



International Combustion (India) Limited



ANNUAL REPORT 2012-13

CORPORATE INFORMATION

Board of Directors

S. Bagaria *Chairman*
 Indrajit Sen *Managing Director*
 Sanjoy Saha *Executive Director*
(Whole-time 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*
 Indrajit 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
 ICICI Bank

Registered Office

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

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NOTICE

Notice is hereby given that the SEVENTY-SEVENTH ANNUAL GENERAL MEETING of the shareholders of International Combustion (India) Limited will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata – 700017 on Wednesday, the 4th September, 2013 at 2.00 P.M. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2013, 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. Prasanta Kumar 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 Friday, 23rd August, 2013 to Wednesday, 4th September, 2013 (both days inclusive).

By Order of the Board

Kolkata
The 17th May, 2013

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. Corporate members are requested to send/bring a duly certified copy of Board/Governing body Resolution under Section 187 of the Companies Act, 1956, authorising their representative to attend and vote on their behalf.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Businesses is annexed hereto.
4. Members are requested to bring their attendance slips alongwith copy of the Annual Report to the Annual General Meeting.
5. 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 as at the close of business on Thursday, 22nd August, 2013 or to their mandatees. The payments will be made to them **on and from Monday, 16th September, 2013.**
6. 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.
- 7.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. 6 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.
8. 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, 2006 will be transferred to Investors' Education and Protection Fund (IEPF) of the Central Government after 2nd October, 2013. 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 2nd September, 2013. 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.

NOTICE (Contd.)

The Shareholders who have not encashed their dividend warrants for the years 2006-07 to 2011-12, are requested to claim immediately the dividend in writing to the Company's Registrar & Share Transfer Agents at the address given under Item No. 6 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.

9. 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.
10. 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.
11. 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. 6 above, the Ledger Folios of such accounts to enable the Company to consolidate all such shareholdings into one account.
12. 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.
13. Keeping in view the Circular issued by Ministry of Corporate Affairs (MCA) in April 2011, the Annual Report for the year 2012-13 in electronic form shall be sent by e-mail to those shareholders who have intimated/ registered their e-mail addresses for the purpose. In addition, the Annual Report for the year 2012-13 in physical form shall be sent to those shareholders who have not intimated/ registered their e-mail addresses for the purpose of receiving the same in electronic form. 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.

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

| Name | SUKHENDU RAY | PRASANTA KUMAR MALLIK |
|---|--|--|
| Age | 90 years | 82 years |
| Qualifications | B.Sc., F.C.A. (England & Wales) | 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 | 41 years' experience in Corporate Management. Retired as Managing Director & CEO of Guest Keen Williams Ltd. | More than four decades of experience in Corporate Finance, Management, Accounts and Audit. Retired as Sr. Partner of Price Waterhouse Coopers. |
| List of other public Companies in which Directorship held | <ul style="list-style-type: none"> Asiatic Oxygen Ltd. Stone India Ltd. | <ul style="list-style-type: none"> Kesoram Industries Ltd. NRC Ltd. Peerless Financial Services Ltd. Rupantar Investments Pvt. Ltd. |
| Member of the Committees of the Board of other Companies on which he is a Director as on 31st March, 2013 | Audit Committee - <ul style="list-style-type: none"> Asiatic Oxygen Ltd. (Chairman) Stone India Ltd. (Chairman) Shareholders'/Investors' Grievance Committee <ul style="list-style-type: none"> Stone India Ltd. (Chairman) | Audit Committee - <ul style="list-style-type: none"> Kesoram Industries Ltd. (Chairman) Shareholders'/Investors' Grievance Committee <ul style="list-style-type: none"> Kesoram Industries Ltd. (Chairman) |
| Shareholding in the Company | NIL | NIL |
| Relationship between Directors Inter-se | NIL | NIL |

By Order of the Board

Kolkata
17th May, 2013

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

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the Seventy-seventh Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2013 :

FINANCIAL HIGHLIGHTS

| | (Rs. in lacs) | |
|---|---------------|---------|
| | 2012-13 | 2011-12 |
| Profit before depreciation, interest, exceptional items & tax | 1255.93 | 1778.64 |
| Less: Interest | 121.77 | 84.08 |
| Depreciation | 403.22 | 363.59 |
| Profit before Tax & Exceptional Items | 524.99 | 447.67 |
| Add: Exceptional Items | — | 988.84 |
| Profit before Tax | 730.94 | 2319.81 |
| Less: Provision for Income Tax – | | |
| Current Tax | 337.23 | 37 9.21 |
| Deferred Tax (reversal)/charge | (54.25) | 294.67 |
| Profit after Tax | 282.98 | 673.88 |
| Profit brought forward from last year | 447.96 | 1645.93 |
| Profit available for appropriations | 148.07 | 141.04 |
| Appropriations : | 596.03 | 1786.97 |
| General Reserve | 311.91 | 1500.00 |
| Proposed Dividend | 119.51 | 119.51 |
| Tax on Proposed Dividend | 20.31 | 19.39 |
| Balance carried over to Balance Sheet | 144.30 | 148.07 |
| | 596.03 | 1786.97 |

DIVIDEND

Your Directors are pleased to recommend a dividend of 50 % (i.e. Rs. 5/- per equity share) on 23,90,276 equity shares of Rs.10/- each for the financial year ended 31st March, 2013. The dividend, if approved at the forthcoming Annual General Meeting, will absorb Rs. 119.51 lac excluding tax on dividend of Rs. 20.31 lac.

OPERATIONS

Your Company achieved sales of Rs. 11843 lac during the year under review as compared to Rs. 10587 lac for the previous year. The operating surplus for the year was Rs. 731 lac as compared to previous year's earnings of Rs. 1331 lac.

The year under review was marked with unabated industrial downturn especially in the capital goods sector, where the growth declined to 0.9% as against 3.7% of the previous year. Further, insufficient demand led to aggressive market competition and unfavourable price.

The demand for Sugar Sizers, which contributes substantially to the performance of the Company, dropped sharply during the year because of inadequate production of sugarcane.

The export of components to the collaborators also declined during the year by over 20% as a consequence of the overall global industrial downturn.

Other factors which affected performance was the continued increase in the input costs, transportation cost and power cost.

On account of the above unfavourable conditions, the operating surplus for the year declined in comparison with that of previous year.

DIRECTORS' REPORT (Contd.)

Though the position is yet to change in any significant manner, there are indications that the market is likely to improve in the latter part of the current year.

During the year the Company has successfully executed the crushing & screening plant contract received from Danieli for a Myanmar project. This area is expected to grow in the future years to contribute to the growth of the company.

FUTURE OUTLOOK

To circumvent the market downturn, the Company decided to expand its product range and entered into an agreement with Allgaier Werke GmbH, Germany for manufacture and marketing of sophisticated Rotary Dryers and Coolers. This product finds a wide range of application in the mineral, chemical, fertilizer and other industries.

Allgaier manufactures these equipment under brand name of 'Mozer' who are considered to be the technology leader in this product segment. The technology of Allgaier Process Technology is far advanced than the Rotary Dryers technology currently available in India. This agreement is in two parts –

1. A license agreement between your Company and Allgaier Process Technology Limited for manufacture of Rotary Dryers and Coolers.
2. Forming a marketing Joint Venture Company with 50:50 equity participation between your Company and Allgaier Werke GmbH for marketing of Rotary Dryers and Coolers manufactured by your Company under license as mentioned above.

These products are also synergic to other equipment manufactured by your Company such as Screens, Feeders, etc. as they work in tandem.

HUMAN RESOURCE MANAGEMENT

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

INDUSTRIAL RELATIONS

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

FIXED DEPOSITS

The Company did not have any outstanding fixed deposits as on 31st March, 2013 or as on 31st March, 2012. The Company did not accept any fixed deposits during the year.

TECHNOLOGY AND FOREIGN EXCHANGE

As required under Section 217(1)(e) of the Companies Act 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, particulars regarding Technology Absorption, Foreign Exchange Earnings and Outgo are set out in Annexure – I, forming part of this Report.

PARTICULARS OF EMPLOYEES

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

CAPITAL EXPENDITURE

In view of the ongoing business environment, there was no significant capital expenditure for the year under review. The total capital expenditure incurred for the year was Rs. 483 lac.

CONSERVATION OF ENERGY

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

CORPORATE GOVERNANCE

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

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



DIRECTORS' REPORT *(Contd.)*

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company, along with proper explanation relating to material departures, if any ;
- ii) appropriate accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 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.

COST AUDIT

Mr. Anup Laha, Cost Accountant in Practice, 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 2011-12 filed the Cost Audit Report with the Ministry of Corporate Affairs, Government of India on 23rd February, 2013. The due date for filing the said report was 28th February, 2013.

Cost Audit of the cost accounting records for all the products manufactured by the Company has become mandatory with effect from the Financial Year 2012-13 by virtue of the Order No. F.No. 52/26/CAB-2010 dated 24th January, 2012, issued by the Cost Audit Branch, Ministry of Corporate Affairs, Government of India, pursuant to Section 233B of the Companies Act, 1956. Accordingly, M/s. S. Datta & Co., Cost Accountants in Practice, have been appointed by your Board as the Cost Auditors of the Company for the Financial Year 2012-13 and the said appointment has been duly approved by the Central Government. The Cost Audit Report for the said Financial Year 2012-13 shall be filed within the due date.

DIRECTORS

The Board of Directors of the Company re-appointed Mr. Indrajit Sen as the Managing Director of the Company for a further period of three years with effect from 1st May, 2012, which was duly approved by the shareholders of the Company vide a Special Resolution passed at the 76th Annual General Meeting of the Company held on 7th September, 2012.

The Board of Directors of the Company re-appointed Mr. Sanjoy Saha as the Executive Director (Whole-time Director) of the Company for a further period of three years with effect from 1st May, 2012, which was duly approved by the shareholders of the Company vide a Special Resolution passed at the 76th Annual General Meeting of the Company held on 7th September, 2012.

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

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
17th May, 2013

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 and Development activities have been focused on improvement of quality and efficiency of the equipments manufactured by the Company.
- ii) Benefits derived:
Implementation of quality development and product up-gradation programme.
- iii) Future plan of action:
The Company will continue its quality up-gradation programme through latest available technology from its collaborator along with company's own R & D set-up.
- iv) Expenditure on R & D

| Expense heads | (Rs. in lacs) |
|--|---------------|
| a) Capital | — |
| b) Recurring | 78.95 |
| c) Total | 78.95 |
| d) Total R&D expenditure as a percentage of total turnover | 0.66 % |

II. Technology Absorption, Adaptation and Innovation

- i) Efforts made:
The Company continues its effort in absorption of latest technology available through its collaborators as a part of its total quality management programme.
- ii) Benefits derived:
Improvement in efficiency of the equipment manufactured by the Company.
- 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 |
| Single & Double MOZER Type Drum Dryer | 2012 | No | Under process of absorption |

B. FOREIGN EXCHANGE EARNINGS & OUTGO

During the year foreign exchange earnings was Rs. 1006.28 lac (Previous Year - Rs. 1087.16 lac) against outgo of Rs. 556.43 lac (Previous Year - Rs. 938.44 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 |
|--------------|---------------------------|--------------------------------|--------------------|---------------|--------------------|------------------------------------|----------------------------------|
| Indrajit Sen | 73 | Managing Director | 1,17,43,315 | B.E.(Mech) | 51 | 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
17th May, 2013

S. Bagaria
Chairman

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

The Company's Report on Corporate Governance for the year ended 31st March, 2013 as required under Clause 49 of the Listing Agreement, is furnished below :

A. Company's Philosophy on Corporate Governance

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

B. Board of Directors

(i) Composition

The Board of Directors of the Company as on 31st March, 2013 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 skills and experience.

(ii) Attendance

Attendance of the Directors at the Board Meetings of the Company held during the year ended 31st March, 2013 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, 2013 are given below :-

| Sl. No. | Name of Director | Category | No. of Board Meetings attended | Attendance at last AGM held on 07.09.12 | No. of Other Directorships* | Other Membership of Committees** | | Shares held (Nos.) |
|---------|---------------------------|--|--------------------------------|---|-----------------------------|----------------------------------|--------|--------------------|
| | | | | | | Chairman | Member | |
| 1. | Mr. Sanjay Bagaria# | Chairman & Non-Executive Director (Promoter) | 7 | Yes | 4 | — | — | 43,900 |
| 2. | Mr. Indrajit Sen# | Managing Director (Non-Promoter) | 7 | Yes | 1 | — | 2 | — |
| 3. | Mr. Sanjoy Saha# | Executive Director (Wholetime Director) | 7 | Yes | — | — | — | — |
| 4. | Mr. Ratan Lal Gagar | Non-Executive Independent Director | 6 | Yes | 11 | — | 8 | — |
| 5. | Mr. Sukhendu Ray | Non-Executive Independent Director | 7 | Yes | 2 | 3 | — | — |
| 6. | Mr. Prasanta Kumar Mallik | Non-Executive Independent Director | 6 | Yes | 3 | 2 | — | — |

Denotes Non-Independent Directors.

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

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

(iii) Meetings of the Board of Directors

The meetings of the Board are usually held at the Registered Office of the Company at Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector – V, Salt Lake Electronics Complex, Kolkata - 700 091. During the year under review, 7 (seven) Board Meetings were held on 18.05.2012, 06.07.2012, 02.08.2012, 07.09.2012, 08.11.2012, 05.12.2012 & 07.02.2013. The Company Secretary prepares the Agenda in consultation with the Chairman of the Board, for each meeting and circulates the same in advance to the Directors. The Board meets at least once in every quarter to review the Quarterly Results and other items on the Agenda. The information as required under Annexure

REPORT ON CORPORATE GOVERNANCE (Contd.)

1A to Clause 49 of the Listing Agreement is made available periodically to the Board. Details of Directors seeking reappointment at the 77th 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, 2013, the Meetings of the Audit Committee were held on 04.05.2012, 18.05.2012, 26.06.2012, 06.07.2012, 02.08.2012, 08.11.2012 & 07.02.2013. 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 | 7 | 7 |
| Mr. R. L. Gaggarr | Member | Solicitor & Advocate | 7 | 6 |
| Mr. P. K. Mallik | Member | Chartered Accountant | 7 | 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 meetings.

The Audit Committee acts as a link between the management, statutory auditors, internal auditors and the Board of Directors. The terms of reference of the Audit Committee 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.
- | Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors, Cost Auditors, Internal Auditors and Tax Auditors and fixation of their audit fees.
- | Approval of payment for any other services rendered by Statutory Auditors.
- | Reviewing the Quarterly/half yearly results and the Audited Financial Results before they are submitted to the Board.
- | Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- | Disclosure of contingent liability, if any.

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

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

(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, Non-

REPORT ON CORPORATE GOVERNANCE (Contd.)

Executive Independent Director. During the year under review, this Committee met ten times – 18.04.2012, 22.05.2012, 18.07.2012, 08.08.2012, 30.08.2012, 09.11.2012, 22.11.2012, 12.12.2012, 13.02.2013 & 15.03.2013. All the meetings of Share Transfer/Shareholders’ Grievance Committee were attended by all members.

(c) Investors’ Complaints

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

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

Name, designation & address of Compliance Officer :

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

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

The number of shareholders’ complaints received during the Financial Year 2012-13 was 2 (two) which were duly redressed. No shareholders’ complaints were pending unresolved as at the end of the Financial Year 2012-13.

(iii) Remuneration Committee

The Remuneration Committee of the Company has been constituted during the Year 2004-05. The Remuneration Committee recommends to the Board of Directors, the remuneration payable to the Managing Director & Executive Director of the Company. The Remuneration Committee comprises of three Directors, all of whom are Non-Executive 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.

During the year ended 31st March, 2013, 1 (One) meeting of the Remuneration Committee was held on 6th July, 2012.

D. Details of Directors’ Remuneration for the year ended 31st March, 2013

| Name | Salary Rs. | Perquisites Rs. | Retirement Benefits Rs. | Commission Rs. | Sitting Fees Rs. | Total Rs. |
|---|---------------|--------------------|-------------------------------|-------------------|------------------------|--------------------|
| a) Executive Directors : | | | | | | |
| Mr. I. Sen Managing Director | 52,50,000 | 51,80,815 | 13,12,500 | — | — | 1,17,43,315 |
| Mr. S. Saha Executive Director (Wholetime Director) | 26,08,333 | 25,75,762 | 6,52,084 | 38,712 | — | 58,74,891 |
| b) Non-Executive Directors : | | | | | | |
| Mr. S. Bagaria | — | — | — | 18,58,215 | 85,000 | 19,43,215 |
| Mr. R. L. Gaggar | — | — | — | — | 65,000 | 65,000 |
| Mr. S. Ray | — | — | — | — | 1,25,000 | 1,25,000 |
| Mr. P. K. Mallik | — | — | — | — | 65,000 | 65,000 |
| | | | | | | 1,98,16,421 |

- | The tenure of office of the Managing Director and the Executive Director of the Company is for a period of three years with effect from 1st May, 2012 to 30th April, 2015. The tenure of office can however be terminated by either party by giving six months’ notice in writing. There is no separate provision for payment of severance fees.
- | All Non-Executive Directors retire by rotation.
- | There are 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 |
|----------------|------------|------------|---|----------------------------------|
| 2011-12 | 07.09.2012 | 3.30 P.M. | Kala Kunj 48, Shakespeare Sarani Kolkata 700017 | 3 (Three) |
| 2010-11 | 13.08.2011 | 11.30 A.M. | Kala Kunj 48, Shakespeare Sarani Kolkata 700017 | — |
| 2009-10 | 20.08.2010 | 3.30 P.M. | Kala Kunj 48, Shakespeare Sarani Kolkata 700017 | — |

- ı The special resolutions were passed by show of hands.
- ı No special resolution requiring postal ballot was passed at the aforesaid Annual General Meetings.
- ı No special resolution is proposed to be passed through postal ballot at the forthcoming Annual General Meeting scheduled to be held on 4th September, 2013.

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

All related party transactions have been entered into in the ordinary course of business and are placed periodically before the Audit Committee in summary form. There are no significant related party transactions, which have conflict with the interests of the Company at large. The related party transactions have been disclosed in Note No. 31.06 of the Notes to the Financial Statements for the year ended 31st March, 2013.

(b) Disclosure of accounting treatment

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

(c) Board Disclosures – Risk Management

The Company has established risk assessment/minimization procedures as approved by the Board. During the year ended 31st March, 2013, these procedures for risk assessment and minimization have been updated. These have been disclosed in the Management Discussion and Analysis Report forming a part of the Directors' Report.

(d) Matters related to capital market

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

(e) Management Discussion & Analysis Report

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

(f) Code of Conduct

The Company has laid down a Code of Conduct for all Board members and Sr. Managerial Personnel of the Company. The Code of Conduct is available on the website of the Company at www.internationalcombustion.in. All Board members and Sr. Management Personnel affirm compliance with the Code of Conduct on an annual basis. A declaration to this effect duly signed 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 Annexure 1(D) to Clause 49 of the Listing Agreement with the Stock Exchanges :

- ı The Company is maintaining an office for the Non-Executive Chairman at the Registered Office of the Company.

REPORT ON CORPORATE GOVERNANCE (Contd.)

- 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, 2013.

(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, 2013, which is annexed at the end of this Report.

(i) Means of Communication

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

G. General Shareholders' Information

(a) Annual General Meeting

The 77th Annual General Meeting of the Company has been convened on Wednesday, the 4th September, 2013 at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017 at 2.00 P.M.

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

(c) Tentative Financial Calendar

| | Events | Period |
|---|---|---------------------------------|
| 1 | Audited Annual Results for 2012-13 | May 17, 2013 |
| 2 | Mailing of Annual Reports 2012-13 | By 9th August, 2013 |
| 3 | First Quarter Results (30th June, 2013) | By third week of July, 2013 |
| 4 | Annual General Meeting | September 4, 2013 |
| 5 | Second Quarter Results (30th Sept., 2013) | By first week of November, 2013 |
| 6 | Third Quarter Results (31st Dec., 2013) | By first week of February, 2014 |
| 7 | Audited Annual Results for 2013-14 | By 30th May, 2014 |

(d) Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from Friday, 23rd August, 2013 to Wednesday, 4th September, 2013 (both days inclusive).

(e) Dividend Payment

Dividend, if declared at the Annual General Meeting, will be paid on and from Monday, 16th September, 2013, to those members/beneficial owners whose names appear in the Register of Members as at the close of business on Thursday, 22nd August, 2013.

(f) Listing of Equity Shares on Stock Exchange

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

(g) Listing Fees

The Company has paid the listing fees for the year 2013-14 to BSE and CSE.

(h) Custodial Fees to Depository

The Company has paid custodial fees for the year 2013-14 to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on the basis of average number of beneficial accounts maintained by them during the year 2012-13.

REPORT ON CORPORATE GOVERNANCE (Contd.)

(i) **Stock Codes :** BSE : 505737

CSE : 019233

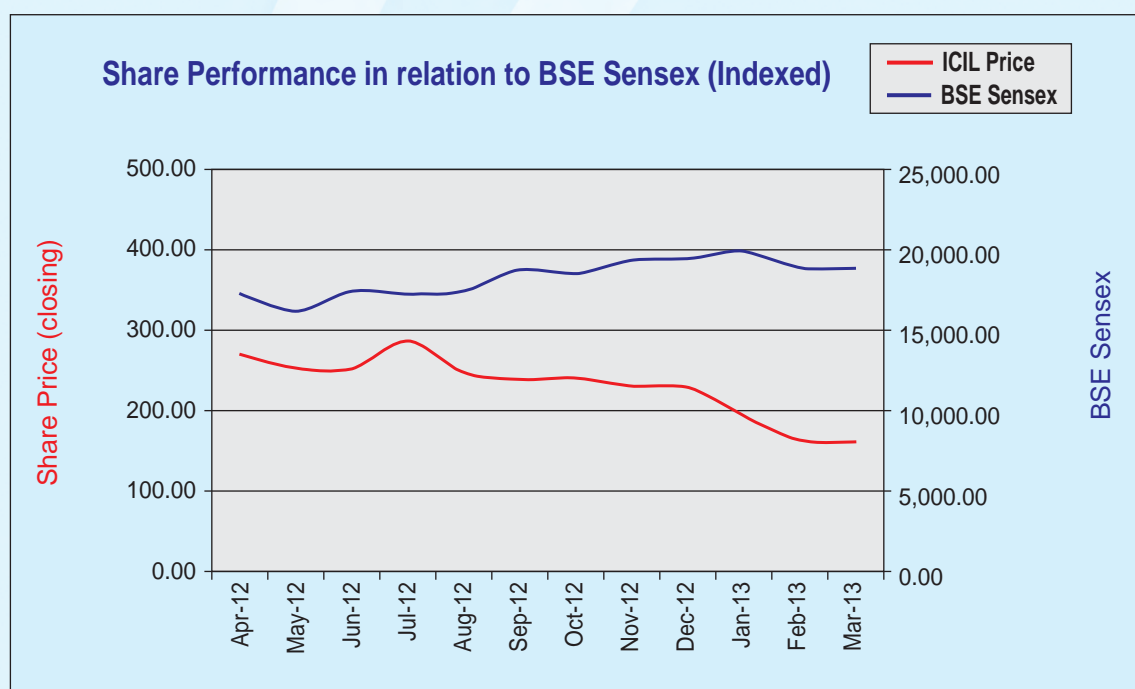
(j) **Demat ISIN Number :** INE403C01014(k) (i) **Stock Market price data :**

(1st April, 2012 to 31st March, 2013)

| Month/Year | Bombay Stock Exchange Ltd. | |
|----------------|----------------------------|-----------|
| | High (Rs.) | Low (Rs.) |
| April 2012 | 283.00 | 231.10 |
| May 2012 | 280.00 | 225.10 |
| June 2012 | 258.00 | 238.75 |
| July 2012 | 295.80 | 250.00 |
| August 2012 | 290.70 | 243.00 |
| September 2012 | 254.80 | 234.05 |
| October 2012 | 262.00 | 237.50 |
| November 2012 | 248.95 | 228.00 |
| December 2012 | 244.00 | 220.05 |
| January 2013 | 239.95 | 190.05 |
| February 2013 | 224.95 | 160.10 |
| March 2013 | 177.90 | 143.00 |

(ii) **Stock Performance vs. BSE Sensex :**

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



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

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

(m) Share Transfer System

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

(n) Distribution of Shareholding as on 31st March, 2013

| No. of Shares | Shareholders | | Shareholding | |
|-----------------|--------------|---------------|--------------------|---------------|
| | Number | % | No. of Shares held | % |
| 1 - 500 | 6726 | 94.72 | 5,66,245 | 23.69 |
| 501 - 1000 | 221 | 3.11 | 1,63,215 | 6.83 |
| 1001 - 2000 | 96 | 1.35 | 1,36,269 | 5.70 |
| 2001 - 3000 | 14 | 0.20 | 35,471 | 1.48 |
| 3001 - 4000 | 7 | 0.10 | 25,582 | 1.07 |
| 4001 - 5000 | 8 | 0.11 | 36,656 | 1.53 |
| 5001 - 10000 | 11 | 0.16 | 76,125 | 3.19 |
| 10001 and above | 18 | 0.25 | 13,50,713 | 56.51 |
| Total | 7101 | 100.00 | 23,90,276 | 100.00 |

(o) Pattern of Shareholding as on 31st March, 2013

| Sl. No. | Category | No. of Shares | Percentage of Shareholding |
|---------|--|------------------|----------------------------|
| 1. | Promoter & Promoter Group | 12,66,931 | 53.00 |
| 2. | Bank/Trust Fund | 251 | 0.01 |
| 3. | Foreign Institutional Investors/OCB | 1,900 | 0.08 |
| 4. | Non-Resident Indians (NRI) | 41,700 | 1.74 |
| 5. | Bodies Corporate | 56,906 | 2.38 |
| 6. | Indian Public | 10,17,676 | 42.58 |
| 7. | Others (Demat transit/clearing member) | 4,912 | 0.21 |
| | Total | 23,90,276 | 100.00 |

(p) Dematerialisation of Shares

As on 31st March, 2013, 94.91% of the Company's total paid up capital representing 22,68,675 shares were held in dematerialized form and the balance 5.09% representing 1,21,601 shares were held in scrip form.

(q) Outstanding Convertible Instruments

No securities/ instruments/ warrants convertible into equity shares of the Company are outstanding as on 31st March, 2013.

(r) Share Capital Reconciliation Audit Report

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

(s) Registered & Corporate Office

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

(t) Factory Locations

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

(u) Regional / Branch Offices

Aurangabad : B-74/1, MIDC Waluj, P.O. Bajaj Nagar, Aurangabad - 431136, Maharashtra
 Bangalore : No. 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 : Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector - V,
 Salt Lake Electronics Complex, Kolkata - 700 091 (Registered Office &
 Corporate Office)
 Mumbai : Khanna Construction House, 44, Dr. R. G. Thadani Marg, Worli,
 Mumbai - 400018
 Nagpur : L-7, MIDC Industrial Area, Hingna, Nagpur - 440016, Maharashtra
 New Delhi : 2E/28, Jhandewalan Extn., New Delhi - 110055
 Pune : D 407, Business Court, Mukund Nagar, Pune - 411 037
 Vadodara : 307, 3rd Floor, 'Opal Square Building', Behind Hotel Express, R.C. Dutt Road, Alkapuri,
 Vadodara - 390007

(v) Total number of employees as on 31.03.2013 : 506

(w) Shareholders' Correspondence

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

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

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

For & on behalf of the Board

Kolkata
 17th May, 2013

S. Bagaria
 Chairman



CEO AND CFO CERTIFICATION

To
The Board of Directors
International Combustion (India) Limited

SUB : CEO / CFO CERTIFICATE

Dear Sirs,

We hereby certify that :-

- (a) We have reviewed financial statements for the Financial Year 2012-13 i.e. the Balance Sheet as at 31st March, 2013, the Profit & Loss Account for the year ended 31st March, 2013 and the Cash Flow Statement for the year ended 31st March, 2013 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

Yours sincerely,

Kolkata
17th May, 2013

Indrajit Sen
Managing Director
(CEO)

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

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

To
The Shareholders of
International Combustion (India) Limited

Sub : Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct of the Company, as adopted by the Board of Directors, for the Financial Year 2012-13.

Kolkata
May 17, 2013

Indrajit Sen
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
International Combustion (India) Limited

We have examined the compliance of conditions of corporate governance by **International Combustion (India) Limited** for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Partner
Membership No.: 55104

Place : Kolkata
Date : 17th May, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Overview

The unabated industrial downturn particularly in the capital goods sector, where the growth declined to 0.9% as against 3.7% of the previous year, had a negative impact on Company's business.

2. Opportunity

The core sector industries are the driving force behind the growth of engineering industries. Despite a long period of downturn, the core sector industries showing a marginal growth, which is expected to help the Engineering Industries to perform better in future years.

The Company as a part of its expansion plan have decided to manufacture and market sophisticated Rotary Dryers and Coolers under Joint Venture arrangements with Allgaier Werke GmbH, Germany.

3. Threats

The gradual decrease/decline in demand of capital goods over the last few years, continue to be an issue of concern.

The demand of Sugar Sizers which contributes substantially to the performance of the Company dropped sharply due to inadequate production of sugarcane. Moreover, overall global industrial downturn has also affected the export business of the Company substantially.

To cope up with the above threats, the Company has taken steps to expand its product base to cater larger spectrum of industries.

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 players in the domestic market coupled with insufficient demand led to aggressive market competition which resulted in acceptance of orders at unfavourable price. Company's strong brand image and upgradation of technology would help the Company to move ahead of the competitors.

(b) Costs

Steady increase in exchange rate for imported component and in the price of bought out components continues to be an issue of concern. 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, continued both in India and at the premises of its overseas licensing partners. The initiative taken by the Company towards this training has upgraded to a great extent the manufacturing techniques and managerial skills of its employees to improve the quality and increase the productivity. Industrial relations for the year under review remained cordial.

(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

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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.

5. Outlook

To circumvent the market downturn, the Company have decided to expand its product range and entered into an agreement with Allgaier Werke GmbH, Germany for manufacture and marketing of sophisticated Rotary Dryers and Coolers. This product finds a wide range of application in the mineral, chemical, fertilizer and other industries.

Allgaier manufactures these equipments under brand name of 'Mozer' who are considered to be the technology leader in this product segment. The technology of Allgaier Process Technology is far advanced than the Rotary Dryers technology currently available in India. This agreement is in two parts :-

- (i) A license agreement between your Company and Allgaier Process Technology Limited for manufacture of Rotary Dryers and Coolers.
- (ii) Forming a marketing Joint Venture Company with 50:50 equity participation between your Company and Allgaier Werke GmbH for marketing of Rotary Dryers and Coolers manufactured by your Company under license as mentioned above.

These products are also synergic to other equipment manufactured by your Company such as Screens, Feeders, etc. as they work in tandem.

6. Internal Control System

The Internal Control System is 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 lacs)

| Particulars | 2012-2013 | 2011-2012 |
|-------------------------------|-----------|-----------|
| Sales | 11843 | 10587 |
| Operating Profit Before Tax | 731 | 1331 |
| Exceptional Items | — | 989 |
| Profit After Tax | 448 | 1646 |
| Net Cash Flow from Operation | 308 | 432 |
| Operating Profit to Sales (%) | 6 | 13 |
| Basic E.P.S. (Rs.) | 18.74 | 68.86 |

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

(Rs. in lacs)

| Particulars | 2012-2013 | 2011-2012 |
|---|--------------|--------------|
| Segment Revenue (Sales & Other Operating Income) | | |
| a) Mineral & Material Processing & Handling Equipment | 8483 | 7405 |
| b) Geared Motor and Gear Box | 4238 | 3561 |
| Net Sales / Income & Inter-Divisional Transfers | 12721 | 10966 |
| Less : Inter-Segment Transfers | 754 | 228 |
| Net Sales/ Income from Operations | 11967 | 10738 |
| Segment Results (Profit before Tax & Interest) | | |
| a) Mineral & Material Processing & Handling Equipment | 2307 | 2358 |
| b) Geared Motor and Gear Box | 71 | 249 |
| Total | 2378 | 2607 |
| Less: Finance Costs | 122 | 84 |
| Other Unallocable Expenditure, net of unallocable Income | 1525 | 203 |
| Total Profit before Tax | 731 | 2320 |

9. Cautionary Statement

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

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

For & on behalf of the Board

 Place : Kolkata
 Date : 17th May, 2013

S. Bagaria
 Chairman

INDEPENDENT AUDITORS' REPORT

To the Members of International Combustion (India) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of International Combustion (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

INDEPENDENT AUDITORS' REPORT (Contd.)

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

For **Lodha & Co.**
Chartered Accountants

Place : Kolkata
Date : 17th May, 2013

H. K. Verma
Partner
Membership No.: 55104

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

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

INDEPENDENT AUDITORS' REPORT (Contd.)

maintained. We are, however, not required to make a detailed examination of such records to ascertain whether these are accurate or complete.

- ix) a. According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues outstanding as on 31st March, 2013 for a period of more than six months from the date they became payable
- b. According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and cess, if any, as at 31st March, 2013, except dues under the Maharashtra Sales Tax Act, amounting to Rs. 515.94 Lacs related to the year 2002-03, 2003-04, 2004-05 which is pending before the Tribunal and for which stay has been granted.
- x) The Company does not have any accumulated losses as at the end of the year and the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
- xii) According to the information and explanations given and based on documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, provision of the clause 4(xiii) of the Order is not applicable to the Company.
- xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from bank or financial institutions,
- xvi) Based on information and explanations given to us by the management, the Company has not raised any term loan during the financial year covered under audit and accordingly, the clause 4(xvi) of the Order is not applicable to the Company.
- xvii) According to the information and explanations given to us and based on an overall examination of the balance sheet of the Company, in our opinion, no funds raised on short term basis have been used for long term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix) The Company has not issued any debentures during the year. Accordingly, clause 4(xix) of the Order is not applicable to the Company.
- xx) The Company has not raised any money by public issue during the period under audit.
- xxi) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.

For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Partner
Membership No.: 55104

Place : Kolkata
Date : 17th May, 2013



BALANCE SHEET AS AT 31ST MARCH, 2013

| Particulars | Note No. | (Rs. in lacs) | |
|------------------------------------|-----------|---------------------------|---------------------------|
| | | As at 31st March, 2013 | As at 31st March, 2012 |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds | | | |
| (a) Share Capital | 2 | 239.03 | 239.03 |
| (b) Reserves and Surplus | 3 | 9095.83 | 8792.10 |
| (2) Non-current liabilities | | | |
| (a) Long-term borrowings | 4 | 6.13 | 13.62 |
| (b) Deferred Tax liabilities (Net) | 5 | 345.31 | 399.56 |
| (d) Long-term provisions | 6 | 52.29 | 49.92 |
| (3) Current liabilities | | | |
| (a) Short-term borrowings | 7 | 664.48 | 847.49 |
| (b) Trade payables | 8 | 2081.01 | 2557.03 |
| (c) Other current liabilities | 9 | 836.68 | 1211.63 |
| (d) Short-term provisions | 10 | 231.87 | 183.86 |
| TOTAL | | 13552.63 | 14294.24 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed Assets | 11 | | |
| (i) Tangible assets | | 3086.45 | 2967.08 |
| (ii) Intangible assets | | 143.65 | 187.96 |
| (iii) Capital work-in-progress | | 5.09 | 404.77 |
| (b) Long-term loans and advances | 13 | 63.03 | 73.78 |
| (c) Other non-current assets | 14 | 234.80 | 50.73 |
| (2) Current assets | | | |
| (a) Current investments | 12 | 2100.00 | 1600.00 |
| (b) Inventories | 15 | 3082.22 | 3635.48 |
| (c) Trade receivables | 16 | 3848.77 | 3510.22 |
| (d) Cash and Bank Balances | 17 | 381.56 | 1197.77 |
| (e) Short-term loans and advances | 18 | 600.30 | 659.69 |
| (f) Other current assets | 19 | 6.76 | 6.76 |
| TOTAL | | 13552.63 | 14294.24 |
| Significant Accounting Policies | 1 | | |
| Notes on Financial Statements | 2 - 31.13 | | |

The accompanying notes are an integral part of the Financial Statements.

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

H.K. Verma
Partner
Kolkata, 17th May, 2013

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

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

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

| | | (Rs. in lacs) | |
|--|-----------|--|--|
| Particulars | Note No. | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
| <i>Revenue :</i> | | | |
| I. Revenue from operations | 20 | 11966.91 | 10738.10 |
| II. Other Income | 21 | 100.51 | 222.92 |
| III. Total Revenue (I + II) | | 12067.42 | 10961.02 |
| <i>Expenses :</i> | | | |
| IV. Cost of materials consumed | 22 | 6133.52 | 6062.68 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 23 | 168.43 | (971.83) |
| Employee benefit expenses | 24 | 2416.37 | 1962.97 |
| Finance cost | 25 | 121.77 | 84.08 |
| Depreciation and amortization expense | 11&26 | 407.63 | 376.80 |
| Less : Transferred from Revaluation Reserve | | (4.41) | (13.21) |
| Other expenses | 27 | 2093.17 | 2128.56 |
| Total Expenses | | 11336.48 | 9630.05 |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | 730.94 | 1330.97 |
| VI. Exceptional Items | 28 | — | 988.84 |
| VII. Profit before extraordinary items and tax (V+VI) | | 730.94 | 2319.81 |
| VIII. Extraordinary Items | | — | — |
| IX. Profit before tax (VII-VIII) | | 730.94 | 2319.81 |
| X. Tax Expense: | | | |
| (1) Current tax | 29 | 337.23 | 379.21 |
| (2) Deferred tax | 5 | (54.25) | 294.67 |
| Total Tax Expenses | | 282.98 | 673.88 |
| XI. Profit for the period (IX-X) | | 447.96 | 1645.93 |
| XII. Earning per equity share (in rupees) : | | | |
| (1) Basic | 30 | 18.74 | 68.86 |
| (2) Diluted | 30 | 18.74 | 68.86 |
| Significant Accounting Policies | 1 | | |
| Notes on Financial Statements | 2 - 31.13 | | |

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

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

H.K. Verma
Partner
Kolkata, 17th May, 2013

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, 2013

(Rs. in lacs)

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit / (Loss) before Tax and extraordinary items | 730.94 | 2319.81 |
| Adjustments for : | | |
| Depreciation & Amortisation expenses | 403.22 | 363.59 |
| Profit on sale of fixed asset (net) | (0.09) | (988.84) |
| Irrecoverable Debts written off | 28.37 | 81.91 |
| Interest Income | (40.88) | (106.73) |
| Profit on maturity/redemption of current investments | (50.53) | (107.90) |
| Interest on borrowings | 121.77 | 84.08 |
| Liabilities no longer required written back | (23.80) | (15.02) |
| Difference in Exchange Rate | 2.17 | (5.86) |
| Operating profit before Working Capital changes | 1171.17 | 1625.04 |
| Movement in working capital : | | |
| Increase/(decrease) in trade Payables | (451.94) | 1200.66 |
| Increase/(decrease) in long-term provisions | 2.37 | (28.24) |
| Increase/(decrease) in short-term provisions | 6.85 | (6.13) |
| Increase/(decrease) in other current liabilities | (377.01) | 325.92 |
| Increase/(decrease) in other long-term liabilities | — | (5.77) |
| Decrease/(increase) in trade receivables | (369.37) | (608.08) |
| Decrease/(increase) in inventories | 553.26 | (1734.48) |
| Decrease/(increase) in long-term loans and advances | 10.75 | (38.61) |
| Decrease/(increase) in short-term loans and advances | 20.05 | 110.57 |
| Cash generated from / (used in) operations | 566.13 | 840.88 |
| Direct Taxes Paid (net of refunds) | (257.65) | (409.34) |
| Net Cash from / (used in) operating activities ...(A) | 308.48 | 431.54 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale of fixed asset | 0.56 | 1055.36 |
| Purchase of Fixed Assets including intangible assets, CWIP and capital advances | (83.48) | (1349.50) |
| Proceeds from Redemption/ Maturity of current investments | 500.53 | 1409.90 |
| Purchase of Investments | (950.00) | (1450.00) |
| Maturity of bank deposits (having original maturity of more than three months) | — | 499.91 |
| Investment in bank deposits (having original maturity of more than three months) | (116.42) | — |
| Interest Received | 40.88 | 160.38 |
| Net Cash from / (used in) investing activities ...(B) | (607.93) | 326.05 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from long-term borrowings | — | 22.00 |
| Repayment of long-term borrowings | (6.79) | (1.59) |
| Cash Credit & Other short-term borrowings | (183.01) | 20.91 |
| Interest Paid | (121.77) | (84.08) |
| Dividends Paid (including corporate tax on dividend) | (137.54) | (137.47) |
| Net Cash flow from / (used in) financing activities ...(C) | (449.11) | (180.23) |
| Net increase/(decrease) in Cash and Cash equivalents (A+B+C) | (748.56) | 577.36 |
| Cash and Cash equivalents at the beginning of the year | 975.36 | 398.00 |
| Cash and Cash equivalents at the close of the year (Refer Note 17) | 226.80 | 975.36 |

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

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

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

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

H.K. Verma
Partner
Kolkata, 17th May, 2013

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. ACCOUNTING POLICIES

(A) Significant Accounting Policies

(i) ACCOUNTING CONCEPTS

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

The 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 revenue and expenses during the year. Difference between the actual results and the estimates are recognised in the year in which the results are known / materialised.

(iii) FIXED ASSETS

Tangible

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

Intangible

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

(iv) DEPRECIATION & AMORTIZATION

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

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

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

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

(v) IMPAIRMENT

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

(vi) INVESTMENTS

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)**(vii) INVENTORIES**

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

(viii) FOREIGN CURRENCY TRANSACTIONS

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

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

(ix) REVENUE RECOGNITION

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

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

(x) EMPLOYEE BENEFITS

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

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

(xi) INCOME TAX

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

(xii) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

(xiii) FINANCE LEASE

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(Rs. in lacs)

2. SHARE CAPITAL

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---------------------------|---------------------------|
| (a) Authorised Shares 5000000 Equity Shares of Rs.10 each | <u>500.00</u> | <u>500.00</u> |
| (b) Issued, Subscribed and fully paid-up shares 2390276 Equity Shares of Rs.10 each fully paid (2011-12 - 2390276) | <u>239.03</u> | <u>239.03</u> |
| (c) The Company has only one class of equity shares having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. | | |
| (d) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts in proportion of their shareholding. | | |
| (e) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31st March 2013, the amount of per share dividend recognised as distribution to the equity shareholder was Rs. 5/- per share. | | |
| (f) There is no movement in the number of shares outstanding at the beginning and at the end of the year. | | |
| (g) Details of Shareholders' holding more than 5% of the shares alongwith number of shares held: | | |

| Name of the Shareholder | As at 31st March, 2013 No. of shares | As at 31st March, 2012 No. of shares |
|---------------------------------------|--|--|
| Tradelink Securities Limited | 343703 | 343703 |
| Stephen Court Limited | 279088 | 279088 |
| Woolworth Merchandise Private Limited | 170609 | 170609 |

3. RESERVES & SURPLUS

| | As at 31st March, 2013 | As at 31st March, 2012 |
|--|---------------------------|---------------------------|
| Capital Reserve | | |
| As per last Balance Sheet | 605.34 | 605.34 |
| Securities Premium Account | | |
| As per last Balance Sheet | 890.41 | 890.41 |
| Revaluation Reserve | | |
| As per last Balance Sheet | 160.19 | 173.40 |
| Less: Transferred to Statement of Profit and Loss | (4.41) | (13.21) |
| | <u>155.78</u> | <u>160.19</u> |
| General Reserve | | |
| As per last Balance Sheet | 6988.09 | 5488.09 |
| Add: Transferred from Surplus | 311.91 | 1500.00 |
| | <u>7300.00</u> | <u>6988.09</u> |
| Surplus as per Statement of Profit and Loss | | |
| As per last Balance Sheet | 148.07 | 141.04 |
| Add: Net profit after Tax transferred from Statement of Profit and Loss | 447.96 | 1645.93 |
| | <u>596.03</u> | <u>1786.97</u> |
| Amount available for appropriation | | |
| Appropriations: | | |
| Proposed Dividend | (119.51) | (119.51) |
| Tax on proposed dividend | (20.31) | (19.39) |
| Transferred to General Reserve | (311.91) | (1500.00) |
| Net Surplus in the Statement of Profit and Loss | <u>144.30</u> | <u>148.07</u> |
| TOTAL | <u>9095.83</u> | <u>8792.10</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

| | | (Rs. in lacs) | |
|---|----------------|---------------------------|---------------------------|
| 4. LONG TERM BORROWINGS | Note No. | As at 31st March, 2013 | As at 31st March, 2012 |
| Secured | | | |
| Vehicle Finance loan | | | |
| From Bank | 4(a),4(b)&4(c) | 6.13 | 13.62 |
| | | <u>6.13</u> | <u>13.62</u> |
| (a) Finance lease obligation is secured against car taken on finance lease and is repayable in 36 monthly instalments starting from January, 2012 | | | |
| (b) Repayment details of Vehicle Finance loan are given below: | | | |
| 2013-14 (included under Current Maturities of Vehicle Finance Lease in Note 9) | | 7.49 | 7.49 |
| 2014-15 | | 6.13 | 6.13 |
| (c) Interest Rate of Vehicle Finance loan | | 9.93% | 9.93% |

5. DEFERRED TAX LIABILITIES (Net)

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

(Rs. in lacs)

| | Opening as on 1st April, 2012 | Debit/(Credit) during the year | Closing as on 31st March, 2013 |
|---|----------------------------------|-----------------------------------|-----------------------------------|
| Deferred Tax Assets : | | | |
| Expenses Allowable on Payment Basis | 22.22 | 60.88 | 83.10 |
| Gross Deferred Tax Asset | <u>22.22</u> | <u>60.88</u> | <u>83.10</u> |
| Deferred Tax Liabilities : | | | |
| Timing Difference with respect to Fixed Asset | 421.78 | (6.63) | 428.41 |
| Gross Deferred Tax Liabilities | <u>421.78</u> | <u>(6.63)</u> | <u>428.41</u> |
| Net Deferred Tax Liabilities | <u>399.56</u> | <u>54.25</u> | <u>345.31</u> |

| 6. LONG TERM PROVISIONS | Note No. | As at 31st March, 2013 | As at 31st March, 2012 |
|--|----------|---------------------------|---------------------------|
| Provision for Employee Benefits | | 52.29 | 49.92 |
| 7. SHORT TERM BORROWINGS | | | |
| (a) Secured Loans (Repayable on demand) | | | |
| Cash credit from Banks | 7(b) | 664.48 | 847.49 |
| | | <u>664.48</u> | <u>847.49</u> |
| (b) Cash Credit from UCO Bank and Axis Bank are secured by hypothecation of stock of raw materials, work-in-progress, finished goods, stores and spares, book debts and other current assets of the Company and all moveable assets and by equitable mortgage by deposit of title deeds of immovable properties comprising of land and buildings at the Company's factories situated at Baidyabati, Nagpur and Aurangabad. | | | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

| | | (Rs. in lacs) | |
|---|--------------|---------------------------|---------------------------|
| | Note No. | As at 31st March, 2013 | As at 31st March, 2012 |
| 8. TRADE PAYABLES | | | |
| (a) Payable for goods and services | 8(b) | <u>2081.01</u> | <u>2557.03</u> |
| (b) Disclosures of Trade Payables is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" (the Act) | | | |
| Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 | | | |
| (i) The principal amount and the interest due remaining unpaid to any supplier as at the end of the year | | | |
| Principal amount unpaid | | 22.78 | 45.21 |
| 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 | | 46.76 | 3.07 |
| 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. | | | |
| | | — | — |
| (iv) The amount of interest accrued and remaining unpaid at the end of the year and | | | |
| | | — | — |
| (v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006. | | | |
| | | — | — |
| 9. OTHER CURRENT LIABILITIES | | | |
| Current Maturities of Vehicle Finance Lease | 4 | 7.49 | 6.79 |
| Unclaimed Dividends * | | 15.44 | 14.08 |
| Other Payables – | | | |
| Statutory dues | | 231.43 | 90.51 |
| Advances from Customers | | 458.30 | 944.72 |
| Others | | 124.02 | 155.53 |
| | | <u>836.68</u> | <u>1211.63</u> |
| * Not due for payment to Investor Education and Protection Fund | | | |
| 10. SHORT TERM PROVISIONS | | | |
| Provision for Employee Benefits | | 51.81 | 44.96 |
| Proposed Dividend | 31.12 & 2(e) | 119.51 | 119.51 |
| Tax on Proposed Dividend | | 20.31 | 19.39 |
| Provision for Taxation (net of Advance Tax-Rs 1192.50 lakhs) | | 40.24 | — |
| | | <u>231.87</u> | <u>183.86</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

11. FIXED ASSETS

| Assets | GROSS BLOCK (Cost/ on revaluation) | | | | DEPRECIATION / AMORTISATION | | | NET BLOCK | | |
|-----------------------------|------------------------------------|--|--------------------------|------------------------|-----------------------------|-----------------|--------------------------|-----------------------|------------------------|------------------------|
| | As at 1st April, 2012 | Additions/ Adjustments during the year | Deletion during the year | As at 31st March, 2013 | Upto 31st March, 2012 | During the year | Deletion during the year | Upto 31st March, 2013 | As at 31st March, 2013 | As at 31st March, 2012 |
| A. Tangible Assets | | | | | | | | | | |
| Land - | | | | | | | | | | |
| Freehold | 3.04 | — | — | 3.04 | — | — | — | — | 3.04 | 3.04 |
| Leasehold | 36.75 | — | — | 36.75 | 0.01 | — | — | 0.01 | 36.74 | 36.74 |
| Buildings | 804.29 | 256.15 | 0.62 | 1059.82 | 298.72 | 28.14 | 0.54 | 326.32 | 733.50 | 505.57 |
| Buildings - Leasehold | 789.88 | — | — | 789.88 | 35.59 | 37.67 | — | 73.26 | 716.62 | 754.29 |
| Plant and Equipment | 3474.96 | 197.64 | 1.16 | 3671.44 | 2093.64 | 247.17 | 1.14 | 2339.67 | 1331.77 | 1381.32 |
| Furniture and Fixtures | 241.90 | 17.42 | 1.84 | 257.48 | 84.85 | 27.43 | 1.47 | 110.81 | 146.67 | 157.05 |
| Vehicles | | | | | | | | | | |
| Freehold | 51.24 | — | — | 51.24 | 35.21 | 3.67 | — | 38.88 | 12.36 | 16.03 |
| Leasehold | 28.40 | — | — | 28.40 | 2.19 | 6.79 | — | 8.98 | 19.42 | 26.21 |
| Office Equipment | 21.73 | 1.25 | — | 22.98 | 11.49 | 1.39 | — | 12.88 | 10.10 | 10.24 |
| Electrical Installation | 162.06 | 10.70 | — | 172.76 | 85.47 | 11.06 | — | 96.53 | 76.23 | 76.59 |
| | 5614.25 | 483.16 | 3.62 | 6093.79 | 2647.17 | 363.32 | 3.15 | 3007.34 | 3086.45 | 2967.08 |
| B. Intangible Assets | | | | | | | | | | |
| Technical Knowhow fees | 328.13 | — | — | 328.13 | 217.64 | 25.66 | — | 243.30 | 84.83 | 110.49 |
| ERP Software | 36.20 | — | — | 36.20 | 27.13 | 6.03 | — | 33.16 | 3.04 | 9.07 |
| Autocad Software | 10.10 | — | — | 10.10 | 3.36 | 1.69 | — | 5.05 | 5.05 | 6.74 |
| Patent | 105.53 | — | — | 105.53 | 43.87 | 10.93 | — | 54.80 | 50.73 | 61.66 |
| | 479.96 | — | — | 479.96 | 292.00 | 44.31 | — | 336.31 | 143.65 | 187.96 |
| Total (A+B) | 6094.21 | 483.16 | 3.62 | 6573.75 | 2939.17 | 407.63 | 3.15 | 3343.65 | 3230.10 | 3155.04 |
| Previous year | 5283.09 | 1176.68 | 365.56 | 6094.21 | 2861.41 | 376.80 | 299.04 | 2939.17 | 3155.04 | |

Notes :

- Certain Buildings and Plant and Equipment 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.
- Gross depreciation for the current year is Rs.407.63 lacs (2012- Rs.376.80 lacs) of which Rs.4.41 lacs (2012- Rs.13.21 lacs) has been transferred from Revaluation Reserve.
- Refer Notes 4(a) and 7(b)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(Rs. in lacs)

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---------------------------|---------------------------|
| 12. CURRENT INVESTMENTS-at cost (fully paid-up otherwise stated) | | |
| A) Unquoted-Other than Trade | | |
| Investment in Mutual Funds | | |
| i. Kotak FMP Series 88 370 D 1000000 units of Rs.10 each | 100.00 | — |
| ii. ICICI Prudential FMP Series 63-3 Year Plan L-Cumulative 3000000 units of Rs.10 each | 300.00 | — |
| iii. Kotak FMP Series 64 - Growth Option 2000000 units of Rs.10 each | 200.00 | 200.00 |
| iv. Kotak FMP Series 65 - Growth Option 1500000 units of Rs.10 each | 150.00 | 150.00 |
| v. HDFC FMP 24 M - Growth Series XX 2500000 units of Rs.10 each | 250.00 | — |
| vi. ICICI Prudential Income Opportunities Fund - Regular Plan - Growth 642508.353 units of Rs.10 each | 100.00 | — |
| vii. Reliance Fixed Horizon Fund - XXI Series 19-Growth 1500000 units of Rs.10 each | 150.00 | 150.00 |
| viii. HDFC FMP 36 M Series XIX - Growth 3000000 units of Rs.10 each | 300.00 | 300.00 |
| ix. IDFC Fixed Maturity Plan-18 M Series 7 - Growth 1500000 units of Rs.10 each | — | 150.00 |
| x. DWS Gilt Fund - Regular Plan - Growth 1593574.707 units of Rs.10 each | 200.00 | — |
| xi. ICICI Prudential Annual Interval Plan IV - Retail Growth 741570.201 units of face value of Rs.10 each | — | 100.00 |
| xii. DSP BlackRock FTP Series 3-24 M 2000000 units of Rs.10 each | 200.00 | 200.00 |
| xiii. DSP BlackRock FTP Series 1-24 M 1500000 units of Rs.10 each | 150.00 | 150.00 |
| Aggregate book value of unquoted investments | <u>2100.00</u> | <u>1400.00</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

| | | (Rs. in lacs) | |
|--|-------------|---------------------------|---------------------------|
| | Note No. | As at 31st March, 2013 | As at 31st March, 2012 |
| 12. CURRENT INVESTMENTS - at cost (Contd.) | | | |
| B) Quoted - Other than Trade | | | |
| Investment in Mutual Funds | | | |
| i. Religare FMP Series X - Plan A - Growth 2000000 units of Rs.10 each | | — | 200.00 |
| Aggregate book value of quoted investments | | — | 200.00 |
| TOTAL INVESTMENTS | | 2100.00 | 1600.00 |
| Aggregate book value of Quoted Investments : in Mutual Funds | | — | 200.00 |
| Aggregate book value Unquoted Investments : in Mutual Funds | | 2100.00 | 1400.00 |
| Aggregate Market Value of Quoted Investments in Mutual Funds | | — | 208.04 |
| 13. LONG-TERM LOANS AND ADVANCES | | | |
| Unsecured-Considered good Security Deposits | | 63.03 | 73.78 |
| | | 63.03 | 73.78 |
| 14. OTHER NON-CURRENT ASSETS | | | |
| Deposits with banks with more than twelve months maturity (including interest accrued thereon) | | 234.80 | 50.73 |
| | | 234.80 | 50.73 |
| Fixed Deposits receipts of Rs. 234.36 lacs (2012 – Rs.50.73 lacs) have been deposited with banks against guarantees issued by them | | | |
| 15. INVENTORIES | | | |
| (As taken, valued and certified by the management) | 7(b) | | |
| Raw Materials and Components [including in transit Rs. 21.86 lacs (2011-12 – Rs.10.70 lacs)] | | 1239.91 | 1570.58 |
| Work-in-progress | 31.08(c) | 535.19 | 448.71 |
| Finished Goods | 31.08(c) | 1127.44 | 1413.86 |
| Stores | | 166.84 | 169.24 |
| Packing Materials | | 12.84 | 33.09 |
| | | 3082.22 | 3635.48 |
| 16. TRADE RECEIVABLES | | | |
| Unsecured, considered good | 7(b) | | |
| Trade receivables outstanding for period exceeding six months | | | |
| Considered good | | 877.40 | 591.94 |
| Other | | | |
| Considered good | | 2971.37 | 2918.28 |
| | | 3848.77 | 3510.22 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(Rs. in lacs)

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---------------------------|---------------------------|
| 17. CASH AND BANK BALANCES | | |
| (As certified by the management) | | |
| Cash and Cash Equivalents | | |
| – Cash in hand | 2.84 | 3.05 |
| – Cheques in hand | — | 19.00 |
| Balances with Banks: | | |
| – Current Accounts | 208.52 | 213.84 |
| – Fixed Deposit Accounts (including interest accrued thereon) with original maturity of less than three months | — | 650.73 |
| – Unclaimed Dividends Accounts | 15.44 | 14.08 |
| – Margin money with banks (including interest accrued thereon) with original maturity of less than three months | — | 74.66 |
| | 226.80 | 975.36 |
| Other Bank Balances | | |
| – Fixed Deposit Accounts (including interest accrued thereon) with original maturity of more than twelve months with original maturity of more than three months but less than twelve months | 6.06 12.68 | 6.20 — |
| – Margin money with banks (including interest accrued thereon) with original maturity of more than three months but less than twelve months with original maturity of more than twelve months | — 136.02 | 216.21 — |
| | 154.76 | 222.41 |
| | 381.56 | 1197.77 |
| Fixed Deposits receipts of Rs.136.02 lacs (2012-Rs.290.87 lacs) have been deposited with banks against guarantees issued by them | | |
| 18. SHORT-TERM LOANS AND ADVANCES | | |
| Unsecured-Considered good | | |
| Advances to suppliers | 38.01 | 203.03 |
| Advance to Employee | 5.04 | 4.03 |
| Advance Tax (2011-12 net of Provision – Rs. 1486.05 lacs) | — | 26.06 |
| Advance for Fringe Benefit Tax (net of Provision – Rs. Nil. 2011-12 – Rs. Nil) | 0.34 | 0.34 |
| MAT Credit Entitlement | 42.59 | 55.87 |
| Balances with statutory / government authorities | 378.22 | 252.88 |
| Prepaid Expenses | 43.09 | 40.45 |
| Others | 93.01 | 77.03 |
| | 600.30 | 659.69 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

| | | (Rs. in lacs) | |
|--|----------|---------------------------|---------------------------|
| | | As at 31st March, 2013 | As at 31st March, 2012 |
| 19. OTHER CURRENT ASSETS | | | |
| Unsecured | | | |
| Considered Good – | | | |
| Export Incentive Receivable | | 6.76 | 6.76 |
| | | <u>6.76</u> | <u>6.76</u> |
| 20. REVENUE FROM OPERATIONS | | | |
| Sale of products | 31.08(b) | 13060.58 | 11542.93 |
| Sale of services | | 14.07 | 81.27 |
| Other operating revenue – | | | |
| Scrap Sales | | 81.73 | 54.37 |
| Liabilities no longer required written back | | 23.80 | 15.02 |
| Duty Drawback | | 3.81 | — |
| Less : excise duty | | (1217.08) | (955.49) |
| Revenue from Operations (net) | | <u>11966.91</u> | <u>10738.10</u> |
| 21. OTHER INCOME | | | |
| Interest on deposits with banks and others | | 40.88 | 106.73 |
| Profit on sale/redemption of current investments (net) | | 50.53 | 107.90 |
| Profit on sale of Fixed Assets | | 0.09 | — |
| Net gain on foreign currency translation and transaction | | 8.43 | 8.03 |
| Miscellaneous Income | | 0.58 | 0.26 |
| | | <u>100.51</u> | <u>222.92</u> |
| 22. COST OF MATERIALS CONSUMED | | | |
| Raw Materials Consumed | 31.09(a) | <u>6133.52</u> | <u>6062.68</u> |
| 23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | | | |
| Finished Goods: | | | |
| Opening stock | | 1413.86 | 440.62 |
| Add/(Less) : Provision for Excise duty on finished goods lying at the factories | | (31.51) | 114.38 |
| Less: Closing Stock | | (1127.44) | (1413.86) |
| | | <u>254.91</u> | <u>(858.86)</u> |
| Work-in-progress: | | | |
| Opening stock | | 448.71 | 335.74 |
| Less: Closing Stock | | (535.19) | (448.71) |
| | | <u>(86.48)</u> | <u>(112.97)</u> |
| (Increase) / decrease | | <u>168.43</u> | <u>(971.83)</u> |
| 24. EMPLOYEE BENEFIT EXPENSES | | | |
| Salaries and Wages | | 1878.37 | 1528.87 |
| Contribution to Provident and Other Funds | | 208.38 | 160.91 |
| Workmen and Staff Welfare Expenses | | 93.83 | 82.60 |
| Travelling and Conveyance | | 235.79 | 190.59 |
| | | <u>2416.37</u> | <u>1962.97</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

| | | (Rs. in lacs) | |
|--|-------------|--|--|
| | Note No. | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
| 25. FINANCE COST | | | |
| Interest Expense | | 120.68 | 81.08 |
| Other Borrowing Cost | | 1.09 | 3.00 |
| | | <u>121.77</u> | <u>84.08</u> |
| 26. DEPRECIATION AND AMORTIZATION EXPENSE | | | |
| Depreciation on tangible assets | | 363.32 | 317.96 |
| Amortisation of intangible assets | | 44.31 | 58.84 |
| | | <u>407.63</u> | <u>376.80</u> |
| Less : Transfer from Revaluation Reserve | | (4.41) | (13.21) |
| | | <u>403.22</u> | <u>363.59</u> |
| 27. OTHER EXPENSES | | | |
| Consumable Stores | | 302.94 | 273.74 |
| Rent | | 14.39 | 13.78 |
| Rates and Taxes | | 20.95 | 24.02 |
| Power and Fuel | | 144.64 | 143.87 |
| Repairs to – Buildings | | 42.28 | 21.65 |
| – Machinery | | 9.13 | 9.40 |
| – Others | | 58.47 | 60.39 |
| Insurance | | 47.31 | 45.92 |
| Selling and Distribution Expenses | 27(c) | 412.81 | 414.95 |
| Royalty | | 222.58 | 210.50 |
| Directors' Commission | 27(d) | 18.58 | 30.59 |
| Auditors' Remuneration | 27(e) | 3.60 | 3.75 |
| Irrecoverable Debts/Advances written off | | 28.37 | 81.91 |
| Communication Expenses | | 21.37 | 23.43 |
| Consultancy | | 125.93 | 91.91 |
| Donation | | — | 11.00 |
| Packing Materials consumed and packing charges (net) | | 151.19 | 165.83 |
| Freight Charges (net) | | 105.49 | 97.04 |
| Miscellaneous Expenses | | 363.14 | 404.88 |
| | | <u>2093.17</u> | <u>2128.56</u> |
| (a) Expenditure in Foreign Currency | | | |
| Royalty | | 155.35 | 135.58 |
| Other matters | | 91.99 | 191.08 |
| (b) The Company has incurred expenses on account of Research and Development expenses which has been charged in the Statement of Profit and Loss | | 78.95 | 61.21 |
| (c) Selling and Distribution Expenses comprise of – | | | |
| Travelling Expenses | | 324.14 | 322.62 |
| Commission on Sales | | 36.90 | 67.27 |
| Other Expenses | | 51.77 | 25.06 |
| (d) Director's Commission for the current year has been provided based on shareholders' approval in their meeting held on 7th September, 2012. Necessary application for payment of such commission has been made with Central Government and approval in this regard is awaited | | — | — |
| (e) Auditors' Remuneration: | | | |
| Audit Fees | | 2.25 | 2.25 |
| Certification | | 1.35 | 1.50 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(Rs. in lacs)

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| 28. EXCEPTIONAL ITEMS | | |
| Profit / (Loss) on sale of fixed assets (net) | — | 988.84 |
| 29. TAX EXPENSE | | |
| Current Tax | 305.00 | — |
| Minimum Alternate Tax | — | 445.19 |
| Earlier years' short / (excess) provision | 32.23 | (11.39) |
| Earlier years' short provision for Fringe Benefit Tax (net) | — | 1.28 |
| | 337.23 | 435.08 |
| Less : Minimum Alternate Tax Credit | — | 55.87 |
| | 337.23 | 379.21 |

30. EARNINGS PER EQUITY SHARE (EPS)

Year ended 31st March

| | 2013 | 2012 |
|--|----------------|---------|
| I. Profit / (Loss) after tax | 447.96 | 1645.93 |
| II. Shares | | |
| Number of Equity Shares as on 31st March | 2390276 | 2390276 |
| Weighted average number of Equity shares outstanding during the year (for EPS) | 2390276 | 2390276 |
| III. EPS (Face value of Rs.10 each) | | |
| Basic EPS (a/b) in Rupees | 18.74 | 68.86 |
| Diluted EPS (a/b) in Rupees | 18.74 | 68.86 |

31.01 CONTINGENT LIABILITIES AND COMMITMENTS
Contingent Liabilities

| | | |
|-------------------------------|---------------|--------|
| Outstanding Bank Guarantees | 102.18 | 117.42 |
| Sales Tax demand under appeal | 540.94 | 540.94 |

Commitments

| | | |
|---|--------------|-------|
| Estimated amount of contracts remaining to be executed on capital account | 13.62 | 58.74 |
|---|--------------|-------|

31.02 UNHEDGED FOREIGN CURRENCY EXPOSURES ARE AS FOLLOWS :

| Nature | Currency | 31st March, 2013 | 31st March, 2012 |
|---------------------------------|----------|---------------------|---------------------|
| Import | Euro | 42405 | 78742 |
| Advance for Import | Euro | 11619 | 3765 |
| Export | USD | 25361 | 145721 |
| Export | Euro | 268452 | 346207 |
| Advance received against Export | USD | 8609 | 31357 |
| Advance received against Export | Euro | 203 | 650 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

31.03 EMPLOYEE BENEFITS

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

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

| | 2012-13 | 2011-12 |
|---|---------|---------|
| Employer's Contribution to Provident Fund | 105.30 | 86.61 |
| Employer's Contribution to Pension Fund | 33.73 | 31.14 |
| Employer's Contribution to Superannuation Fund | 11.09 | 8.29 |
| Employer's Contribution to Employees State Insurance Scheme | 25.47 | 22.98 |

(Rs. in lacs)

- b) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2013

| (i) Gratuity (Funded) | Year Ended 31st March | |
|---|-----------------------|---------------|
| | 2013 | 2012 |
| A. Change in Defined Benefit Obligations : | | |
| Present Value of Defined Benefit Obligations as at the beginning of the year | 480.72 | 435.97 |
| Current Service Cost | 31.48 | 26.73 |
| Finance Cost | 46.72 | 33.93 |
| Benefits Paid | (33.05) | (23.61) |
| Actuarial (Gains)/ Losses | 31.67 | 7.70 |
| Present Value of Defined Benefit Obligations as at the end of the year | 557.54 | 480.72 |
| B. Change in the Fair Value of Assets : | | |
| Fair value of Plan Assets at the beginning of the year | 553.58 | 395.21 |
| Expected Return on Plan Assets | 53.63 | 36.61 |
| Contributions by the Employer | 66.21 | 148.50 |
| Benefits paid | (33.05) | (23.61) |
| Actuarial Gains/ (Losses) | (2.02) | (3.13) |
| Fair value of Plan Assets at the end of the year | 638.35 | 553.58 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

31.03 EMPLOYEE BENEFITS (Contd.)

| | Year Ended 31st March | | | | |
|---|-----------------------|----------------|--------------|--------------|---------------|
| | 2013 | 2012 | | | |
| 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 | 557.54 | 480.72 | | | |
| Fair value of Plan Assets at the end of the year | 638.35 | 553.58 | | | |
| Liability /(Assets) recognized in the Balance Sheet | (80.81) | (72.86) | | | |
| D. Expenses recognized in the Statement of Profit & Loss | | | | | |
| Current Service Cost | 31.48 | 26.73 | | | |
| Finance Cost | 46.72 | 33.93 | | | |
| Expected Return on Plan Assets | (53.63) | (36.61) | | | |
| Actuarial (Gain)/ Loss | 33.69 | 10.83 | | | |
| Total Expenses recognized in the Statement of Profit & Loss* | 58.26 | 34.88 | | | |
| E. Principal Actuarial Assumptions used : | | | | | |
| Discounted Rate (per annum) Compound | 8.75% | 8.75% | | | |
| Expected Rate of return on Plan Assets | 9.00% | 8.75% | | | |
| Rate of Salary increase (per annum) | 5.00% | 5.00% | | | |
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Defined Benefit Obligations as at the end of the year | 557.54 | 480.72 | 435.97 | 343.52 | 330.61 |
| Fair value of Plan Assets at the end of the year | 638.35 | 553.58 | 395.21 | 274.24 | 211.28 |
| Fund Status – Liability/(Assets) | (80.81) | (72.86) | 40.76 | 69.28 | 119.33 |
| Experience Adjustments | | | | | |
| Experience (gain)/loss adjustment on plan liabilities | 31.67 | 7.70 | 62.47 | (20.38) | 17.65 |
| Experience gain/(loss) adjustment on plan assets | (2.02) | (3.13) | (1.72) | 0.65 | 0.19 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

31.03 EMPLOYEE BENEFITS (Contd.)

| (ii) Leave Encashment (Non Funded) | Year Ended 31st March | | | | |
|---|-----------------------|--------------|-------|-------|-------|
| | 2013 | 2012 | | | |
| A. Change in Defined Benefit Obligations : | | | | | |
| Present Value of Defined Benefit Obligations as at the beginning of the year | 69.17 | 62.26 | | | |
| Current Service Cost | 2.96 | 2.51 | | | |
| Finance Cost | 5.68 | 5.26 | | | |
| Benefits Paid | (27.71) | (22.12) | | | |
| Actuarial (Gains)/ Losses | 22.70 | 21.26 | | | |
| Present Value of Defined Benefit Obligations as at the end of the year | 72.80 | 69.17 | | | |
| 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 | 27.71 | 22.12 | | | |
| Benefits paid | (27.71) | (22.12) | | | |
| Actuarial Gains/ (Losses) | — | — | | | |
| Fair value of Plan Assets at the end of the year | — | — | | | |
| C. Reconciliation of Present value of Defined Benefit Obligation and the Fair Value of Assets : | | | | | |
| Present Value of Defined Benefit Obligations as at the end of the year | 72.80 | 69.17 | | | |
| Fair value of Plan Assets at the end of the year | — | — | | | |
| Liability / (Assets) recognized in the Balance Sheet | 72.80 | 69.17 | | | |
| D. Expenses recognized in the Statement of Profit & Loss | | | | | |
| Current Service Cost | 2.96 | 2.51 | | | |
| Finance Cost | 5.68 | 5.26 | | | |
| Expected Return on Plan Assets | — | — | | | |
| Actuarial (Gain)/ Loss | 22.70 | 21.26 | | | |
| Total Expenses recognized in the Statement of Profit & Loss* | 31.34 | 29.03 | | | |
| E. Principal Actuarial Assumptions used : | | | | | |
| Discounted Rate (per annum) Compound | 8.75% | 8.00% | | | |
| Expected Rate of return on Plan Assets | — | — | | | |
| Rate of Salary increase (per annum) | 5% | 5% | | | |
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Defined Benefit Obligations as at the end of the year | 72.80 | 69.17 | 62.26 | 58.30 | 45.96 |
| Fair value of Plan Assets at the end of the year | — | — | — | — | — |
| Fund Status – Liability / (Assets) | 72.80 | 69.17 | 62.26 | 58.30 | 45.96 |
| Experience Adjustments | | | | | |
| Experience (gain)/loss adjustment on plan liabilities | 22.70 | 21.26 | 20.24 | 27.37 | 19.22 |
| Experience (gain)/loss adjustment on plan assets | — | — | — | — | — |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

31.03 EMPLOYEE BENEFITS (Contd.)

| (iii) Provident Fund (Funded) | Year Ended 31st March | |
|---|-----------------------|-------------|
| | 2013 | 2012 |
| A. Change in Defined Benefit Obligations : | | |
| Present Value of Defined Benefit Obligations as at the beginning of the year | 1.59 | — |
| Current Service Cost | 2.58 | 1.20 |
| Finance Cost | 0.13 | 0.06 |
| Benefits Paid | — | — |
| Actuarial (Gains)/ Losses | 0.72 | 0.33 |
| Present Value of Defined Benefit Obligations as at the end of the year | 5.02 | 1.59 |
| B. Change in the Fair Value of Assets: | | |
| Fair value of Plan Assets at the beginning of the year | — | — |
| Expected Return on Plan Assets | — | — |
| Contributions by the Employer | — | — |
| Benefits paid | — | — |
| Actuarial Gains/ (Losses) | — | — |
| Fair value of Plan Assets at the end of the year | — | — |
| C. Reconciliation of Present value of Defined Benefit Obligation and the Fair Value of Assets : | | |
| Present Value of Defined Benefit Obligations as at the end of the year | 5.02 | 1.59 |
| Fair value of Plan Assets at the end of the year | — | — |
| Liability / (Assets) recognized in the Balance Sheet | 5.02 | 1.59 |
| D. Expenses recognized in the Statement of Profit & Loss | | |
| Current Service Cost | 2.58 | 1.20 |
| Finance Cost | 0.13 | 0.06 |
| Expected Return on Plan Assets | — | — |
| Actuarial (Gain)/ Loss | 0.72 | 0.33 |
| Total Expenses recognized in the Statement of Profit & Loss* | 3.43 | 1.59 |
| E. Principal Actuarial Assumptions used : | | |
| Discounted Rate (per annum) Compound | 7.88% | 8.25% |
| Return on EPFO | 8.50% | 8.25% |

*Included in "Salaries and Wages" and "Contribution to Provident and Other Funds" under "EMPLOYEE BENEFIT EXPENSES" on Note 24.

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 2012-13 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". Accordingly the actuary in consultation with the management, has carried out the actuarial valuation of such provident fund liability on account of shortfall of interest on the basis of the guidelines issued by Actuarial Society of India. Such liability as determined by the actuary amounts to Rs. 5.02 lacs (Previous Year - Rs. 1.59 lacs) which has been provided in the Accounts for the year ended 31st March, 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

31.04 SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2013

Primary segment reporting - Business Segments

(Rs. in lacs)

| Particulars | Mineral & Material Processing And Handling Equipment | | Gear Box and Geared Motor Drive System | | Unallocated / Corporate {Ref Note (b)} | | Eliminations | | Total | |
|--|--|---------|--|----------|--|----------|--------------|----------|-----------|----------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| REVENUE | | | | | | | | | | |
| External Sales / Revenue | 8391.99 | 7328.15 | 3574.92 | 3409.95 | — | — | — | — | 11966.91 | 10738.10 |
| Inter-Segment Sales | 90.98 | 77.15 | 663.00 | 150.77 | — | — | (753.98) | (227.92) | — | — |
| Total Revenue | 8482.97 | 7405.30 | 4237.92 | 3560.72 | — | — | (753.98) | (227.92) | 11966.91 | 10738.10 |
| RESULT | | | | | | | | | | |
| PROFIT BEFORE INTEREST, DEPRECIATION and TAXATION | 2376.99 | 2417.70 | 307.45 | 490.89 | — | — | — | — | 2684.44 | 2908.59 |
| (Less): Depreciation & Amortisation expenses | (70.58) | (59.25) | (236.65) | (241.64) | (95.99) | (62.70) | — | — | (403.22) | (363.59) |
| PROFIT AFTER DEPRECIATION & AMORTISATION EXPENSE | 2306.41 | 2358.45 | 70.80 | 249.25 | (95.99) | (62.70) | — | — | 2281.22 | 2545.00 |
| (Less): Finance Costs | | | | | | | | | (121.77) | (84.08) |
| (Less): Other unallocable expenditure (net of unallocable revenue) | | | | | (1428.51) | (141.11) | | | (1428.51) | (141.11) |
| PROFIT BEFORE INCOME TAX | | | | | | | | | 730.94 | 2319.81 |
| (Less): Provision for income tax | | | | | | | | | | |
| - Current | | | | | | | | | 305.00 | 379.21 |
| - Deferred | | | | | | | | | (54.25) | 294.67 |
| - Earlier year | | | | | | | | | 32.23 | — |
| NET PROFIT | | | | | | | | | 447.96 | 1645.93 |
| OTHER INFORMATION | | | | | | | | | | |
| Segment Assets | 5698.83 | 5538.43 | 4054.20 | 4653.25 | | | | | 9753.03 | 10191.68 |
| Unallocated Corporate assets | | | | | 3799.60 | 4102.56 | | | 3799.60 | 4102.56 |
| Total Assets | 5698.83 | 5538.43 | 4054.20 | 4653.25 | 3799.60 | 4102.56 | — | — | 13552.63 | 14294.24 |
| Segment liabilities | 1950.85 | 2446.00 | 894.99 | 1223.86 | | | | | 2845.84 | 3669.86 |
| Unallocated Corporate liabilities | | | | | 362.15 | 1693.37 | | | 362.15 | 1693.37 |
| Total Liabilities | 1950.85 | 2446.00 | 894.99 | 1223.86 | 362.15 | 1693.37 | — | — | 3207.99 | 5363.23 |
| Capital Expenditure | 49.92 | 377.53 | 23.92 | 219.31 | 8.32 | 984.62 | | | 82.16 | 1581.46 |
| Depreciation / Amortisation | 70.58 | 59.26 | 236.65 | 241.63 | 95.99 | 62.70 | | | 403.22 | 363.59 |

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

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

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

(c) Secondary segment information - Geographical.

Out of total Sales of Rs. 11843.50 lacs (2011-12 - Rs. 10587.44 lacs), Sales outside India is Rs.1006.03 lacs (2011-12 - Rs. 1077.85 lacs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

31.05 In the opinion of the Management / Board of Directors, the Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and adequate provision for all known liabilities have been made.

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

a) Key Management Personnel:

- Mr. I. Sen - Managing Director
- Mr.S. Saha - Executive Director

b) 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
- Devanshi Bagaria

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

| | (Rs. in lacs) | |
|-------------------------|----------------|----------------|
| | <u>2012-13</u> | <u>2011-12</u> |
| (i) Remuneration paid : | | |
| Managing Director | 117.43 | 80.96 |
| Executive Director | 58.75 | 43.36 |

(ii) Deposits taken and repaid

(Rs. in lacs)

| | Deposits outstanding as on | | Deposits taken during | | Deposits repaid during | | Deposits outstanding as on | |
|------------------------------|----------------------------|-----------------|-----------------------|--------------|------------------------|---------------|----------------------------|------------------|
| | 1st April, 2012 | 1st April, 2011 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 31st March, 2013 | 31st March, 2012 |
| Purnima Bagaria | — | — | — | 17.00 | — | 17.00 | — | — |
| Shweta Bagaria | — | 42.00 | — | — | — | 42.00 | — | — |
| Sanjay Bagaria (HUF) | — | 10.00 | — | — | — | 10.00 | — | — |
| Shiva Prasad Bagaria | — | 25.00 | — | — | — | 25.00 | — | — |
| Sanjay Bagaria | — | 2.00 | — | — | — | 2.00 | — | — |
| Satyam Bagaria Benefit Trust | — | 5.50 | — | 3.00 | — | 8.50 | — | — |
| Devanshi Bagaria | — | 54.75 | — | — | — | 54.75 | — | — |
| | <u>—</u> | <u>139.25</u> | <u>—</u> | <u>20.00</u> | <u>—</u> | <u>159.25</u> | <u>—</u> | <u>—</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(iii) Interest paid

| | 2012-13 | 2011-12 |
|--|--------------|-------------|
| Shweta Bagaria | — | 1.02 |
| Sanjay Bagaria (HUF) | — | 0.21 |
| Shiva Prasad Bagaria | — | 0.42 |
| Satyam Bagaria Benefit Trust | — | 0.11 |
| Devanshi Bagaria | — | 1.21 |
| | <u>—</u> | <u>2.97</u> |
| (iv) Commission payable to Mr.Sanjay Bagaria, Chairman & Non-Executive Director | 18.58 | 30.59 |

31.07 LEASES

- a) The Company had certain not non-cancellable operating lease arrangements for residential and office premises which are renewable by mutual consent and mutually agreed terms.
- b) The aggregate lease rentals payable are charged as "Rent" in Note 27.
The future minimum lease payments under non-cancellable operating leases is Rs. Nil (2011-12 – Rs. Nil).
- c) The future obligation for vehicle taken on finance lease is given below: (Refer Note-4).

| | 31st March, 2013 | 31st March, 2012 |
|--|---------------------|---------------------|
| Not later than one year | 7.49 | 6.79 |
| Later than one year and not later than 5 years | 6.13 | 13.62 |
| Present value of minimum lease rentals | 13.62 | 20.41 |

31.08 (a) Earnings in Foreign Exchange

| | 31st March, 2013 | 31st March, 2012 |
|------------------------|---------------------|---------------------|
| F.O.B.value of exports | 1006.03 | 1077.85 |
| Others | 0.25 | 9.31 |

(b) Details of product sold

| | 31st March, 2013 | 31st March, 2012 |
|--|---------------------|---------------------|
| Raymond Grinding Classifications and Drying System | 337.93 | 548.37 |
| Electro Magnetic Vibrators/ Vibratory Feeders | 147.47 | 189.64 |
| Mechanical Vibratory Screens/feeders/Bulk Material Handling Equipment | 2983.71 | 2185.04 |
| Omni Screens/ Feeders | 315.10 | 281.40 |
| Vacseal Pumps | 23.50 | 64.06 |
| Mogensen Sizer | 918.11 | 1414.86 |
| Crusher | 264.00 | — |
| Gear Box & Geared Motor | 2801.45 | 2655.42 |
| Finished Spares (none of which individually exceeds 10% of total turnover) | <u>4052.23</u> | <u>3248.65</u> |
| Sale of product (net of excise duty) | 11843.50 | 10587.44 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

| | 31st March, 2013 | 31st March, 2012 |
|--|---------------------|---------------------|
| (Rs. in lacs) | | |
| (c) Details of inventory | | |
| (i) Work-in-progress | | |
| Mechanical Vibratory Screens/Feeders/Bulk Material Handling Equipment | 312.31 | 94.96 |
| Omni Screens/ Feeders | 19.18 | 13.32 |
| Electro Magnetic Vibrators/Vibratory Feeders | 2.14 | 0.62 |
| Crusher | — | 122.32 |
| Mogensen Sizer | 58.14 | 40.82 |
| Vacseal Pump | 2.13 | 3.39 |
| Gear Box & Geared Motor | 5.00 | 3.13 |
| Others | 136.29 | 170.15 |
| | 535.19 | 448.71 |
| (ii) Finished Goods | | |
| Mechanical Vibratory Screens/Feeders/Bulk Material Handling Equipment | 3.64 | 41.74 |
| Electro Magnetic Vibrators/Vibratory Feeders | — | 3.64 |
| Mogensen Sizer | — | 21.50 |
| Crusher | 134.09 | — |
| Gear Box & Geared Motor | 275.04 | 758.11 |
| Finished Spares | 714.67 | 588.87 |
| | 1127.44 | 1413.86 |
| 31.09 (a) Raw Materials consumed | | |
| Steel | 1028.06 | 714.07 |
| Castings | 1028.72 | 1226.10 |
| Components and Spares* | 4076.74 | 4122.51 |
| | 6133.52 | 6062.68 |
| *(none of which individually exceeds 10% of total consumption) | | |
| (b) Details of Purchase of raw materials and components | | |
| Steel | 949.46 | 708.75 |
| Castings | 985.91 | 1216.05 |
| Components and Spares* | 3732.71 | 4600.98 |
| Carriage Inward | 134.77 | 158.67 |
| | 5802.85 | 6684.45 |
| *(none of which individually exceeds 10% of total consumption) | | |
| 31.10 Value of Imports (C.I.F.basis) | | |
| Components & Spares | 309.09 | 458.84 |
| Capital Goods | — | 152.94 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 *(Contd.)***31.11 Value of Indigenous and Imported Raw Materials**

| | 2012-13 | | 2011-12 | |
|----------------------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|
| | <u>% of total consumption</u> | <u>Value Rs. in lacs</u> | <u>% of total consumption</u> | <u>Value Rs. in lacs</u> |
| SPARES AND COMPONENTS CONSUMED : | | | | |
| Imported | 5.39 | 330.85 | 9.68 | 586.83 |
| Indigenous | 94.61 | 5802.67 | 90.32 | 5475.85 |
| | <u>100.00</u> | <u>6133.52</u> | <u>100.00</u> | <u>6062.68</u> |

31.12 PROPOSED DIVIDEND

| | <u>2012-13</u> | <u>2011-12</u> |
|--|----------------|----------------|
| | Rs. | Rs. |
| Rate of dividend proposed per Equity Share | <u>5.00</u> | <u>5.00</u> |
| | (Rs. in lacs) | (Rs. in lacs) |
| Amount of Proposed Dividend | <u>119.51</u> | 119.51 |

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

For **Lodha & Co.**,
Chartered Accountants,
H.K. Verma
Partner
Kolkata, 17th May, 2013

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

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



TEN YEARS' FINANCIAL STATISTICS

(Rs. in lacs)

2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13

OPERATING RESULTS

| | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Sales | 3086 | 4588 | 6684 | 7981 | 9519 | 9819 | 9699 | 10556 | 10587 | 11843 |
| Other Income | 78 | 54 | 60 | 108 | 158 | 154 | 339 | 274 | 374 | 224 |
| Exceptional Income | — | — | — | — | — | — | — | — | 989** | — |
| Total Income | 3164 | 4642 | 6744 | 8089 | 9677 | 9973 | 10038 | 10830 | 11950 | 12067 |
| Profit before Interest, Depreciation & Tax (PBIDT) | 421 | 536 | 1171 | 1590 | 2145 | 1894 | 2129 | 1825 | 2768 | 1256 |
| Interest | 171 | 120 | 74 | 33 | 42 | 63 | 33 | 66 | 84 | 122 |
| Depreciation | 94 | 99 | 192 | 264 | 301 | 315 | 351 | 281 | 364 | 403 |
| Profit before Tax / (Loss) | 156 | 317 | 905 | 1293 | 1802 | 1516 | 1745 | 1478 | 2320 | 731 |
| Profit after Tax / (Loss) | 91 | 220 | 575 | 828 | 1173 | 991 | 1196 | 1003 | 1646 | 448 |
| Dividends | 22 | 54 | 109 | 115 | 120 | 120 | 120 | 120 | 120 | 120 |
| Tax on Dividend | 2 | 7 | 15 | 19 | 20 | 20 | 20 | 20 | 19 | 20 |
| Retained Profit | 67 | 159 | 451 | 694 | 1033 | 851 | 1056 | 863 | 1507 | 308 |

NET ASSETS EMPLOYED

| | | | | | | | | | | |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Net Fixed Assets | 1360 | 1297 | 1557 | 1857 | 1987 | 1899 | 1920 | 2770 | 3560 | 3235 |
| Net Current Assets | 1991 | 1720 | 1711 | 2116* | 3083* | 3841* | 5499* | 5593* | 6332* | 6770* |
| Net Assets Employed | 3351 | 3017 | 3268 | 3973 | 5070 | 5740 | 7419 | 8363 | 9892 | 10005 |
| Financed by – | | | | | | | | | | |
| Shareholders' Fund | 2220 | 2351 | 2983 | 3882 | 4808 | 5645 | 6687 | 7537 | 9031 | 9335 |
| Borrowings | 1131 | 666 | 285 | 91 | 262 | 95 | 732 | 826 | 861 | 670 |
| Funds Employed | 3351 | 3017 | 3268 | 3973 | 5070 | 5740 | 7419 | 8363 | 9892 | 10005 |

RATIOS

| | | | | | | | | | | |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| PBIDT to Sales (%) | 13.6 | 11.7 | 17.5 | 19.9 | 22.5 | 19.3 | 22.0 | 17.3 | 26.1 | 10.6 |
| Debt : Equity | 0.51 | 0.28 | 0.10 | 0.02 | 0.05 | 0.02 | 0.11 | 0.11 | 0.10 | 0.07 |
| Earnings per Share (Basic) | 4.23 | 10.16 | 26.31 | 36.11 | 49.09 | 41.46 | 50.03 | 41.94 | 68.86 | 18.74 |
| Dividend per Equity Share | 1.00 | 2.50 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Book value per Share (Rs.) | 102.76 | 108.83 | 136.57 | 169.35 | 201.16 | 236.15 | 279.76 | 315.32 | 377.82 | 390.54 |

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

* includes short term investments

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



SEVENTY-SEVENTH ANNUAL GENERAL MEETING
International Combustion (India) Limited

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

ADMISSION SLIP

| | | |
|------------------------------------|---|--------------------------|
| DATE 4th September, 2013 | VENUE Kala Kunj, 48 Shakespeare Sarani, Kolkata 700017 | TIME 2.00 P.M. |
|------------------------------------|---|--------------------------|

Name & Address of Member

Name :

Address :

DP ID..... Client ID/Folio No :

I certify that I am a Member/Proxy for the Member holding shares.
 Please , in the box

Member Proxy

.....
 Member's Signature

.....
 Name of the Proxy in Block Letter Proxy's Signature

Note : i) Members/Proxyholders who wish to attend the Annual General Meeting (AGM) must bring their Admission Slips to the AGM and hand over the same duly signed at the entrance.
 ii) Duplicate Admission Slips will not be issued at the venue.



International Combustion (India) Limited

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

PROXY FORM

I/We
 of being a Member/Members of International Combustion (India) Limited,
 hereby appoint of
 or failing him of
 or failing him of
 as my/our Proxy to attend and vote for me/us and on my/our behalf at the Seventy-Seventh Annual General Meeting (AGM) of the Company to be held on Wednesday, the 4th day of September, 2013 and at any adjournment thereof.

As witness my/our hand(s) thisday of 2013.

Signed by the said

Affix Re.1
 Revenue
 Stamp

A/C No. /DPID & CLIENT ID No.

Note : i) The Proxy must be deposited at the Registered Office of the Company at Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector - V, Salt Lake Electronics Complex, Kolkata - 700 091 not less than 48 hours before the commencement of the AGM i.e. by 2.00 P.M. on 2nd September, 2013.
 ii) Please mark the envelope 'ICIL-Proxy',