) of the Notes on Accounts for the year ended 31st March, 2011.

(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/minimisation procedure as approved by the Board. During the year ended 31st March, 2011 these procedures for risk assessment and minimisation have been updated/formalised. 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 Corporate Governance 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 by the Managing Director of the Company is annexed along with this Report.

(g) Compliance with Non-Mandatory requirements

The Company has fulfilled the following non-mandatory requirements as prescribed in



REPORT ON CORPORATE GOVERNANCE (Contd.)

Annexure 1(D) to Clause 49 of the Listing Agreement with the Stock Exchanges :

- l The Company is maintaining an office for the Non-Executive Chairman at the Registered Office of the Company.
- l The Company has a Remuneration Committee as has already been mentioned in Item No. C(iii) above of this Report.
- l There is no qualification in the Auditors' Report to the shareholders of the Company on the Financial Statements for the year ended 31st March, 2011.

(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, 2011, which is annexed at the end of this Report.

(i) Means of Communication

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

G. General Shareholders' Information

(a) Annual General Meeting :

The Annual General Meeting of the Company has been convened on Saturday the 13th August, 2011 at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017 at 11.30 AM.

(b) Financial Calendar :

	Events	Period
1.	Audited Annual Results for 2010-11	May 25, 2011
2.	Mailing of Annual Reports 2010-11	By 15th July 2011
3.	First Quarter Results (30th June 2011)	End of July 2011
4.	Annual General Meeting	August 13, 2011
5.	Second Quarter Results (30th Sept. 2011)	End of October 2011
6.	Third Quarter Results (31st Dec. 2011)	End of January 2012
7.	Audited Annual Results for 2011-12	By 30th May 2012

(c) Book Closure:

The Share Transfer Book and Register of Members of the Company will remain closed from 5th August, 2011 to 13th August, 2011 (both days inclusive).

(d) Dividend Payment :

Dividend, if declared at the Annual General Meeting, will be paid on and from 26th August, 2011, to those members/beneficial owners whose names appear in the Register of Members as at the close of business on 4th August, 2011.

(e) Listing of Equity Shares on Stock Exchange :

The Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and also with the Calcutta Stock Exchange, Kolkata (CSE).

(f) Listing Fees

The Company has paid the listing fees for the year 2011-12 to BSE and CSE.

REPORT ON CORPORATE GOVERNANCE (Contd.)

(g) Custodial Fees to Depository

The Company has paid custodial fees for the year 2011-12 to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on the basis of number of beneficial accounts maintained by them as on March 31, 2011.

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

(i) Demat ISIN Number : INE403C01014.

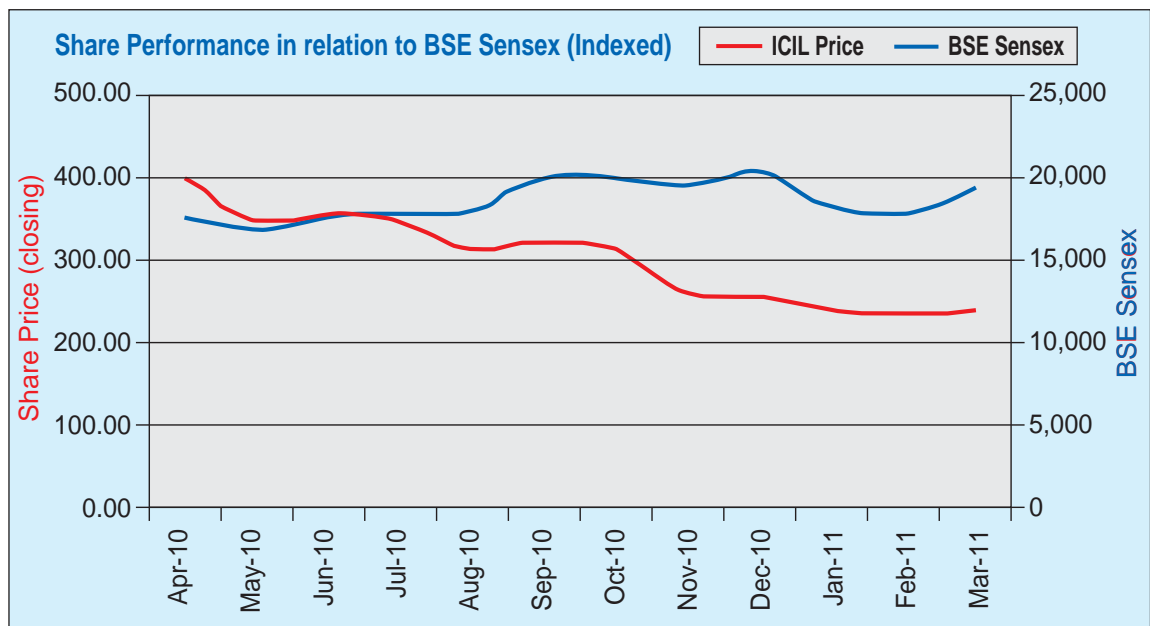
(j) (a) Stock Market price data :

(1st April, 2010 to 31st March, 2011)

Month/Year	Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)
April 2010	438.00	352.80
May 2010	401.00	331.00
June 2010	390.25	344.00
July 2010	421.00	340.00
August 2010	364.00	295.25
September 2010	347.00	309.25
October 2010	349.00	311.60
November 2010	323.90	240.00
December 2010	298.00	215.05
January 2011	276.00	218.65
February 2011	254.00	212.60
March 2011	240.00	212.50

(b) 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.)

(k) 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 Share Transfer Agents to carry out the transfer related activities.

(l) Share Transfer System

The Company's shares are required to be traded in the Stock Exchanges compulsorily in dematerialized mode. Shareholders are requested to send promptly the physical documents viz. Demat Request Form (DRF), Share Certificate etc. directly to the Share Transfer Agents through their DP, to ensure that no Demat Request remain pending with the Share Transfer Agents beyond the stipulated period.

(m) Distribution of Shareholding as on 31st March, 2011 :

No. of Shares	Shareholders		Shareholding	
	Number	%	No. of Shares held	%
1 - 500	7106	95.10	6,02,471	25.20
501 - 1000	220	2.95	1,62,976	6.82
1001 - 2000	95	1.27	1,33,759	5.60
2001 - 3000	13	0.18	30,605	1.28
3001 - 4000	7	0.09	24,674	1.03
4001 - 5000	6	0.08	27,173	1.14
5001 - 10000	9	0.12	67,841	2.84
10001 and above	16	0.21	13,40,777	56.09
Total	7472	100.00	23,90,276	100.00

(n) Pattern of Shareholding as on 31st March, 2011 :

Sl. No.	Category	No. of Shares	Percentage of Shareholding
1.	Promoter & Promoter Group	12,66,931	53.00
2.	Bank/Trust Fund	201	0.01
3.	Foreign Institutional Investors/OCB	1,900	0.08
4.	Non-Resident Indians (NRI)	22,041	0.92
5.	Bodies Corporate	1,05,508	4.41
6.	Indian Public	9,87,028	41.30
7.	Others (Demat transit/clearing member)	6,667	0.28
	Total	23,90,276	100.00

(o) Dematerialisation of Shares

As on 31st March, 2011, 94.52% of the Company's total paid up capital representing 22,59,289 shares were held in dematerialized form and the balance 5.48% representing 1,30,987 shares were held in scrip form.

(p) Secretarial Audit Report

As stipulated by the Securities and Exchange Board of India, a qualified Practising Company Secretary has been appointed to carry out the Secretarial Audit at a regular interval to reconcile the total admitted Capital held in dematerialised form in National Security 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



REPORT ON CORPORATE GOVERNANCE (Contd.)

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.

(q) Factory Locations :

- Baidyabati : 156, G. T. Road, Baidyabati, Hooghly, 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

(r) Regional Offices :

- Aurangabad : B-74/1, MIDC Waluj, P.O. Bajaj Nagar, Aurangabad - 431136, Maharashtra
Bangalore : No. 547/3, 2nd Floor, 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 : 107/1, Park Street, Kolkata - 700016
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 : 508, Centre Point, R. C. Dutta Road, Alkapuri, Vadodara - 390020

(s) Total number of employees as on 31st March, 2011 : 484

(t) Shareholders' Correspondence :

All communications regarding share transactions, change of address, bank mandates, 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 : 40116700/6711/6718; Fax : (033) 2287-0263
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 107/1, Park Street, Kolkata 700016 or sent by email at sc.saha@internationalcombustion.in.

For & on behalf of the Board

Kolkata
25th May, 2011

S. Bagaria
Chairman



CEO AND CFO CERTIFICATION

To
The Board of Directors
International Combustion (India) Limited

Dear Sirs,

Sub : CEO & CFO Certificate

We have reviewed the financial statements of International Combustion (India) Limited for the quarter ended March 31, 2011 and that to the best of our knowledge and belief, we state that:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current 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 in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control for financial reporting and have disclosed to the Auditors and the Audit Committee, significant deficiencies in the design or operation of such internal controls of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies:
- (d) we have indicated to the Auditors and the Audit Committee:
 - (i) significant changes in the internal control over financial reporting during the quarter
 - (ii) significant changes in accounting policies made during the quarter
 - (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 quarter there were no such changes or instances.

Yours sincerely,

S.C. Saha
Chief Financial Officer
Vice President (Finance) & Secretary

I. Sen
Chief Executive Officer
Managing Director

Kolkata, May 25, 2011

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 have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Kolkata
May 25, 2011

I. 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, 2011, 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 Number: 55104
Firm Registration Number: 301051E

Place: Kolkata
Date: 25th May, 2011



MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Overview

Despite global slowdown, the projected industrial growth during the current year is expected to be in the region of 9% of which the major growth would be in the Core Sector Industries such as mining, steel, cement, coal, infrastructure, energy etc.

2. Opportunity

The primary driving force behind the growth of the engineering industries is the growth in the core sector industries. The Company is recognized to be a leading manufacturer of sophisticated plant and machinery for all the above mentioned core sector industries. The Company, therefore, expects a favourable impact of the growth in core sector industries on their business.

The Company, as a part of the expansion plan, has also entered into various new areas/segments of industries which are synergic to the present business of the Company. The Company plans to enter into these areas in a phased manner – keeping pace with the growth of the Company.

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 equipment periodically to take corrective measures against the rise in input costs, low cost manufacturers from China and 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 adopted to maintain high quality of its equipment at competitive prices.

To cope with the rapid growth in the demand for Company's products, the Company has taken steps to expand the manufacturing infrastructure at its various units.

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** - Steady increase in the cost of raw materials as well as increase in fixed costs over the past few years are resulting in higher cost of production. The Company is making all efforts to reduce its costs of production through value engineering and higher productivity.
- (c) **Human Resources Management** - The initiative towards Human Resources Development through training at various levels, is continuing both in India and at the premises of its overseas licensing partners. In order to provide extensive in-house training on lean manufacturing techniques to the Company's engineers and other employees, the Company has engaged services of specialists from its overseas collaborator Danfoss Bauer. It is expected that the initiative taken by the Company towards this training would upgrade the manufacturing techniques and managerial skills of its employees which in turn would improve the quality and increase the productivity of its products.
- (d) **Receivables** - A consistent client interaction facilitates smooth recovery of sale proceeds. Nevertheless the Company simultaneously has taken various steps for strengthening the recovery measures as integral part of the debtors management system. This in turn has helped the Company to improve its liquidity position.
- (e) **Financial** - 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

5. Outlook

The Company has entered into an License Agreement with Advance Engineering Ltd., Brazil for manufacture of a range of Jaw Crushers, Cone Crushers and Roll Crushers. The technology transfer of the Crushers has been completed, and the commercial production of the crushers is expected to commence during the current year. The introduction of crushers in the product portfolio, would enable the Company to enter into the area of Crushing and Screening Projects.

Investments made by the Company in its Gear Box and Geared Motor Divn. over the past two years, have significantly enhanced the production capacity of the unit. The market of Geared Motor segment being large, significant growth in the business of Gear Box & Geared Motor Unit is expected in the current and future years.

6. Internal Control System

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 of the Board reviews the Reports of Internal Auditors and addresses significant issues raised by both the Internal Auditors and the Statutory Auditors. To ensure adequacy of the Internal Control System, the Committee also follows up the implementation of the corrective actions suggested by the Auditors.

The Company has a sound and adequate Internal Control System, commensurate with its size and nature of operation, which ensures that all assets are safeguarded against loss and all transactions are authorised, recorded and reported correctly. The Internal Control System also ensures reliable financial reporting, adherence to management policies and promotion of ethical conduct.

7. Financial Performance

(Rs. in lac)

Particulars	2010-2011	2009-2010
Sales	10556	9699
Operating Profit	1826	2129
Profit after Tax	1002	1196
Net Cash Flow from Operation	483	845
Operating Profit to Sales (%)	17	22
Basic E.P.S. (Rs.)	41.94	50.03

8. 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

Kolkata
25th May, 2011

S. Bagaria
Chairman



AUDITORS' REPORT

To the Members,

We have audited the attached Balance Sheet of **International Combustion (India) Limited** as at 31st March, 2011 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in exercise of the power conferred by Section 227 (4A) of the Companies Act, 1956 and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we report as follows, on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company:
 - i. Fixed Assets
 - a. The Company has maintained proper records to show full particulars including quantitative details and situation 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. During the year, the Company has not disposed of a substantial part of its fixed assets.
 - ii. Inventory
 - 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. Loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4(iii) (b) to 4 (iii) (d) of the Order are not applicable to the Company.
 - b. The Company has taken loans from 8 parties listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.174.25 lacs and the year-end balance of loans taken from such parties was Rs.139.25 lacs.
 - c. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
 - d. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of the interest.
 - 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

AUDITORS' REPORT *(Contd.)*

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. Transaction covered under Section 301 of the Companies Act, 1956
 - 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. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public.
- 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 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. Statutory Dues
 - 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, Customs 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, 2011 for a period of more than six months from the date they became payable.
 - b. According to 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, 2011, except dues under the Maharashtra Sales Tax Act, amounting to Rs. 119 lacs related to the year 2003-04 which is pending before the Tribunal and for which stay has been granted.
- x. The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that during the year the Company has not defaulted in repayment of dues to financial institutions or bank.
- xii. According to the information and explanations given to us and based on the 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, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv. The Company is not dealing in shares and securities.
- xv. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. Based on information and explanations given to us by the management, the Company has not



AUDITORS' REPORT (Contd.)

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 on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- xviii. The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- xix. According to information and explanations given to us, the Company has not issued any debentures during the year.
- xx. The Company has not raised monies by public issues during the year.
- xxi. During the course of our examination of books of accounts 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 case by the management.

2) Further to the above we report that :

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 the branches not visited by us;
- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of the written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (1) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,
 - (2) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Partner

Membership Number: 55104
Firm Registration Number: 301051E

Place: Kolkata
Date: 25th May, 2011



BALANCE SHEET

AS AT 31ST MARCH, 2011

		(Rs. in lac)	
	Schedule	As at 31st March, 2011	As at 31st March, 2010
I. SOURCES OF FUNDS			
Shareholders' Funds:			
Capital	1	239.03	239.03
Reserves and Surplus	2	7298.28	6448.31
		7537.31	6687.34
Loan Funds:			
Secured Loans	3	687.33	612.56
Unsecured Loans	4	139.25	119.25
		826.58	731.81
Deferred Tax Liability		104.89	106.08
TOTAL		8468.78	7525.23
II. APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block		5283.09	4773.04
Less: Depreciation		2861.41	2865.31
Net Block	5	2421.68	1907.73
Capital Work-in-Progress		348.68	12.56
		2770.36	1920.29
Investments	6	1452.00	1102.00
Current Assets, Loans and Advances:			
Inventories	7	1901.00	1546.15
Sundry Debtors	8	2976.42	2804.30
Cash and Bank Balances	9	1166.27	1912.17
Other Current Assets	10	101.40	179.92
Loans and Advances	11	779.11	542.98
		6924.20	6985.52
Less : Current Liabilities and Provisions:			
Liabilities	12	2435.39	2215.18
Provisions		242.39	267.40
		2677.78	2482.58
Net Current Assets		4246.42	4502.94
TOTAL		8468.78	7525.23
Accounting Policies and Notes on Accounts	17		

Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date

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

H.K. Verma
Partner
Kolkata, 25th May, 2011

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

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



PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in lac)

	Schedule	For the year ended 31st March, 2011	For the year ended 31st March, 2010
INCOME			
Gross Sales		11510.73	10430.91
Less : Excise duty recovered		(955.24)	(731.64)
Net Sales		10555.49	9699.27
Other Income	13	274.28	339.41
		<u>10829.77</u>	<u>10038.68</u>
EXPENDITURE			
Materials and Components	14	5220.43	4694.35
Manufacturing and other expenses	15	3783.26	3215.89
Interest	16	66.37	32.52
Depreciation	5	294.30	364.21
Transfer from Revaluation Reserve		(13.20)	(13.18)
		<u>281.10</u>	<u>351.03</u>
		<u>9351.16</u>	<u>8293.79</u>
PROFIT BEFORE INCOME TAX		1478.61	1744.89
Provision for Income Tax:			
Current		463.16	563.20
Earlier Year's provision		14.11	0.16
Deferred tax (reversal)/charge		(1.19)	(14.26)
		<u>476.08</u>	<u>549.10</u>
PROFIT AFTER INCOME TAX		1002.53	1195.79
Balance Brought Forward		140.87	139.90
BALANCE AVAILABLE FOR APPROPRIATIONS		<u>1143.40</u>	<u>1335.69</u>
APPROPRIATIONS			
General Reserve		863.00	1055.00
Proposed Dividend		119.51	119.51
Tax on Proposed Dividend		19.85	20.31
Balance Carried Forward		141.04	140.87
		<u>1143.40</u>	<u>1335.69</u>
Accounting Policies and Notes on Accounts	17		
Earnings per share (in Rupees)			
Basic and Diluted		41.94	50.03
[Refer Note 16 of Schedule 17(B)]			

Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to
in our report of even date

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

H.K. Verma
Partner
Kolkata, 25th May, 2011

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, 2011

	(Rs. in lac)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and extraordinary items	1478.61	1744.89
Adjustments for :		
Depreciation	281.10	351.03
Profit on sale of fixed asset (net)	(21.14)	(0.01)
Provision for diminution in the value of investments no longer required written back	—	(0.15)
Irrecoverable Debts written off	25.89	31.52
Interest Income	(137.86)	(136.89)
Profit on maturity/redemption of current investments	(32.96)	(165.38)
Interest on borrowings	66.37	32.52
Liabilities no longer required written back	(12.13)	(13.09)
Difference in Exchange Rate	(0.42)	—
	<u>168.85</u>	<u>99.55</u>
Operating profit before Working Capital changes	1647.46	1844.44
Adjustments for :		
Trade and other Receivables	(408.44)	(797.23)
Inventories	(354.85)	127.45
Trade Payables	118.33	303.72
	<u>(644.96)</u>	<u>(366.06)</u>
Cash generated from Operations	1002.50	1478.38
Direct Taxes Paid (net of refunds)	(518.99)	(633.49)
Net Cash from operating activities ...(A)	483.51	844.89
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of fixed asset	149.78	1.10
Purchase of Fixed Assets	(1116.28)	(394.28)
Proceeds from Redemption/ Maturity of current investments	432.96	1615.38
Purchase of Investments	(750.00)	(950.00)
Interest Received	163.60	78.32
	<u>163.60</u>	<u>78.32</u>
Net Cash from investing activities ...(B)	(1119.94)	350.52
C. CASH FLOW FROM FINANCING ACTIVITIES		
Cash Credit & Other short term borrowings	94.77	636.94
Interest Paid	(66.37)	(32.52)
Dividends Paid (including corporate tax on dividend)	(137.87)	(137.55)
	<u>(109.47)</u>	<u>466.87</u>
Net Cash used in Financing activities ...(C)	(109.47)	466.87
Net increase/(decrease) in Cash and Cash equivalents (A+B+C)	(745.90)	1662.28
Cash and Cash equivalents at the beginning of the year	1912.17	249.89
Cash and Cash equivalents at the close of the year	1166.27	1912.17

- Notes: (i) Figures in brackets represent loss/outflows
(ii) Previous year's figures have been rearranged/regrouped, wherever necessary.
(iii) 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
(iv) Cash and Cash equivalents at the close of the year includes Rs.127.04 lacs which are not available for use by the Company.

This is the Cash Flow Statement referred to in our report of even date

For **Lodha & Co.**,
Chartered Accountants,
H.K. Verma
Partner
Kolkata, 25th May, 2011

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

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

SCHEDULES TO THE BALANCE SHEET

	(Rs. in lac)	
	As at 31st March, 2011	As at 31st March, 2010
1. CAPITAL		
Authorised		
5000000 Equity Shares of Rs.10 each	500.00	500.00
Issued and Subscribed		
2390276 Equity Shares of Rs.10 each fully paid (2009-10 - 2390276)	239.03	239.03
Out of the above Shares:		
(i) 675336 Equity Shares of Rs.10 each allotted as Bonus Shares by capitalisation of Capital Reserve, Share Premium and General Reserve, and		
(ii) 15000 Equity Shares of Rs.10 each allotted as fully paid up pursuant to a contract without payment being received in cash	239.03	239.03
2. RESERVES AND SURPLUS		
Capital Reserve		
As per last Account	605.34	605.34
Share Premium		
As per last Account	890.41	890.41
Revaluation Reserve		
As per last Account	186.60	199.78
Less: Transferred to Profit and Loss Account	(13.20)	(13.18)
	173.40	186.60
General Reserve		
As per last Account	4625.09	3570.09
Add: Transferred from Profit and Loss Account	863.00	1055.00
	5488.09	4625.09
Balance in Profit and Loss Account	141.04	140.87
	7298.28	6448.31
3. SECURED LOANS		
Cash Credit from Banks (Refer Note 7 of Schedule 17(B) of Notes on Accounts)	687.33	612.56
	687.33	612.56
4. UNSECURED LOANS		
Fixed Deposits	139.25	119.25
	139.25	119.25

SCHEDULES TO THE BALANCE SHEET (Contd.)

5. FIXED ASSETS

Assets	GROSS BLOCK (Cost/on revaluation)				DEPRECIATION		NET BLOCK		
	As on 1st April, 2010	Additions/ Adjustments during the year	Deletion during the year	As at 31st March, 2011	Upto 31st March, 2010	Deletion during the year	Upto 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
A. Tangible Assets									
Land -									
Freehold	3.04	—	—	3.04	—	—	—	3.04	3.04
Leasehold	45.54	—	—	45.54	2.95	0.16	3.11	42.43	42.59
Buildings	856.49	39.86	—	896.35	291.12	25.03	316.15	580.20	565.37
Plant and Machinery	3211.64	739.77	425.73	3525.68	2199.91	182.80	2085.50	1440.18	1011.73
Furniture and Fittings	138.63	5.46	—	144.09	87.39	6.77	94.16	49.93	51.24
Cars and Vehicles	62.71	—	—	62.71	33.70	6.20	39.90	22.81	29.01
Electrical Installation	132.24	6.84	1.11	137.97	84.57	5.85	89.43	48.54	47.67
B. Intangible Assets									
Technical									
Knowhow fees	174.16	141.72	—	315.88	133.68	45.16	178.84	137.04	40.48
ERP Software	36.20	—	—	36.20	15.07	6.03	21.10	15.10	21.13
Autocad Software	6.86	3.24	—	10.10	0.18	1.50	1.68	8.42	6.68
Patent	105.53	—	—	105.53	16.74	14.80	31.54	73.99	88.79
Total (A+B)	4773.04	936.89	426.84	5283.09	2865.31	294.30	2861.41	2421.68	1907.73
Previous year	4295.34	500.32	22.62	4773.04	2522.63	364.21	2865.31	1907.73	

Note :

Certain Buildings and Plant and Machinery 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 lacs.



SCHEDULES TO THE BALANCE SHEET (Contd.)

	(Rs. in lac)	
	As at 31st March, 2011	As at 31st March, 2010
6. INVESTMENTS		
Current Investments		
A) Unquoted - at cost - other than Trade		
i. Kotak Basket Linked Unsecured Redeemable Optionally Convertible Debentures-Series KS-19 10 units of Rs.1000000 each at a premium of Rs.20000 each	102.00	102.00
ii. K167 Kotak Blended Fund of Funds-Dividend 500000 units of Rs.10 each	—	50.00
iii. Kotak FMP 19M Series 2 1000000 units of Rs.10 each	100.00	100.00
iv. Kotak FMP 18M Series 4 1500000 units of Rs.10 each	150.00	150.00
v. Fortis Fixed Term Series 16B - Growth 2000000 units of Rs.10 each	200.00	200.00
vi. Fortis Fixed Term Series 17A - Growth 1500000 units of Rs.10 each	150.00	150.00
vii. IDFC Fixed Maturity Plan-18M Series 7 - Growth 1500000 units of Rs.10 each	150.00	—
viii. DSP BlackRock FMP-12M Series 9 - Growth 1000000 units of Rs.10 each	100.00	—
Aggregate book value of unquoted investments	<u>952.00</u>	<u>752.00</u>
B) Quoted - at cost - other than Trade		
i. Reliance Regular Savings Fund-Debt Option 1500000 units of Rs.10 each	—	150.00
ii. Reliance Regular Savings Fund-Debt Option 2000000 units of Rs.10 each	—	200.00
iii. Reliance Regular Savings Fund-Debt Plan-Growth 783957.10 units of face value of Rs.10 each	100.00	—
iv. Reliance Fixed Horizon Fund - XVI Series 4-Growth 1000000 units of Rs.10 each	100.00	—
v. Sundaram Fixed Term Plan AP-Growth 1500000 units of Rs.10 each	150.00	—
vi. Reliance Regular Savings Fund-Debt Option 1172241.33 units of face value of Rs.10 each	150.00	—
Aggregate book value of quoted investments	<u>500.00</u>	<u>350.00</u>
TOTAL INVESTMENTS	<u>1452.00</u>	<u>1102.00</u>

Aggregate Market Value of Quoted Investments : 2011-Rs. 515.78 lacs (2010-Rs. 442.53 lacs)

SCHEDULES TO THE BALANCE SHEET (Contd.)

	As at 31st March, 2011	(Rs. in lac) As at 31st March, 2010
7. INVENTORIES		
(As taken, valued and certified by the management)		
Raw Materials and Components [including in transit Rs. 15.63 lacs (2009-10 - Rs.6.13 lacs)]	958.41	740.08
Stores	166.23	167.61
Work-in-progress	335.74	235.55
Finished Goods	440.62	402.91
	<u>1901.00</u>	<u>1546.15</u>
8. SUNDRY DEBTORS		
Unsecured		
Considered Good		
Debts outstanding for period exceeding six months	448.31	294.82
Other Debts	2528.11	2509.48
	<u>2976.42</u>	<u>2804.30</u>
9. CASH AND BANK BALANCES		
Cash balance on hand	4.04	1.95
Balances with Scheduled Banks		
- Current Accounts	149.77	158.40
- Unclaimed Dividends Accounts	12.19	10.24
- Fixed Deposit Accounts (including interest accrued thereon)	864.10	1627.10
- Margin Money Deposit Accounts (including interest accrued thereon)	136.17	114.48
	<u>1166.27</u>	<u>1912.17</u>

SCHEDULES TO THE BALANCE SHEET (Contd.)

	(Rs. in lac)	
	As at 31st March, 2011	As at 31st March, 2010
10. OTHER CURRENT ASSETS - Unsecured		
Considered Good -		
Interest accrued on Deposits	58.43	84.17
Deposits-		
With Customs/Central Excise	7.80	61.18
With Others	35.17	34.57
	42.97	95.75
	<u>101.40</u>	<u>179.92</u>
11. LOANS AND ADVANCES - Unsecured		
Considered Good -		
Advances recoverable in cash or in kind or for value to be received	426.95	532.54
Deposits with Companies	300.00	—
Advance Tax	50.49	8.56
[net of Provision of Rs. 2220.10 lacs (2009-10- Rs. 1743.14 lacs)]		
Advance for Fringe Benefit Tax	1.67	1.88
[net of Provision of Rs. 25.83 lacs (2009-10- Rs. 49.95 lacs)]		
	<u>779.11</u>	<u>542.98</u>
12. CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors for capital goods, materials and expenses		
- Dues to Micro, Small and Medium Enterprises	25.09	12.90
- Others	1683.81	1335.57
Advances from Customers	564.68	511.44
Unclaimed Dividends *	12.19	10.24
Deferred Liabilities	8.59	16.69
Other Liabilities	141.03	328.34
	<u>2435.39</u>	<u>2215.18</u>
* Not due for payment to Investor Education and Protection Fund		
PROVISIONS		
Provision for Proposed Dividend	119.51	119.51
Provision for Corporate Tax on Dividend	19.85	20.31
Provision for Gratuity & Leave Salary	103.03	127.58
	<u>242.39</u>	<u>267.40</u>

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

	(Rs. in lac)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
13. OTHER INCOME		
Interest (Gross) on -		
Deposits and others	137.86	136.89
(Tax deducted at source Rs. 14.43 lacs; 2009-10 - Rs. 13.78 lacs)		
Profit on sale / redemption of Current Investments	32.96	165.38
Liabilities / Provisions no longer required written back	12.13	13.09
Provision for diminution in Current Investments no longer required written back	—	0.15
Profit on sale of fixed assets (net)	21.14	0.01
Miscellaneous Receipts	70.19	23.89
	<u>274.28</u>	<u>339.41</u>
14. RAW MATERIALS, WORK-IN-PROGRESS AND FINISHED GOODS		
Raw Materials & Components Consumed	5354.81	4498.24
(Increase) / Decrease in Stock -		
Finished Goods:		
Opening Stock	402.91	664.24
Add/(Less) : Provision for Excise Duty on finished goods lying at the factories	3.52	(12.94)
Less : Closing Stock	(440.62)	(402.91)
	(34.19)	248.39
Work-in-progress:		
Opening Stock	235.55	183.27
Less : Closing Stock	(335.74)	(235.55)
	(100.19)	(52.28)
	<u>5220.43</u>	<u>4694.35</u>



SCHEDULES TO THE PROFIT AND LOSS ACCOUNT (Contd.)

	(Rs. in lac)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
15. MANUFACTURING AND OTHER EXPENSES		
Salaries, Wages and Bonus	1387.13	1232.62
Contribution to Provident and Other Funds	238.34	130.79
Workmen and Staff Welfare Expenses	109.71	105.97
Travelling and Conveyance	165.81	142.73
Consumable Stores	286.66	199.99
Rent	12.55	13.13
Rates and Taxes	14.76	34.97
Power and Fuel	137.13	111.28
Repairs to - Buildings	14.82	5.79
- Machinery	9.67	11.16
- Others	47.35	49.58
Insurance	42.16	41.83
Selling and Distribution Expenses	331.77	362.09
Royalty	187.90	149.35
Directors' Commission	42.04	66.62
Auditors' Remuneration	3.00	2.73
Irrecoverable Debts/Advances written off	25.89	31.52
Communication Expenses	22.00	19.67
Miscellaneous Expenses	704.57	504.07
	<u>3783.26</u>	<u>3215.89</u>
16. INTEREST		
Fixed Deposits	10.11	5.77
Others	56.26	26.75
	<u>66.37</u>	<u>32.52</u>

SCHEDULE

17. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

17(A). Significant Accounting Policies

(i) **ACCOUNTING CONCEPTS**

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

The Accounts are 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 and accounting standards notified vide Companies (Accounting Standards) Rules, 2006.

(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 income and expenses during the year. Difference between the actual results and the estimates is 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.

(iv) **DEPRECIATION**

Depreciation on fixed assets (other than on certain leasehold land 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.



SCHEDULE

17(A). Significant Accounting Policies (Contd.)

(vi) INVESTMENTS

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

(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 income or expenses and are adjusted in the Profit and Loss Account.

The difference between the forward rate and exchange rate at the date of transaction is recognized as income 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 Profit and Loss Account 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.

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.

(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.

SCHEDULE

17(B). Notes on Accounts

(Rs. in lac)

	31st March, 2011	31st March, 2010
(1) Contingent liabilities not provided for :		
Outstanding Bank Guarantees	104.22	92.82
Bills discounted under Letter of Credit (<i>since realised</i>)	213.16	—
(2) Estimated amount of contracts remaining to be executed on capital account	83.30	—
(3) Auditors' Remuneration:		
Audit Fees	1.75	1.75
Certification etc.	1.25	0.98
(4) Research and Development expenses debited to respective heads of accounts	62.16	46.41
(5) Selling and Distribution Expenses comprise of -		
Travelling Expenses	284.73	233.71
Commission on Sales	36.98	73.47
Other Expenses	10.06	54.91
(6) Gross depreciation for the current year is Rs. 294.30 lacs (2010 - Rs. 364.21 lacs) of which Rs. 13.20 lacs (2010 - Rs. 13.18 lacs) has been transferred from revaluation reserve.		
(7) 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 of immoveable properties comprising of land and buildings at the Company's factories situated at Baidyabati, Nagpur and Aurangabad.		
(8) The breakup of deferred tax is as under :		

(Rs. in lac)

	Opening as on 1st April, 2010	Debit/(Credit) during the Year	Closing as on 31st March, 2011
Deferred Tax Assets :			
Expenses Allowable on Payment Basis	43.70	3.16	46.86
Unabsorbed Capital Loss	—	4.50	4.50
TOTAL	43.70	7.66	51.36
Deferred Tax Liabilities :			
Depreciation and Related Items	149.78	(6.47)	156.25
TOTAL	149.78	(6.47)	156.25
Deferred Tax Liabilities (Net)	106.08	1.19	104.89

(9) Fixed Deposit receipts of Rs.136.17 lacs (2010-Rs.114.48 lacs) have been deposited with Banks against guarantees issued by them.

(10) 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.

SCHEDULE

17(B). Notes on Accounts (Contd.)

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

(Rs. in lac)

	2010-11	2009-10
Employer's Contribution to Provident Fund	78.66	64.87
Employer's Contribution to Pension Fund	31.35	30.90
Employer's Contribution to Superannuation Fund	8.35	8.80
Employer's Contribution to Employees State Insurance Scheme	21.66	12.52

b) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2011 :

(Rs. in lac)

	Year ended 31st March			
	2011	2010	2009	2008
(i) Gratuity (Funded)				
A. Change in Defined Benefit Obligations :				
Present Value of Defined Benefit Obligations as at the beginning of the year	343.52	330.61	300.12	248.25
Current Service Cost	27.23	25.09	22.41	19.17
Interest Cost	31.18	26.96	25.23	20.56
Benefits Paid	(28.43)	(18.76)	(34.80)	(20.45)
Actuarial (Gains)/ Losses	62.47	(20.38)	17.65	32.59
Present Value of Defined Benefit Obligations as at the end of the year	435.97	343.52	330.61	300.12
B. Change in the Fair Value of Assets:				
Fair value of Plan Assets at the beginning of the year	274.24	211.28	152.80	121.39
Expected Return on Plan Assets	26.78	19.42	14.56	11.86
Contributions by the Employer	124.34	61.65	78.53	40.00
Benefits paid	(28.43)	(18.76)	(34.80)	(20.45)
Actuarial Gains/ (Losses)	(1.72)	0.65	0.19	—
Fair value of Plan Assets at the end of the year	395.21	274.24	211.28	152.80
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	435.97	343.52	330.61	300.12
Fair value of Plan Assets at the end of the year	395.21	274.24	211.28	152.80
Liability /(Assets) recognized in the Balance Sheet	40.76	69.28	119.33	147.32
D. Expenses recognized in the Profit & Loss Account:				
Current Service Cost	27.23	25.09	22.41	19.17
Interest Cost	31.18	26.96	25.23	20.56
Expected Return on Plan Assets	(26.78)	(19.42)	(14.56)	(11.86)
Actuarial (Gain)/ Loss	64.19	(21.03)	17.46	32.59
Total Expenses recognized in the Profit & Loss Account *	95.82	11.60	50.54	60.46

SCHEDULE

17(B). Notes on Accounts (Contd.)

(Rs. in lac)

	Year ended 31st March			
	2011	2010	2009	2008
E. Principal Actuarial Assumptions used :				
Discounted Rate (per annum) Compound	8%	8%	8%	7.5%
Expected Rate of return on Plan Assets	8%	8%	8%	7.5%
Rate of Salary increase (per annum)	5%	5%	5%	5%
(ii) Leave Encashment (Non Funded)				
A. Change in Defined Benefit Obligations :				
Present Value of Defined Benefit Obligations as at the beginning of the year	58.30	45.96	43.44	37.20
Current Service Cost	2.87	1.17	0.86	0.11
Interest Cost	4.82	4.17	3.58	3.23
Benefits Paid	(23.97)	(20.37)	(21.14)	(16.48)
Actuarial (Gains)/ Losses	20.24	27.37	19.22	19.38
Present Value of Defined Benefit Obligations as at the end of the year	62.26	58.30	45.96	43.44
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	23.97	20.37	21.14	16.48
Benefits paid	(23.97)	(20.37)	(21.14)	(16.48)
Actuarial Gains/ (Losses)	—	—	—	—
Fair value of Plan Assets at the end of the year	—	—	—	—
C. Reconciliation of Present value of Defined Benefit Obligations and the Fair Value of Assets :				
Present Value of Defined Benefit Obligations as at the end of the year	62.26	58.30	45.96	43.44
Fair value of Plan Assets at the end of the year	—	—	—	—
Liability /(Assets) recognized in the Balance Sheet	62.26	58.30	45.96	43.44
D. Expenses recognized in the Profit & Loss Account:				
Current Service Cost	2.87	1.17	0.86	0.11
Interest Cost	4.82	4.17	3.58	3.23
Expected Return on Plan Assets	—	—	—	—
Actuarial (Gain)/ Loss	20.24	27.37	19.22	19.38
Total Expenses recognized in the Profit & Loss Account *	27.93	32.71	23.66	22.72

SCHEDULE

17(B). Notes on Accounts (Contd.)

(Rs. in lac)

	Year ended 31st March			
	2011	2010	2009	2008
E. Principal Actuarial Assumptions used :				
Discounted Rate (per annum) Compound	8%	8%	8%	7.5%
Expected Rate of return on Plan Assets	—	—	—	—
Rate of Salary increase (per annum)	5%	5%	5%	5%

*Included in "Salaries, Wages and Bonus" and "Contribution to Provident and Other Funds" under "MANUFACTURING AND OTHER EXPENSES" on Schedule 15.

The expected return on Plan Assets is based on market expectations at the beginning of the year. The rate of return on long term government bonds is taken as reference for this purpose.

The contributions expected to be made by the Company for the year 2011-12 is yet to be determined.

- c) 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". According to the management, in consultation with the actuary, it is not practical or feasible to actuarially value the Provident Fund liability in the absence of any guidance from Actuarial Society of India and also due to the fact that the rate of interest as notified by the Government can vary annually. Accordingly, the Company is currently not in a position to provide other related disclosures as required by the aforesaid AS-15 read with ASB guidance.
- (11) Exchange difference of Rs. 1.40 lacs being net loss (2009-10 - Loss - Rs. 5.26 lacs) included in Miscellaneous expenditure.

(12) DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

(Rs. in lac)

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006		31st March, 2011	31st March, 2010
i.	The principal amount and the interest due remaining unpaid to any supplier as at the end of the year :		
	Principal amount unpaid	25.09	12.90
	Interest due	—	—
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 :		
	Payment made beyond the Appointed Date	97.42	90.01
	Interest paid beyond the Appointed Date	—	—
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.	—	—

SCHEDULE

17(B). Notes on Accounts (Contd.)

(Rs. in lac)

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006		31st March, 2011	31st March, 2010
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.	—	—

The information under this clause have been compiled to the extent such parties have been identified on the basis of information available with the Company.

(13) DIRECTORS' REMUNERATION :

(Rs. in lac)

		2010-11	2009-10
(I)	Directors' Remuneration :		
	Salaries	52.00	50.02
	Contribution to Provident Fund	6.50	6.25
	Contribution to Superannuation Fund	6.50	6.25
	Commission	42.04	66.62
	Other Benefits	51.99	49.62
	Sitting Fees	2.75	3.95
		161.78	182.71
(II)	Computation of Net Profit and Directors' Commission :		
	Profit before taxation	1478.61	1744.89
	Add : Directors' Remuneration	161.78	182.71
	Net Profit / (Loss)	1640.39	1927.60
	Commission for the year to :		
	a) Chairman - non-executive director - 2% of net profit	32.81	38.55
	b) Managing Director -1% of net profit 1640.39 lacs but restricted to the extent of total remuneration of 5% of net profit	1.03	18.83
	c) Executive Director - 0.50% of net profit	8.20	9.24
		42.04	66.62

The above remuneration does not include provision for gratuity and leave encashment as these are not separately ascertainable.

(14) Related Party disclosures as identified by the management in accordance with the Accounting Standard 18 issued by The Institute of Chartered Accountants of India:

- a) Key Management Personnel:
- Mr. I. Sen - Managing Director
 - Mr. S. Saha - Executive Director

SCHEDULE

17(B). Notes on Accounts (Contd.)

b) Companies/Individuals/HUF/Body Corporate having substantial interest in the Company:

Shiva Prasad Bagaria,
Sanjay Bagaria,
Purnima Bagaria,
Sanjay Bagaria - HUF,
Shiva Prasad Bagaria - HUF,
Satyam Bagaria Benefit Trust.

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

(Rs. in lac)

		2010-11		2009-10					
(i)	Remuneration paid :								
	Managing Director	82.02		96.38					
	Executive Director	44.20		43.83					
(ii)	Deposits taken and repaid :								
		Deposits outstanding as on		Deposits taken during		Deposits repaid during		Deposits outstanding as on	
		1st April, 2010	1st April, 2009	2010-11	2009-10	2010-11	2009-10	31st March, 2011	31st March, 2010
	Purnima Bagaria	—	—	45.00	35.00	45.00	35.00	—	—
	Swetha Bagaria	32.00	20.75	10.00	34.00	—	22.75	42.00	32.00
	Sanjay Bagaria (HUF)	8.00	6.00	2.00	2.00	—	—	10.00	8.00
	Shiva Prasad Bagaria	20.00	—	5.00	20.00	—	—	25.00	20.00
	Sanjay Bagaria	7.00	—	—	12.00	5.00	5.00	2.00	7.00
	Satyam Bagaria Benefit Trust	5.50	5.50	—	—	—	—	5.50	5.50
	Estate of Ratni Devi Bagaria	—	5.75	—	2.50	—	8.25	—	—
	Devanshi Bagaria	46.75	1.75	8.00	45.00	—	—	54.75	46.75
	Janapriya Benefit Trust	—	2.25	—	0.50	—	2.75	—	—
		119.25	42.00	70.00	151.00	50.00	73.75	139.25	119.25
(iii)	Interest paid								
	Shweta Bagaria					2.78		1.55	
	Sanjay Bagaria (HUF)					0.63		0.60	
	Shiva Prasad Bagaria					1.62		0.39	
	Sanjay Bagaria					0.51		0.05	
	Satyam Bagaria Benefit Trust					0.42		0.47	
	Estate of Ratni Devi Bagaria					—		0.48	
	Devanshi Bagaria					3.71		1.36	
	Janapriya Benefit Trust					—		0.14	
	Purnima Bagaria					0.44		0.73	
						10.11		5.77	
(iv)	Commission payable to Mr. Sanjay Bagaria Chairman & Non Executive Director					32.81		38.55	
(v)	Stipend paid to Ms. Shweta Bagaria					0.50		0.36	

SCHEDULE

17(B). Notes on Accounts (Contd.)

(15) Segment Information for the year ended 31st March, 2011 :

Primary segment reporting – Business Segments

(Rs. in lac)

Particulars	Mineral & Material Processing and Handling Equipment		Gear Box and Geared Motor Drive System		Unallocated/Corporate (Ref. Note 2)		Eliminations		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
REVENUE										
External Sales / Income	7737.94	7009.18	2899.87	2728.55	—	—	—	—	10637.81	9737.73
Inter-segment Sales	13.31	1.86	4.47	2.57	—	—	(17.78)	(4.43)	—	—
Total Revenue	7751.25	7011.04	2904.34	2731.12	—	—	(17.78)	(4.43)	10637.81	9737.73
RESULT										
PROFIT BEFORE INTEREST, DEPRECIATION and TAXATION	2706.28	2565.09	247.29	481.32	—	—	—	—	2953.57	3046.41
(Less) : Depreciation	(59.66)	(56.37)	(192.19)	(266.96)	(29.25)	(27.70)	—	—	(281.10)	(351.03)
PROFIT AFTER DEPRECIATION	2646.62	2508.72	55.10	214.36	(29.25)	(27.70)	—	—	2672.47	2695.38
(Less) : (i) Interest									(66.37)	(32.52)
(ii) Other unallocable expenditure (net of unallocable income)					(1127.49)	(917.96)			(1127.49)	(917.96)
PROFIT BEFORE INCOME TAX									1478.61	1744.90
(Less) : Provision for income tax:										
– Current									463.16	563.21
– Deferred									(1.19)	(14.26)
– Provision for earlier years									14.11	0.16
NET PROFIT									1002.53	1195.79
OTHER INFORMATION										
Segment assets	4450.87	3996.70	3468.54	2773.50	—	—	—	—	7919.41	6770.20
Unallocated Corporate assets					3227.14	3237.59	—	—	3227.14	3237.59
Total assets	4450.87	3996.70	3468.54	2773.50	3227.14	3237.59	—	—	11146.55	10007.79
Segment liabilities	1691.40	1605.08	640.88	482.41	—	—	—	—	2332.28	2087.49
Unallocated Corporate liabilities	—	—	—	—	345.51	395.08	—	—	345.51	395.08
Total liabilities	1691.40	1605.08	640.88	482.41	345.51	395.08	—	—	2677.79	2482.57
Capital expenditure	291.68	153.95	970.91	318.45	22.97	27.92	—	—	1285.56	500.32
Depreciation/Amortisation	59.66	56.37	192.19	266.96	29.25	27.70	—	—	281.10	351.03



SCHEDULE

17(B). Notes on Accounts (Contd.)

NOTES :

- (1) 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.
- (2) 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.
- (3) Secondary segment information – Geographical
Out of total Sales of Rs. 10555.49 lacs (2009-10 – Rs. 9699.27 lacs), Sales outside India is Rs. 803.71 lacs (2009-10 – Rs. 870.33 lacs).
- (4) Previous year's figures have been re-arranged / re-grouped, wherever necessary.

(16) EARNING PER SHARE (EPS)

		2010-2011	2009-2010
I. Profit for Basic EPS – (in Rs. lac)	(a)	1002.53	1195.79
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		41.94	50.03
Diluted EPS (a/b) in Rupees		41.94	50.03

(17) Leases

- a) The Company has 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 Schedule 15.

The future minimum lease payments under non-cancellable operating leases is Rs. Nil (2009-10 – Rs. Nil)

(18) Unhedged Foreign Currency Exposures are as follows :

Nature	Currency	31st March, 2011	31st March, 2010
Import	Euro	15029	14927
Import	Swiss Franc	—	51
Advance for Import	Euro	1500	3430
Advance for Import	Swiss Franc	568	—
Export	USD	65946	60529
Export	Euro	282525	111519
Advance received against Export	USD	36882	15934
Advance received against Export	Euro	407	—

SCHEDULE

17(B). Notes on Accounts (Contd.)

(19) INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 AND 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :

PARTICULARS IN RESPECT OF GOODS MANUFACTURED :

Class of Goods	Registered/ licensed Annual Capacity on Single Shift Basis Nos.		Installed/Annual Capacity on Single Shift Basis Nos.		Actual Production Nos.	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Raymond Grinding Classifications and Drying Systems	232	232	170	170	12	10
Electromagnetic Vibrators/ Vibratory feeders	1644	1644	600	600	494	544
Mechanical Vibratory Screen/ Feeders/ Material Bulk Handling Equipment	400	400	600	600	473	483
Omni Screen / Feeders	120	120	40	40	9	12
Vacseal Pumps	1008	1008	600	600	30	33
Mogensen Sizers	210	210	105	105	61	50
Gear Box & Geared Motor	9000	9000	9000	9000	7923	5531

Notes :

1. Installed annual capacities are on single shift basis and have been certified by Company's Technical experts. Installed capacity has been determined considering full utilization of the manufacturing infrastructure solely on single shift basis.
2. Certain items of similar categories have been grouped under broader categories of products as per technical assessment.

SCHEDULE

17(B). Notes on Accounts (Contd.)

(20) PARTICULARS IN RESPECT OF FINISHED GOODS, STOCKS AND SALES OF GOODS MANUFACTURED

(Rs. in lac)

Class of Goods	Opening Stock			Closing Stock			Sales						
	1st April, 2010		1st April, 2009		31st March, 2011		31st March, 2010		2010-11		2009-10		
	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	
Raymond Grinding Classifications and Drying System	—	—	—	—	—	—	—	—	—	12	344.81	10	355.36
Electro Magnetic Vibrators/ Vibratory Feeders	20	12.02	8	5.99	3	3.55	20	12.02	511	424.46	532	410.14	
Mechanical Vibratory Screens/feeders/ Bulk Material Handling Equipment	4	7.07	8	36.89	—	—	4	7.07	477	3062.94	487	3102.50	
Omni Screens/ Feeders	—	—	—	—	—	—	—	—	9	330.90	12	269.97	
Vacseal Pumps	—	—	—	—	—	—	—	—	30	35.30	33	39.56	
Mogensen Sizer	—	—	1	14.18	—	—	—	—	61	1213.87	51	937.35	
Gear Box & Geared Motor	345	60.96	852	294.06	543	107.89	345	60.96	7725	2321.43	6038	2404.43	
Finished Spares (none of which individually exceeds 10% of total turnover)		322.86		313.12		329.18		322.86		2821.78		2179.96	
		402.91		664.24		440.62		402.91		10555.49		9699.27	

Notes :

1. The value of opening stock and closing stock includes excise duty.
2. Sales exclude excise duty.

SCHEDULE

17(B). Notes on Accounts (Contd.)

	2010-11		2009-10	
	QTY	VALUE	QTY	VALUE
(21) CONSUMPTION OF RAW MATERIALS, COMPONENTS AND SPARES				
Steel	1632 M.T.	816.08	1637 M.T.	675.14
Castings		884.83		669.59
Components and spares (None of which individually exceeds 10% of total consumption)		3653.90		3153.51
		<u>5354.81</u>		<u>4498.24</u>
	% of total consumption	VALUE	% of total consumption	VALUE
(22) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS SPARES AND COMPONENTS CONSUMED				
Imported	7.79	417.09	11.97	538.39
Indigenous	92.21	4937.72	88.03	3959.85
	<u>100.00</u>	<u>5354.81</u>	<u>100.00</u>	<u>4498.24</u>
(23) VALUE OF IMPORTS (C.I.F. BASIS)				
Components & Spares		408.29		264.77
Capital Goods		638.83		74.14
(24) EXPENDITURE IN FOREIGN CURRENCY				
Technical Knowhow fees		116.94		4.90
Royalty		140.57		144.77
Other matters		65.91		50.71
(25) EARNINGS IN FOREIGN EXCHANGE				
Export of Goods calculated on F.O.B. Basis		803.71		870.33
Others		13.51		0.46

(26) Previous year's figures have been re-arranged and re-grouped wherever necessary.

As per our report of even date
For **Lodha & Co.**,
Chartered Accountants,

H.K. Verma
Partner
Kolkata, 25th May, 2011

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

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



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(As per Schedule VI, Part IV of the Companies Act, 1956)

I. Registration Details

Registration No.

8 5 8 8

State Code 2 1

Balance Sheet Date

3 1 0 3 1 1
Date Month Year

II. Capital raised during the year (Amount in Rs. lac)

Public Issue

N A

Rights Issue

N A

Bonus Issue

N A

Private Placement

N A

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. lac)

Total Liabilities

8 4 6 8 . 7 8

Total Assets

8 4 6 8 . 7 8

Sources of Funds

Paid up Capital

2 3 9 . 0 3

Reserves & Surplus

7 2 9 8 . 2 8

Secured Loans

6 8 7 . 3 3

Unsecured Loans

1 3 9 . 2 5

Deferred Tax Liability

1 0 4 . 8 9

Application of Funds

Net Fixed Assets

2 7 7 0 . 3 6

Investments

1 4 5 2 . 0 0

Net Current Assets

4 2 4 6 . 4 2

Misc.Expenditure

-

Accumulated Losses

N A

IV. Performance of Company (Amount in Rs. lac)

Turnover *

1 0 8 2 9 . 7 7

Total Expenditure

9 3 5 1 . 1 6

* includes other income

+ -

Profit/Loss Before Tax

1 4 7 8 . 6 1

+ -

Profit/Loss After Tax

1 0 0 2 . 5 3

(Please tick appropriate box + for profit, - for loss)

Earning Per Share (Basic) in Rs.

4 1 . 9 4

Dividend rate %

5 0

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

8 4 7 4 . 1 0

Product Description

V I B R A T O R Y S C R E E N

Item Code No. (ITC Code)

8 5 0 1 . 0 0

Product Description

G E A R E D M O T O R S

Item Code No. (ITC Code)

8 4 7 4 . 1 0

Product Description

M O G E N S E N S I Z E R

On behalf of the Board

S.C. Saha

Vice President (Finance)
& Secretary

S. Bagaria, Chairman

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

Kolkata, 25th May, 2011



TEN YEARS' FINANCIAL STATISTICS

(Rs. in lac)

2001-02 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11

OPERATING RESULTS

Sales	2325	2541	3086	4588	6684	7981	9519	9819	9699	10556
Other Income	54	115	78	54	60	108	158	154	339	274
Total Income	2379	2656	3164	4642	6744	8089	9677	9973	10038	10830
Profit before Interest, Depreciation & Tax (PBIDT)	363	350	421	536	1171	1590	2145	1894	2129	1825
Interest	244	141	171	120	74	33	42	63	33	66
Depreciation	109	99	94	99	192	264	301	315	351	281
Profit before Tax / (Loss)	10	110	156	317	905	1293	1802	1516	1745	1478
Profit after Tax / (Loss)	12	23	91	220	575	828	1173	991	1196	1003
Dividends	—	—	22	54	109	115	120	120	120	120
Tax on Dividend	—	—	2	7	15	19	20	20	20	20
Retained Profit	12	23	67	159	451	694	1033	851	1056	863

NET ASSETS EMPLOYED

Net Fixed Assets	1606	1447	1360	1297	1557	1857	1987	1899	1920	2770
Net Current Assets	2064	1979	1991	1720	1711	2116*	3083*	3841*	5499*	5593*
Net Assets Employed	3670	3426	3351	3017	3268	3973	5070	5740	7419	8363
Financed by –										
Shareholders' Fund	2172	2183	2220	2351	2983	3882	4808	5645	6687	7537
Borrowings	1498	1243	1131	666	285	91	262	95	732	826
Funds Employed	3670	3426	3351	3017	3268	3973	5070	5740	7419	8363

RATIOS

PBIDT to Sales (%)	15.6	13.8	13.6	11.7	17.5	19.9	22.5	19.3	22.0	17.3
Debt : Equity	0.69	0.57	0.51	0.28	0.10	0.02	0.05	0.02	0.11	0.11
Earnings per Share (Basic)	0.54	1.05	4.23	10.16	26.31	36.11	49.09	41.46	50.03	41.94
Dividend per Equity Share	—	—	1.00	2.50	5.00	5.00	5.00	5.00	5.00	5.00
Book value per Share (Rs.)	100.54	101.05	102.76	108.83	136.57	169.35	201.16	236.15	279.76	315.32

* includes short term investments

Previous year's figures have been re-arranged and re-grouped wherever necessary