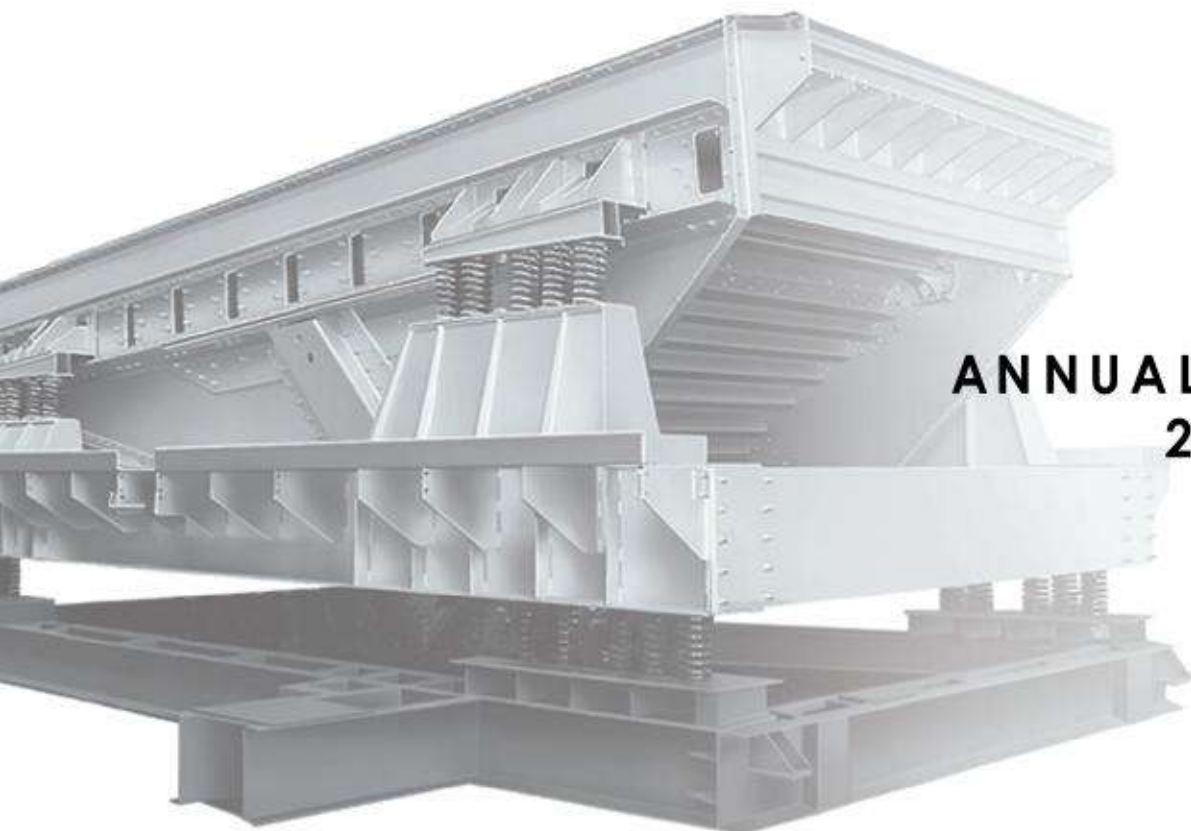
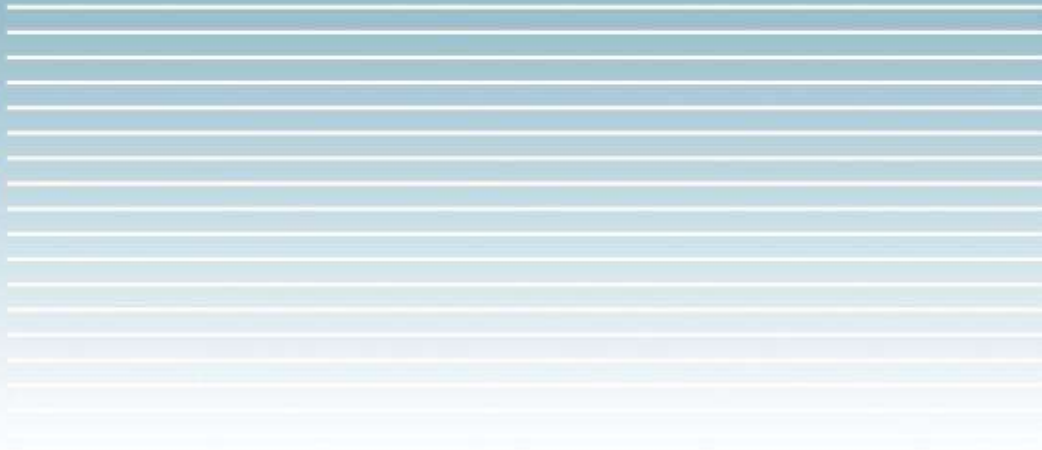




International Combustion (India) Limited



**ANNUAL REPORT
2011-2012**

CORPORATE INFORMATION

Board of Directors

S. Bagaria *Chairman*
 I. Sen *Managing Director*
 S. Saha *Executive Director*
 (Wholetime Director)
 R. L. Gaggar
 S. Ray
 P. K. Mallik

Board Committees

Audit Committee

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

Share Transfer/Shareholders' Grievance Committee

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

Remuneration Committee

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

Vice President (Finance) & Secretary/ Compliance Officer

S. C. Saha

Auditors

Lodha & Co.
 Chartered Accountants

Bankers

UCO Bank
 Axis Bank
 IDBI Bank

Registered Office

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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**DIRECTORS' REPORT**

To the Members,

Your Directors take pleasure in presenting the Seventy-sixth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2012 :

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2011-12	2010-11
Profit before depreciation, interest, exceptional items & tax	1778.64	1804.94
Less: Interest	84.08	66.37
Depreciation	363.59	447.67
Profit before Tax & Exceptional Items	1330.97	1457.47
Add: Exceptional Items	988.84	21.14
Profit before Tax	2319.81	1478.61
Less: Provision for Income Tax –		
Current Tax	379.21	477.27
Deferred Tax (reversal)/charge	294.67	673.88
Profit after Tax	1645.93	1002.53
Profit brought forward from last year	141.04	140.87
Profit available for appropriations	1786.97	1143.40
Appropriations :		
General Reserve	1500.00	863.00
Proposed Dividend	119.51	119.51
Tax on Proposed Dividend	19.39	19.85
Balance carried over to Balance Sheet	148.07	141.04
	1786.97	1143.40

DIVIDEND

Your Directors are pleased to recommend a dividend of 50% (i.e. Rs.5.00 per equity share) on 23,90,276 equity shares of Rs.10/- each for the financial year ended 31st March, 2012. The dividend, if approved at the forthcoming Annual General Meeting, will absorb Rs.119.51 lac excluding tax on dividend of Rs.19.39 lac.

OPERATIONS

Your Company achieved sales of Rs. 10587 lac during the year under review as compared to Rs. 10556 lac for the previous year. The operating surplus declined to Rs. 1331 lac from the previous year's earnings of Rs. 1457 lac. This impairment was primarily due to the impact of rising input costs and other inflationary pressures. The deficit was more than made up by income generated through exceptional items amounting to Rs. 989 lac as against Rs. 21 lac for the year before.

During the year operations of the Company were adversely affected arising from certain industrial relations issues at the Nagpur Plant for a prolonged period of over five months. Your Directors are pleased to report that the issues under dispute have been resolved and the plant has resumed normal production since the middle of March, 2012.

DIRECTORS' REPORT (Contd.)

The liquidity crunch in the market had also impinged on the performance of the Company for the year under review. An unfavourable outcome of this was the decision by a number of clients to suspend acceptance of deliveries within March, 2012, even though the materials in question were ready for dispatch in accordance with the client's confirmed delivery schedules. This situation, fortunately, is improving in the current year.

The commercial production of Jaw and Cone Crushers manufactured under license with Advance Engineering Ltd., Brazil commenced during the year at our Nagpur Plant and the Company also received the first order for a Crushing and Screening Plant from Danieli India for a project in Myanmar. This Project is under execution and is expected to be completed shortly.

FUTURE OUTLOOK

The present unstable condition in both international and domestic markets has not been favourable for the growth of the capital goods industry. However, the high level of technology and the reputation enjoyed by the products manufactured by your Company are expected to keep the demand of Company's products stable and with some improvement in the current and the future years.

Recognizing the difficult market situation, your Company expanded the operation by introducing new product line of Crushers and also Crushing and Screening Systems. This new business area is expected to compensate to some extent the slowdown of the capital goods market.

For manufacture of the Crushers and also to augment the overall manufacturing capability, the Company made new investments in Nagpur and Baidyabati Plants and also plans to make further investments in phased manner to keep in pace with the future business growth.

The interest in the products of gear box and geared motor Division has been increasing steadily in the last few years and with the capacity enhancement undertaken by your Company in recent past is expected to support the business growth in this area.

HUMAN RESOURCE MANAGEMENT

The Company has undertaken a major organization restructuring and development programme involving all divisions and operational areas.

The programme is aimed to lead to development, optimization and efficient engagement of the human resources currently available and to be inducted in future.

INDUSTRIAL RELATIONS

Apart from the industrial relation issue at Nagpur mentioned above, the Company's relation with staff and workmen at all units remained satisfactory.

FIXED DEPOSITS

The Company did not have any outstanding fixed deposits as on 31st March, 2012. All deposits maturing during the year were repaid.

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).



DIRECTORS' REPORT *(Contd.)*

CAPITAL EXPENDITURE

Keeping in view the future growth prospects in both the domestic and export markets, the Company, during the year under review, has invested in facilities which will help in upgrading the products to the international level.

CONSERVATION OF ENERGY

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

CORPORATE GOVERNANCE

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company, along with proper explanation relating to material departures, if any ;
- ii) appropriate accounting policies have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 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 2010-11 filed the Cost Audit Report with the Ministry of Corporate Affairs, Government of India on 19th September, 2011. The due date for filing the said report was 30th September, 2011. For the Financial Year 2011-12 also, Mr. Anup Laha has been appointed as the Cost Auditor for conducting the audit of the cost accounting records relating to Power Driven Pumps manufactured at the Company's Baidyabati unit and the Cost Audit Report for the said Financial Year 2011-12 shall be filed within the due date of 30th September, 2012.

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

DIRECTORS' REPORT (Contd.)

Accountants in Practice, have been appointed by your Board as the Cost Auditors of the Company for the Financial Year 2012-13 subject to the approval of the Central Government.

CORPORATE SOCIAL RESPONSIBILITY

Towards the Company's Corporate Social Responsibility (CSR) initiatives, the Company, during the Financial Year ended 31st March, 2012, made a substantial donation to Akshaya Patra Foundation, Kolkata, the world's largest NGO-run School Feeding Programme, for feeding children in more than 9,000 schools from its 18 locations in 8 States.

In addition, the Company also sponsored the heart surgery of a child through the Rotary Club of South West Calcutta Trust, Kolkata.

CHANGE IN REGISTERED OFFICE

The Registered Office of the Company which was hitherto located at 107/1, Park Street, 4th Floor, Kolkata – 700 016, was shifted to the Company's new premises at Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector – V, Salt Lake Electronics Complex, Kolkata – 700 091, with effect from 13th October, 2011.

DIRECTORS

Mr. Indrajit Sen was appointed as Managing Director for a period of three years with effect from 1st May, 2009. The tenure of office of Mr. Sen having expired on 30th April, 2012, the Board of Directors of the Company has, subject to your approval at the forthcoming Annual General Meeting, re-appointed Mr. Sen as Managing Director for a period of three years with effect from 1st May, 2012.

Mr. Sanjoy Saha was appointed as Executive Director (Whole-time Director) for a period of three years with effect from 1st May, 2009. The tenure of office of Mr. Saha, as Executive Director (Whole-time Director) having expired on 30th April, 2012, the Board of Directors of the Company has, subject to your approval at the forthcoming Annual General Meeting, re-appointed Mr. Saha as Executive Director (Whole-time Director) for a period of three years with effect from 1st May, 2012.

Mr. Sanjay Bagaria and Mr. Ratan Lal Gaggar 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
6th July, 2012

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:
Necessary steps have been taken in improving the efficiency of the existing range of products and adding value to the new range of products.
- ii) Benefits derived:
Successful development of new value added products, customer satisfaction through higher efficiency of existing range of products.
- iii) Future plan of action:
The Company plans to continue their programme for upgrading the existing technology as well as new imported technology.
- iv) Expenditure on R & D

Expense heads	(Rs. in lacs)
a) Capital	—
b) Recurring	61.21
c) Total	61.21
d) Total R&D expenditure as a percentage of total turnover	0.58%

II. Technology Absorption, Adaptation and Innovation

- i) Efforts made:
Efforts have been focused on upgrading the efficiency of the products through value engineering.
- ii) Benefits derived:
Improved quality management, higher efficiency and value added products which resulted in higher consumer satisfaction and increased order intake.
- iii) Imported Technology:

Technology imported	Year of Import	Has technology been fully absorbed?	If not absorbed, areas where this has not taken place, reasons thereof & future plans of action
Air Classifier for fine products ALPHA 300	2009	Yes	N. A.
BM Ball Mill for fine grinding	2009	Yes	N. A.
Cone Crushers, Jaw Crushers & Roll Crushers	2010	No	Under process of absorption

B. FOREIGN EXCHANGE EARNINGS & OUTGO

During the year foreign exchange earnings was Rs. 1087.16 lac (Previous Year - Rs. 817.22 lac) against outgo of Rs. 938.44 lac (Previous Year - Rs. 1370.54 lac).

ANNEXURE TO DIRECTORS' REPORT - II

PARTICULARS OF EMPLOYEES

Employed throughout the year

Name	Age Last Birthday (Years)	Designation & Nature of Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment
Indrajit Sen	72	Managing Director	80,96,377	B.E.(Mech)	50	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
6th July, 2012

S. Bagaria
Chairman

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

The Company's Report on Corporate Governance for the year ended 31st March, 2012 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, 2012 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, 2012 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, 2012 are given below :-

Sl. No.	Name of Director	Nature of Category	No.of Board Meetings attended	Attendance at last AGM held on 13.08.11	No.of Other Directorships*	Other Membership of Committees**		Shares held (Nos.)
						Chairman	Member	
1.	Mr. Sanjay Bagaria	Chairman & Non-Executive Director (Promoter)	10	Yes	4	—	—	43,900
2.	Mr. Indrajit Sen	Managing Director (Non-Promoter)	10	Yes	1	—	2	625
3.	Mr. Sanjoy Saha	Executive Director (Wholetime Director)	10	Yes	—	—	—	44
4.	Mr. Ratan Lal Gagar	Non-Executive Independent Director	9	Yes	10	—	8	—
5.	Mr. Sukhendu Ray	Non-Executive Independent Director	10	Yes	2	3	—	—
6.	Mr. Prasanta Kumar Mallik	Non-Executive Independent Director	10	Yes	3	2	1	—

* 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 which has been shifted from 107/1, Park Street, Kolkata - 700 016 to its new premises at Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector - V, Salt Lake Electronics Complex, Kolkata - 700 091 with effect from 13th October, 2011. During the year under review, 10 (ten)

REPORT ON CORPORATE GOVERNANCE (Contd.)

Board Meetings were held on 25.04.2011, 25.05.2011, 26.07.2011, 13.08.2011, 19.08.2011, 13.10.2011, 02.11.2011, 05.12.2011, 01.02.2012 & 29.03.2012. 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 1A to Clause 49 of the Listing Agreement is made available periodically to the Board. Details of Directors seeking reappointment at the 76th 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, 2012, the Meetings of the Audit Committee were held on 25.04.2011, 25.05.2011, 26.07.2011, 28.10.2011, 02.11.2011, 22.11.2011 & 01.02.2012. 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	6
Mr. R. L. Gagar	Member	Solicitor & Advocate	7	7
Mr. P. K. Mallik	Member	Chartered Accountant	7	7

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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

- | 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-Executive Independent Director. During the year under review, this Committee met nine times – 29.04.2011, 30.05.2011, 26.06.2011, 03.08.2011, 28.09.2011, 21.10.2011, 16.01.2012, 08.02.2012 & 03.03.2012. 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 2011-12 was 4 (four) which were duly redressed. No shareholders' complaints were pending unresolved as at the end of the Financial Year 2011-12.

(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.

No meeting of the Remuneration Committee was held during the year ended 31st March, 2012.

REPORT ON CORPORATE GOVERNANCE (Contd.)
D. Details of Directors' Remuneration for the year ended 31st March, 2012

Name	Salary Rs.	Perquisites Rs.	Retirement Benefits Rs.	Commission Rs.	Sitting Fees Rs.	Total Rs.
a) Executive Directors :						
Mr. I. Sen Managing Director	36,00,000	35,96,377	9,00,000	—	—	80,96,377
Mr. S. Saha Executive Director (Wholetime Director)	16,00,000	15,71,293	4,00,000	7,64,821	—	43,36,114
b) Non-Executive Directors :						
Mr. S. Bagaria	—	—	—	30,59,286	95,000	31,54,286
Mr. R. L. Gagar	—	—	—	—	80,000	80,000
Mr. S. Ray	—	—	—	—	1,25,000	1,25,000
Mr. P. K. Mallik	—	—	—	—	85,000	85,000
						1,58,76,777

- | The tenure of office of the Managing Director and Executive Director of the Company was for a period of three years from 1st May, 2009 to 30th April, 2012 which has been renewed for a further period of three years with effect from 1st May, 2012 upto 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.

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
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	—
2008-09	14.08.2009	3.30 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	One

- | The special resolution was passed by show of hands.
- | No special resolution requiring postal ballot was passed at the aforesaid Annual General Meetings.
- | No special resolution is proposed to be passed through postal ballot at the forthcoming Annual General Meeting scheduled to be held on 7th September, 2012.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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. 32.06 of the Notes to the Financial Statements for the year ended 31st March, 2012.

(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, 2012, these procedures for risk assessment and minimization have been updated/formalised. These have been disclosed in the Management Discussion and Analysis Report forming a part of the Directors' Report.

(d) Matters related to capital market

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

(e) Management Discussion & Analysis Report

The Management Discussion & Analysis Report is attached to and forms a part of the 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 :

- | The Company is maintaining an office for the Non-Executive Chairman at the Registered Office of the Company.
- | The Company has a Remuneration Committee as has already been mentioned in Item No. C(iii) above of this Report.
- | There is no qualification in the Auditors' Report to the shareholders of the Company on the Financial Statements for the year ended 31st March, 2012.

(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, 2012, 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

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 (“Aajkaal”/ “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 Annual General Meeting of the Company has been convened on Friday, the 7th September, 2012 at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017 at 3.30 P.M.

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

(c) Financial Calendar

	Events	Period
1.	Audited Annual Results for 2011-12	May 18, 2012
2.	Mailing of Annual Reports 2011-12	By 13th August, 2012
3.	First Quarter Results (30th June, 2012)	By first week of August, 2012
4.	Annual General Meeting	September 7, 2012
5.	Second Quarter Results (30th September, 2012)	By first week of November, 2012
6.	Third Quarter Results (31st December, 2012)	By first week of February, 2013
7.	Audited Annual Results for 2012-13	By 30th May, 2013

(d) Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from Friday, 31st August, 2012 to Friday, 7th September, 2012 (both days inclusive).

(e) Dividend Payment

Dividend, if declared at the Annual General Meeting, will be paid on and from Tuesday, 18th September, 2012, to those members/beneficial owners whose names appear in the Register of Members as at the close of business on 30th August, 2012.

(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 2012-13 to BSE and CSE.

(h) Custodial Fees to Depository

The Company has paid custodial fees for the year 2012-13 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 2011-12.

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

(j) Demat ISIN Number : INE403C01014.

REPORT ON CORPORATE GOVERNANCE (Contd.)

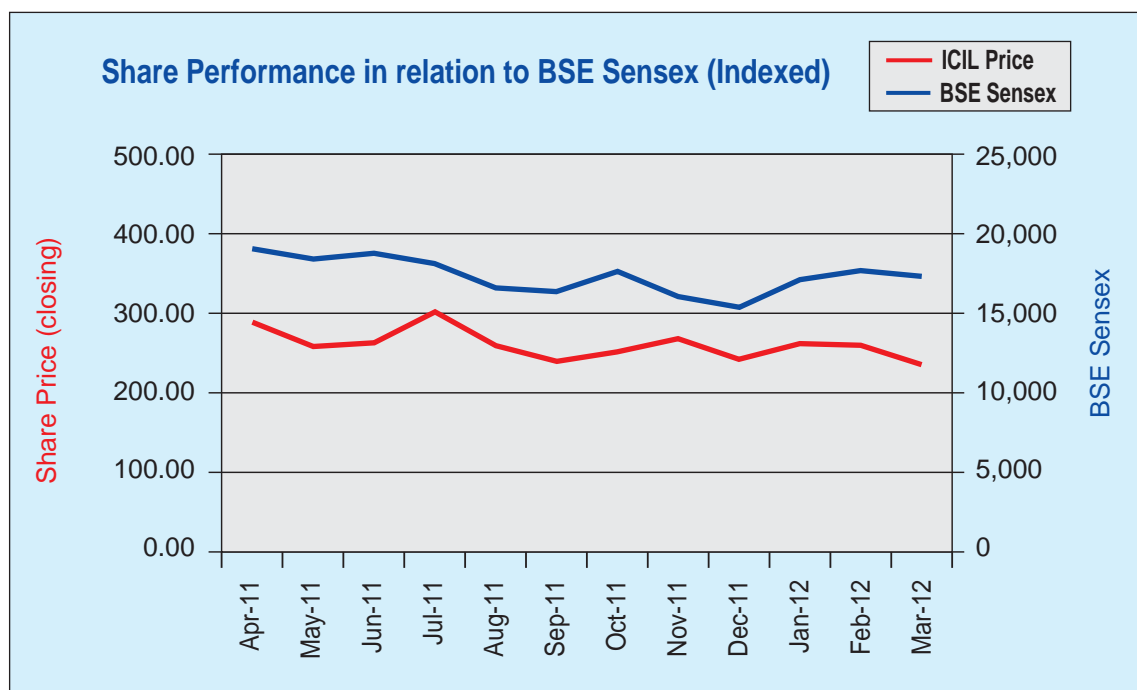
(k) (i) Stock Market price data :

(1st April, 2011 to 31st March, 2012)

Month/Year	Bombay Stock Exchange Ltd.	
	High (Rs.)	Low (Rs.)
April 2011	339.90	235.05
May 2011	303.00	249.00
June 2011	288.00	221.25
July 2011	319.90	250.05
August 2011	305.00	245.55
September 2011	270.00	241.30
October 2011	258.75	230.55
November 2011	330.00	251.00
December 2011	280.00	231.00
January 2012	272.00	237.00
February 2012	270.00	243.25
March 2012	277.00	225.00

(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, 2012

No. of Shares	Shareholders		Shareholding	
	Number	%	No. of Shares held	%
1 - 500	6966	94.92	5,88,199	24.61
501 - 1000	220	3.00	1,61,193	6.74
1001 - 2000	102	1.39	1,43,565	6.01
2001 - 3000	10	0.14	24,947	1.04
3001 - 4000	9	0.12	31,535	1.32
4001 - 5000	7	0.09	32,173	1.35
5001 - 10000	8	0.11	56,946	2.38
10001 and above	17	0.23	13,51,718	56.55
Total	7339	100.00	23,90,276	100.00

(o) Pattern of Shareholding as on 31st March, 2012

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)	27,987	1.17
5.	Bodies Corporate	1,01,339	4.24
6.	Indian Public	9,85,459	41.23
7.	Others (Demat transit/clearing member)	6,409	0.27
	Total	23,90,276	100.00

(p) Dematerialisation of Shares

As on 31st March, 2012, 94.72% of the Company's total paid up capital representing 22,64,184 shares were held in dematerialized form and the balance 5.28% representing 1,26,092 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, 2012.

REPORT ON CORPORATE GOVERNANCE (Contd.)

(r) Secretarial Audit Report

As stipulated by the Securities and Exchange Board of India, a qualified Practising Company Secretary has been appointed to carry out the Secretarial Audit at a regular interval to reconcile the total admitted Capital held in dematerialised form in National 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 Office : Shifted to the new premises at Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector - V, Salt Lake Electronics Complex, Kolkata - 700 091 with effect from 13th October, 2011.

(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 : 508, Centre Point, R. C. Dutta Road, Alkapuri, Vadodara - 390020

(v) Total number of employees as on 31.03.2012 : 502

(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 : 40116700/6711/6718; 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
 6th July, 2012

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 2011-12 i.e. the Balance Sheet as at 31st March, 2012, the Profit & Loss Account for the year ended 31st March, 2012 and the Cash Flow Statement for the year ended 31st March, 2012 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
May 18, 2012

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 2011-12.

Kolkata
May 18, 2012

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, 2012, 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 : May 18, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Overview

The global slowdown is expected to have some impact on the capital goods industry in India. The low manufacturing cost in India is, however, expected to compensate this to an extent even though the overall growth is expected to be marginal.

2. Opportunities

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

New business areas in Crushing and Screening are also expected to make significant contributions towards the future growth.

3. Threats

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

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

4. Risk & Concerns

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

(a) Competition

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

(b) Costs

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

(c) Human Resources Management

The Company has undertaken a major organization restructuring and development programme involving all divisions and operational areas.

The programme would lead to development, optimization and efficient engagement of the human resources currently available and to be inducted in future.

(d) Receivables

To facilitate smooth recovery of sale proceeds, the Company has adopted various recovery

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

measures and the debtor management system which have resulted in improvement in the liquidity position of the Company.

(e) Financials

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

5. Outlook

Recognising the difficult market situation, your Company expanded the operation by introducing two products - Crushers and Crushing & Screening Systems, which are synergic with the screens manufactured by the Company. This would enable the Company to offer Crushing & Screening Plants & Systems for mining, cement and various other industrial applications.

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

6. Internal Control System

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

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

7. Financial Performance

(Rs. in lacs)

Particulars	2011-2012	2010-2011
Sales	10587	10556
Operating Profit Before Tax	1331	1457
Exceptional Items	989	21
Operating Profit After Tax	1646	1002
Net Cash Flow from Operation	432	1022
Operating Profit to Sales (%)	13	14
Basic E.P.S. (Rs.)	68.86	41.94

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

(Rs. in lacs)

Particulars	2011-2012	2010-2011
Segment Revenue (Sales & Other Operating Income)		
a) Mineral & Material Processing & Handling Equipment	7405	7739
b) Geared Motor and Gear Box	3561	2906
Net Sales / Income & Inter-Divisional Transfers	10966	10645
Less : Inter-Segment Transfers	228	18
Net Sales/ Income from Operations	10738	10627
Segment Results (Profit before Tax & Interest)		
a) Mineral & Material Processing & Handling Equipment	2358	2634
b) Geared Motor and Gear Box	249	57
Total	2607	2691
Less: Finance Costs	84	66
Other Unallocable Expenditure, net of unallocable Income	203	1146
Total Profit before Tax	2320	1479

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 : 6th July, 2012

S. Bagaria
 Chairman

AUDITORS' REPORT

To the Members,

We have audited the attached Balance Sheet of **International Combustion (India) Limited** as at 31st March, 2012 and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- 1) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in exercise of the power conferred by Section 227 (4A) of the Companies Act, 1956 and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we report as follows, on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company:
 - i. Fixed Assets
 - a. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
 - b. The fixed assets of the Company have been physically verified by the management during the year and these revealed no material discrepancies.
 - c. During the year, the Company has not disposed of a substantial part of its fixed assets.
 - ii. Inventory
 - a. The inventory of the Company except those lying with third parties have been physically verified during the year. In our opinion, frequency of verification is reasonable.
 - b. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. In our opinion, the Company is maintaining proper records of inventory and the discrepancies between the physical stocks to the extent verified and the book stocks were not material.
 - iii. Loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4(iii) (b) to 4 (iii) (d) of the Order are not applicable to the Company.
 - b. The Company has taken loans from 7 parties listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.149.25 lacs and the year-end balance of loans taken from such parties was Rs. Nil.
 - c. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
 - d. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of the interest.
 - iv. Having regard to the fact that certain items are of special nature for which comparative quotations are not readily available, in our opinion the internal control procedures of the Company relating to purchases of stores, raw materials including components, plant and machinery, equipment and other similar assets and for the sale of the goods are commensurate with the size of the Company

AUDITORS' REPORT (Contd.)

and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- v. Transaction covered under Section 301 of the Companies Act, 1956
 - a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into a register in pursuance of Section 301 of the Act have been entered;
 - b. In our opinion and according to the information and explanations given to us, there is no transaction made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rs. 5 lacs in respect of any party during the year.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public.
- vii. In our opinion, the Company's internal audit, carried by firms of Chartered Accountants, in respect of areas covered during the year is commensurate with the size and the nature of the business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed account and records have been made and maintained. We are, however, not required to make a detailed examination of such records to ascertain whether these are accurate or complete.
- ix. Statutory Dues
 - a. According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues outstanding as on 31st March, 2012 for a period of more than six months from the date they became payable.
 - b. According to information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax and cess, if any, as at 31st March, 2012, 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. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that during the year the Company has not defaulted in repayment of dues to financial institutions or bank.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv. The Company is not dealing in shares and securities.
- xv. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

AUDITORS' REPORT (Contd.)

- 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 on overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investments.
 - xviii. The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
 - xix. According to information and explanations given to us, the Company has not issued any debentures during the year.
 - xx. The Company has not raised monies by public issues during the year.
 - xxi. During the course of our examination of books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such case by the management.
- 2) Further to the above we report that :
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (1) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
 - (2) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Partner
Membership Number: 55104

Place : Kolkata
Date : 18th May, 2012



BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	(Rs. in lacs)	
		As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2	239.03	239.03
(b) Reserves and Surplus	3	8792.10	7298.28
(2) Non-current liabilities			
(a) Long-term borrowings	4	13.62	—
(b) Deferred Tax liabilities (Net)	5	399.56	104.89
(c) Other Long-term liabilities	6	—	5.77
(d) Long-term provisions	7	48.35	78.16
(3) Current liabilities			
(a) Short-term borrowings	8	847.49	826.58
(b) Trade payables	9	2558.62	1369.62
(c) Other current liabilities	10	1211.63	1033.78
(d) Short-term provisions	11	183.84	190.45
TOTAL		14294.24	11146.56
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets	12		
(i) Tangible assets		2967.08	2187.13
(ii) Intangible assets		187.96	234.55
(iii) Capital work-in-progress		404.77	348.68
(b) Long-term loans and advances	14	73.78	75.17
(c) Other non-current assets	15	50.73	136.17
(2) Current assets			
(a) Current investments	13	1600.00	1452.00
(b) Inventories	16	3635.48	1901.00
(c) Trade receivables	17	3510.22	2976.42
(d) Cash and Bank Balances	18	1197.77	1034.88
(e) Short-term loans and advances	19	666.45	746.91
(f) Other current assets	20	—	53.65
TOTAL		14294.24	11146.56
Significant Accounting Policies	1		
Notes on Financial Statements	2-32.14		

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

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

H.K. Verma
Partner
Kolkata, 18th May, 2012

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, 2012

		(Rs. in lacs)	
Particulars	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<i>Revenue :</i>			
I. Revenue from operations	21	10738.10	10626.68
II. Other Income	22	222.92	181.95
III. Total Revenue (I + II)		10961.02	10808.63
<i>Expenses :</i>			
IV. Cost of materials consumed	23	6062.68	5354.81
Purchase of Stock-in-Trade			
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	(971.83)	(134.38)
Employee benefit expenses	25	1962.97	1912.10
Finance cost	26	84.08	66.37
Depreciation and amortization expense	12&27	376.80	294.30
Less : Transferred from Revaluation Reserve		(13.21)	(13.20)
Other expenses	28	2128.56	1871.16
Total Expenses		9630.05	9351.16
V. Profit before exceptional and extraordinary items and tax (III-IV)		1330.97	1457.47
VI. Exceptional Items	29	988.84	21.14
VII. Profit before extraordinary items and tax (V+VI)		2319.81	1478.61
VIII. Extraordinary Items		—	—
IX. Profit before tax (VII-VIII)		2319.81	1478.61
X. Tax Expense:	30		
(1) Current tax		379.21	477.27
(2) Deferred tax		294.67	(1.19)
Total Tax Expenses		673.88	476.08
XI. Profit for the period (IX-X)		1645.93	1002.53
XII. Earning per equity share (in rupees) :			
(1) Basic	31	68.86	41.94
(2) Diluted	31	68.86	41.94
Significant Accounting Policies	1		
Notes on Financial Statements	2-32.14		

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

As per our report of even date

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

H.K. Verma
Partner
Kolkata, 18th May, 2012

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, 2012

(Rs. in lacs)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and extraordinary items	2319.81	1478.61
Adjustments for :		
Depreciation & Amortisation expenses	363.59	281.10
Profit on sale of fixed asset (net)	(988.84)	(21.14)
Irrecoverable Debts written off	81.91	25.89
Interest Income	(106.73)	(137.86)
Profit on maturity/redemption of current investments	(107.90)	(32.96)
Interest on borrowings	84.08	66.37
Liabilities no longer required written back	(15.02)	(12.13)
Difference in Exchange Rate	(5.86)	(0.42)
Operating profit before Working Capital changes	1625.04	1647.46
Movement in working capital :		
Increase/(decrease) in trade Payables	1202.25	33.22
Increase/(decrease) in long-term provisions	(29.81)	19.86
Increase/(decrease) in short-term provisions	(6.15)	23.38
Increase/(decrease) in other current liabilities	325.92	52.76
Increase/(decrease) in other long-term liabilities	(5.77)	(10.92)
Decrease/(increase) in trade receivables	(608.08)	(197.53)
Decrease/(increase) in inventories	(1734.48)	(354.85)
Decrease/(increase) in long-term loans and advances	(38.61)	767.17
Decrease/(increase) in short-term loans and advances	110.57	(439.32)
Cash generated from / (used in) operations	840.88	1541.23
Direct Taxes Paid (net of refunds)	(409.34)	(518.99)
Net Cash from / (used in) operating activities ...(A)	431.54	1022.24
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of fixed asset	1055.36	149.78
Purchase of Fixed Assets including intangible assets, CWIP and capital advances	(1349.50)	(1156.28)
Proceeds from Redemption/ Maturity of current investments	1409.90	432.96
Purchase of Investments	(1450.00)	(750.00)
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)	—	(2.66)
Interest Received	160.38	122.47
Net Cash from (used in) investing activities ...(B)	326.05	(1203.73)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	22.00	—
Repayment from long-term borrowings	(1.59)	—
Cash Credit & Other short-term borrowings	20.91	94.77
Interest Paid	(84.08)	(66.37)
Dividends Paid (including corporate tax on dividend)	(137.47)	(137.86)
Net Cash flow from / (used in) financing activities ...(C)	(180.23)	(109.46)
Net increase/(decrease) in Cash and Cash equivalents (A+B+C)	577.36	(290.95)
Cash and Cash equivalents at the beginning of the year	398.00	688.95
Cash and Cash equivalents at the close of the year	975.36	398.00

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

(ii) Previous year's figures have been rearranged/regrouped, wherever necessary.

(iii) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 on "Cash Flow Statement" 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, 18th May, 2012

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, 2012

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 assets net selling price or its value in use. In assessing the value in use, the estimated future cash flows from the use of assets are discounted to their present value as appropriate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

(vi) INVESTMENTS

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (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.

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, 2012 (Contd.)

	(Rs. in lacs)	
	As at 31st March, 2012	As at 31st March, 2011
2. SHARE CAPITAL		
(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 (2010-11 - 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.
- (f) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.

(Rs. in lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Number of shares	Amount	Number of shares	Amount
Number of shares outstanding at the beginning of the year	2390276	239.03	2390276	239.03
Add: Shares issued during the year	—	—	—	—
Less: Shares bought back during the year	—	—	—	—
Number of shares outstanding at the end of the year	2390276	239.03	2390276	239.03

- (g) Details of Shareholders holding more than 5% of the shares alongwith number of shares held:

Name of the shareholder	As at 31st March, 2012 No. of shares	As at 31st March, 2011 No. of shares
	Tradelink Securities Limited	343703
Stephen Court Limited	279088	279088
Woolworth Merchandise Private Limited	170609	170609

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

	Note No.	As at 31st March, 2012	(Rs. in lacs) As at 31st March, 2011
3. RESERVES & SURPLUS			
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		173.40	186.60
Less: Transferred to Statement of Profit and Loss	12(a) & 12(b)	(13.21)	(13.20)
Less: Adjustment on sale/disposal		—	—
		160.19	173.40
General Reserve			
As per last Balance Sheet		5488.09	4625.09
Add: Transferred from Surplus		1500.00	863.00
		6988.09	5488.09
Surplus as per Statement of Profit and Loss			
As per last Balance Sheet		141.04	140.87
Add: Net profit after Tax transferred from Statement of Profit and Loss		1645.93	1002.53
Amount available for appropriation		1786.97	1143.40
Appropriations:			
Proposed Dividend	32.12 & 2(e)	(119.51)	(119.51)
Tax on proposed dividend		(19.39)	(19.85)
Transferred to General Reserve		(1500.00)	(863.00)
Net Surplus in the Statement of Profit and Loss		148.07	141.04
TOTAL		8792.10	7298.28
4. LONG TERM BORROWINGS			
Secured			
Vehicle Finance loan			
From Bank	4(a),4(b)&4(c)	13.62	—
		13.62	—
(a) Finance lease obligation is secured against car taken on finance lease and is repayable in 36 monthly instalments starting from January, 2012 (2010-11- Rs. Nil)			
(b) Repayment details of Vehicle Finance loan are given below:			
2013-14		7.49	—
2014-15		6.13	—
(c) Interest Rate of Vehicle Finance loan		9.93%	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

5. DEFERRED TAX LIABILITIES (Net)

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

(Rs. in lacs)

	Opening as on 1st April, 2011	Debit/(Credit) during the year	Closing as on 31st March, 2012
Deferred Tax Assets :			
Expenses Allowable on Payment Basis	46.86	(24.64)	22.22
Unabsorbed Capital Loss	4.50	(4.50)	—
Gross Deferred Tax Asset	<u>51.36</u>	<u>(29.14)</u>	<u>22.22</u>
Deferred Tax Liabilities :			
Timing Difference with respect to Fixed Asset	156.25	(265.53)	421.78
Gross Deferred Tax Liabilities	<u>156.25</u>	<u>(265.53)</u>	<u>421.78</u>
Net Deferred Tax Liabilities	<u>104.89</u>	<u>(294.67)</u>	<u>399.56</u>

	Note No.	As at 31st March, 2012	As at 31st March, 2011
6. OTHER LONG TERM LIABILITIES			
Deferred Liabilities on BST & CST		—	5.77
7. LONG TERM PROVISIONS			
Provision for Employee Benefits		<u>48.35</u>	<u>78.16</u>
8. SHORT TERM BORROWINGS			
(a) Secured			
Cash credit from Banks	8(c)	847.49	687.33
(b) Unsecured			
Deposits from Related Parties	32.06(ii)	<u>—</u>	<u>139.25</u>
		<u>847.49</u>	<u>826.58</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

	Note No.	As at 31st March, 2012	As at 31st March, 2011
(Rs. in lacs)			
9. TRADE PAYABLES			
(a) Payable for goods and services	9(b)	<u>2558.62</u>	<u>1369.62</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		45.21	25.09
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		3.07	97.42
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.		—	—
10. OTHER CURRENT LIABILITIES			
Current Maturities of Vehicle Finance Lease		6.79	—
Unclaimed Dividends*		14.08	12.19
Other Payables –			
Capital Vendors		—	156.73
Statutory dues		90.51	259.03
Advances from Customers		944.72	564.68
Others		<u>155.53</u>	<u>41.15</u>
		<u>1211.63</u>	<u>1033.78</u>
* Not due for payment to Investor Education and Protection Fund			
11. SHORT-TERM PROVISIONS			
Provision for Employee Benefits		44.94	51.09
Proposed Dividend	32.12 & 2(e)	119.51	119.51
Tax on Proposed Dividend		<u>19.39</u>	<u>19.85</u>
		<u>183.84</u>	<u>190.45</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

12. FIXED ASSETS

Assets	GROSS BLOCK (Cost / on revaluation)				DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 1st April, 2011	Additions/ Adjustments during the year	Deletion during the year	As at 31st March, 2012	Upto 31st March, 2011	During the year	Deletion during the year	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
A. Tangible Assets										
Land –										
Freehold	3.04	—	—	3.04	—	—	—	—	3.04	3.04
Leasehold	45.54	—	8.79	36.75	3.11	0.16	3.26	0.01	36.74	42.43
Buildings –										
Freehold	153.95	—	—	153.95	67.67	5.08	—	72.75	81.20	86.28
Leasehold	742.40	774.60	76.78	1440.22	248.48	37.74	24.66	261.56	1178.66	493.92
Plant and Equipment	3525.68	183.82	234.54	3474.96	2085.50	242.36	234.22	2093.64	1381.32	1440.18
Furniture and Fixture	121.44	132.59	12.13	241.90	79.54	15.75	10.44	84.85	157.05	41.90
Vehicles –										
Freehold	62.71	—	11.47	51.24	39.90	4.85	9.54	35.21	16.03	22.81
Leasehold	—	28.40	—	28.40	—	2.19	—	2.19	26.21	—
Office Equipment	22.65	4.69	5.61	21.73	14.62	1.49	4.62	11.49	10.24	8.03
Electrical Installation	137.97	40.33	16.24	162.06	89.43	8.34	12.30	85.47	76.59	48.54
	4815.38	1164.43	365.56	5614.25	2628.25	317.96	299.04	2647.17	2967.08	2187.13
B. Intangible Assets										
Technical Knowhow fees	315.88	12.25	—	328.13	178.84	38.80	—	217.64	110.49	137.04
ERP Software	36.20	—	—	36.20	21.10	6.03	—	27.13	9.07	15.10
Autocad Software	10.10	—	—	10.10	1.68	1.68	—	3.36	6.74	8.42
Patent	105.53	—	—	105.53	31.54	12.33	—	43.87	61.66	73.99
	467.71	12.25	—	479.96	233.16	58.84	—	292.00	187.96	234.55
Total (A+B)	5283.09	1176.68	365.56	6094.21	2861.41	376.80	299.04	2939.17	3155.04	2421.68
Previous year	4773.04	936.89	426.84	5283.09	2865.31	294.30	298.20	2861.41	2421.68	—

Note :

- (a) 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.
- (b) Gross depreciation for the current year is Rs.373.75 lacs (2011- Rs.294.30 lacs) of which Rs.13.21 lacs (2011- Rs.13.20 lacs) has been transferred from Revaluation Reserve.
- (c) Refer Notes 4(a) and 8(c)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

	(Rs. in lacs)	
	As at 31st March, 2012	As at 31st March, 2011
13. CURRENT INVESTMENTS - at cost (fully paid-up otherwise stated)		
A) Unquoted - Other than Trade		
Investment in Debenture		
i. Kotak Basket Linked Unsecured Redeemable Optionally Convertible Debentures - Series KS-19 10 units of Rs.1000000 each at a premium of Rs.20000 each	—	102.00
Investment in Mutual Funds		
i. Kotak FMP 19M Series 2 1000000 units of Rs.10 each	—	100.00
ii. Kotak FMP 18M Series 4 1500000 units of Rs.10 each	—	150.00
iii. Kotak FMP Series 64-Growth Option 2000000 units of Rs.10 each	200.00	—
iv. Kotak FMP Series 65-Growth Option 1500000 units of Rs.10 each	150.00	—
v. Fortis Fixed Term Series 16B-Growth 2000000 units of Rs.10 each	—	200.00
vi. Fortis Fixed Term Series 17A-Growth 1500000 units of Rs.10 each	—	150.00
vii. Reliance Fixed Horizon Fund - XXI Series 19 1500000 units of Rs.10 each	150.00	—
viii. HDFC FMP Series XIX-Growth 3000000 units of Rs.10 each	300.00	—
ix. IDFC Fixed Maturity Plan-18 M Series 7-Growth 1500000 units of Rs.10 each	150.00	150.00
x. DSP BlackRock FTP Series 3-24 M 2000000 units of Rs.10 each	200.00	—
xi. DSP BlackRock FTP Series 1-24 M 1500000 units of Rs.10 each	150.00	—
xii. DSP BlackRock FMP-12M Series 9-Growth 1000000 units of Rs.10 each	—	100.00
xiii. ICICI Prudential Annual Interval Plan IV-Retail Growth 741570.201 units of face value of Rs.10 each	100.00	—
Aggregate book value of unquoted investments	<u>1400.00</u>	<u>952.00</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

		(Rs. in lacs)	
	Note No.	As at 31st March, 2012	As at 31st March, 2011
13. CURRENT INVESTMENTS - at cost (Contd.)			
B) Quoted - Other than Trade			
Investment in Mutual Funds			
i. Reliance Regular Savings Fund - Debt Plan-Growth 783957.10 units of face value of Rs.10 each		—	100.00
ii. Reliance Fixed Horizon Fund-XVI Series 4-Growth 1000000 units of Rs.10 each		—	100.00
iii. Religare FMP Series X-Plan A-Growth 2000000 units of Rs.10 each		200.00	—
iv. Sundaram Fixed Term Plan AP-Growth 1500000 units of Rs.10 each		—	150.00
v. Reliance Regular Savings Fund-Debt Option 1172241.33 units of face value of Rs.10 each		—	150.00
Aggregate book value of quoted investments		<u>200.00</u>	<u>500.00</u>
TOTAL INVESTMENTS		<u>1600.00</u>	<u>1452.00</u>
Aggregate value of Quoted Investments : in Mutual Funds		200.00	500.00
Aggregate value of Unquoted Investments : in Debentures		—	102.00
in Mutual Funds		1400.00	850.00
Aggregate Market Value of Quoted Investments in Mutual Funds		208.04	515.78
14. LONG-TERM LOANS AND ADVANCES			
Unsecured-Considered good			
Capital Advances		—	40.00
Security Deposits		<u>73.78</u>	<u>35.17</u>
		<u>73.78</u>	<u>75.17</u>
15. OTHER NON-CURRENT ASSETS			
Deposits with banks with more than twelve months maturity (including interest accrued thereon)		<u>50.73</u>	<u>136.17</u>
		<u>50.73</u>	<u>136.17</u>
Fixed Deposits receipts of Rs. 50.73 lacs (2011 – Rs.136.17 lacs) have been deposited with banks against guarantees issued by them			
16. INVENTORIES	8(c)		
(As taken, valued and certified by the management)			
Raw Materials and Components [including in transit Rs. 10.70 lacs (2010-11 – Rs.15.63 lacs)]		1570.58	958.41
Work-in-progress		448.71	335.74
Finished Goods		1413.86	440.62
Stores		169.24	154.20
Packing Materials		<u>33.09</u>	<u>12.03</u>
		<u>3635.48</u>	<u>1901.00</u>
17. TRADE RECEIVABLES	8(c)		
Unsecured, considered good			
Trade receivables outstanding for period exceeding six months			
Considered good		591.94	342.09
Other			
Considered good		<u>2918.28</u>	<u>2634.33</u>
		<u>3510.22</u>	<u>2976.42</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

	As at 31st March, 2012	As at 31st March, 2011
(Rs. in lacs)		
18. CASH AND BANK BALANCES		
(As certified by the management)		
Cash and Cash Equivalents		
– Cash in hand	3.05	2.54
– Cheques in hand	19.00	1.50
Balances with Banks:		
– Current Accounts	213.84	149.77
– Fixed Deposit Accounts (including interest accrued thereon with original maturity of less than three months)	650.73	232.00
– Unclaimed Dividends Accounts	14.08	12.19
– Margin money with banks (including interest accrued thereon with original maturity of less than three months)	74.66	—
	975.36	398.00
Others		
– 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)	6.20	631.62
– Margin money with banks (including interest accrued thereon with original maturity of more than three months but less than twelve months)	—	5.26
	216.21	—
	222.41	636.88
	1197.77	1034.88
Fixed Deposits receipts of Rs. 290.87 lacs (2011-Rs.Nil) have been deposited with banks against guarantees issued by them		
19. SHORT-TERM LOANS AND ADVANCES		
Unsecured-Considered good		
Advances to suppliers	203.03	28.84
Advance to Employee	4.03	3.07
Advance Tax (net of Provision – Rs. 1486.05 lacs; 2010-11 – Rs. 2220.10 lacs)	26.06	50.49
Advance for Fringe Benefit Tax (net of Provision – Rs. Nil. 2010-11 – Rs. 25.83 lacs)	0.34	1.67
MAT Credit Entitlement	55.87	—
Deposits with Financial Institutions	—	300.00
Balances with statutory / government authorities	259.64	323.77
Prepaid Expenses	40.45	38.37
Others	77.03	0.70
	666.45	746.91

19.1 During the year, Minimum Alternate Tax (MAT) has been provided. The Company is entitled for MAT credit and the same has been recognised accordingly.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

	(Rs. in lacs)	
	As at 31st March, 2012	As at 31st March, 2011
20. OTHER CURRENT ASSETS		
Unsecured		
Considered Good –		
Interest accrued on Deposits	—	53.65
	<u>—</u>	<u>53.65</u>
21. REVENUE FROM OPERATIONS	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Sale of products	11542.93	11510.73
Sale of services	81.27	16.39
Other operating revenue		
Scrap Sales	54.37	42.67
Liability no longer required written back	15.02	12.13
Less : excise duty	(955.49)	(955.24)
Revenue from Operations (net)	<u>10738.10</u>	<u>10626.68</u>
22. OTHER INCOME		
Interest on fixed deposits with banks	106.73	137.86
Profit on sale/redemption of investments (net)	107.90	32.96
Net gain on foreign currency translation and transaction	8.03	—
Miscellaneous Income	0.26	11.13
	<u>222.92</u>	<u>181.95</u>
23. COST OF MATERIALS CONSUMED		
Raw Materials Consumed	<u>6062.68</u>	<u>5354.81</u>
24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Finished Goods:		
Opening stock	440.62	402.91
Add/(Less) : Provision for Excise duty on finished goods lying at the factories	114.38	3.52
Less: Closing Stock	(1413.86)	(440.62)
	(858.86)	(34.19)
Work-in-progress:		
Opening stock	335.74	235.55
Less: Closing Stock	(448.71)	(335.74)
	(112.97)	(100.19)
	<u>(971.83)</u>	<u>(134.38)</u>
25. EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	1528.87	1461.94
Contribution to Provident and Other Funds	160.91	214.18
Workmen and Staff Welfare Expenses	82.60	70.17
Travelling and Conveyance	190.59	165.81
	<u>1962.97</u>	<u>1912.10</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

		(Rs. in lacs)	
	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
26. FINANCE COST			
Interest Expense		81.08	62.68
Other Borrowing Cost		3.00	3.69
		84.08	66.37
27. DEPRECIATION AND AMORTIZATION EXPENSE			
Depreciation on tangible assets		317.96	226.81
Amortisation of intangible assets		58.84	67.49
		376.80	294.30
Less : Transfer from Revaluation Reserve		(13.21)	(13.20)
		363.59	281.10
28. OTHER EXPENSES			
Consumable Stores		273.74	286.66
Rent		13.78	12.55
Rates and Taxes		24.02	14.79
Power and Fuel		143.87	137.13
Repairs to – Buildings		21.65	14.82
– Machinery		9.40	9.67
– Others		60.39	47.35
Insurance		45.92	45.29
Selling and Distribution Expenses	28(c)	414.95	331.77
Royalty		210.50	187.90
Directors' Commission		30.59	42.04
Auditors' Remuneration	28(d)	3.75	3.00
Irrecoverable Debts/Advances written off		81.91	25.89
Communication Expenses		23.43	22.00
Donation		11.00	—
Packing Materials consumed and packing charges (net)		165.83	141.75
Freight Charges (net)		97.04	93.89
Miscellaneous Expenses		496.79	454.66
		2128.56	1871.16
(a) Expenditure in Foreign Currency			
Technical Knowhow fees		—	116.94
Royalty		135.58	140.57
Other matters		191.08	65.91
(b) The Company has incurred expenses on account of Research and Development expenses which has been charged in the Statement of Profit and Loss		61.21	62.16
(c) Selling and Distribution Expenses comprise of –			
Travelling Expenses		322.62	284.73
Commission on Sales		67.27	36.98
Other Expenses		25.06	10.06
(d) Auditors' Remuneration:			
Audit Fees		2.25	1.75
Certification		1.50	1.25

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(Rs. in lacs)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
29. EXCEPTIONAL ITEMS		
Profit / (Loss) on sale of fixed assets (net)	988.84	21.14
30. TAX EXPENSE		
Current Tax	—	463.16
Minimum Alternate Tax	445.19	—
Earlier years' short / (excess) provision	(11.39)	14.11
Earlier years' short provision for Fringe Benefit Tax (net)	1.28	—
	435.08	477.27
Less : Minimum Alternate Tax Credit	55.87	—
	379.21	477.27

31. EARNINGS PER EQUITY SHARE (EPS)

	Year ended 31st March	
	2011-12	2010-11
I. Profit / (Loss) after tax (a)	1645.93	1002.53
II. Shares		
Number of Equity Shares as on 31st March	2390276	2390276
Weighted average number of Equity shares outstanding during the year (for EPS) (b)	2390276	2390276
III. EPS (Face value of Rs.10 each)		
Basic EPS (a/b) in Rupees	68.86	41.94
Diluted EPS (a/b) in Rupees	68.86	41.94

32.01 CONTINGENT LIABILITIES AND COMMITMENTS**Contingent Liabilities**

Outstanding Bank Guarantees	117.42	104.22
Bills discounted under Letter of Credit (since realised)	—	213.16
Sales Tax demand under appeal	540.94	134.00

Commitments

Estimated amount of contracts remaining to be executed on capital account	58.74	83.30
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32.02 UNHEDGED FOREIGN CURRENCY EXPOSURES ARE AS FOLLOWS :

Nature	Currency	31st March, 2012	31st March, 2011
Import	Euro	78742	15029
Advance for Import	Euro	3765	1500
Advance for Import	Swiss Franc	—	568
Export	USD	145721	65946
Export	Euro	346207	282525
Advance received against Export	USD	31357	36882
Advance received against Export	Euro	650	407

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

32.03 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: (Rs. in lacs)

	2011-12	2010-11
Employer's Contribution to Provident Fund	85.05	78.66
Employer's Contribution to Pension Fund	31.14	31.35
Employer's Contribution to Superannuation Fund	8.29	8.35
Employer's Contribution to Employees State Insurance Scheme	22.98	21.66

- b) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2012

(i) Gratuity (Funded)	Year Ended 31st March				
	2012	2011	2010	2009	2008
A. Change in Defined Benefit Obligations :					
Present Value of Defined Benefit Obligations as at the beginning of the year	435.97	343.52	330.61	300.12	248.25
Current Service Cost	26.73	27.23	25.09	22.41	19.17
Finance Cost	33.93	31.18	26.96	25.23	20.56
Benefits Paid	(23.61)	(28.43)	(18.76)	(34.80)	(20.45)
Actuarial (Gains)/ Losses	7.70	62.47	(20.38)	17.65	32.59
Present Value of Defined Benefit Obligations as at the end of the year	480.72	435.97	343.52	330.61	300.12
B. Change in the Fair Value of Assets:					
Fair value of Plan Assets at the beginning of the year	395.21	274.24	211.28	152.80	121.39
Expected Return on Plan Assets	36.61	26.78	19.42	14.56	11.86
Contributions by the Employer	148.50	124.34	61.65	78.53	40.00
Benefits paid	(23.61)	(28.43)	(18.76)	(34.80)	(20.45)
Actuarial Gains / (Losses)	(3.13)	(1.72)	0.65	0.19	—
Fair value of Plan Assets at the end of the year	553.58	395.21	274.24	211.28	152.80

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

32.03 EMPLOYEE BENEFITS (Contd.)

	Year Ended 31st March				
	2012	2011	2010	2009	2008
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	480.72	435.97	343.52	330.61	300.12
Fair value of Plan Assets at the end of the year	553.58	395.21	274.24	211.28	152.80
Liability /(Assets) recognized in the Balance Sheet	(72.86)	40.76	69.28	119.33	147.32
D. Expenses recognized in the Statement of Profit & Loss					
Current Service Cost	26.73	27.23	25.09	22.41	19.17
Finance Cost	33.93	31.18	26.96	25.23	20.56
Expected Return on Plan Assets	(36.61)	(26.78)	(19.42)	(14.56)	(11.86)
Actuarial (Gain)/ Loss	10.83	64.19	(21.03)	17.46	32.59
Total Expenses recognized in the Statement of Profit & Loss*	34.88	95.82	11.60	50.54	60.46
E. Principal Actuarial Assumptions used :					
Discounted Rate (per annum) Compound	8.75%	8%	8%	8%	7.50%
Expected Rate of return on Plan Assets	8.75%	8%	8%	8%	7.50%
Rate of Salary increase (per annum)	5.00%	5%	5%	5%	5%
(ii) Leave Encashment (Non Funded)					
A. Change in Defined Benefit Obligations :					
Present Value of Defined Benefit Obligations as at the beginning of the year	62.26	58.30	45.96	43.44	37.20
Current Service Cost	2.51	2.87	1.17	0.86	0.11
Finance Cost	5.26	4.82	4.17	3.58	3.23
Benefits Paid	(22.12)	(23.97)	(20.37)	(21.14)	(16.48)
Actuarial (Gains)/ Losses	21.26	20.24	27.37	19.22	19.38
Present Value of Defined Benefit Obligations as at the end of the year	69.17	62.26	58.30	45.96	43.44

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

	Year Ended 31st March				
	2012	2011	2010	2009	2008
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	22.12	23.97	20.37	21.14	16.48
Benefits paid	(22.12)	(23.97)	(20.37)	(21.14)	(16.48)
Actuarial Gains/ (Losses)	—	—	—	—	—
Fair value of Plan Assets at the end of the year	—	—	—	—	—
C. Reconciliation of Present value of Defined Benefit Obligation and the Fair Value of Assets :					
Present Value of Defined Benefit Obligations as at the end of the year	69.17	62.26	58.30	45.96	43.44
Fair value of Plan Assets at the end of the year	—	—	—	—	—
Liability / (Assets) recognized in the Balance Sheet	69.17	62.26	58.30	45.96	43.44
D. Expenses recognized in the Statement of Profit & Loss					
Current Service Cost	2.51	2.87	1.17	0.86	0.11
Finance Cost	5.26	4.82	4.17	3.58	3.23
Expected Return on Plan Assets	—	—	—	—	—
Actuarial (Gain)/ Loss	21.26	20.24	27.37	19.22	19.38
Total Expenses recognized in the Statement of Profit & Loss*	29.03	27.93	32.71	23.66	22.72
E. Principal Actuarial Assumptions used :					
Discounted Rate (per annum) Compound	8%	8%	8%	8%	7.50%
Expected Rate of return on Plan Assets	—	—	—	—	—
Rate of Salary increase (per annum)	5%	5%	5%	5%	5%

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

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

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

- c) The guidance on implementing Accounting Standard (AS-15) (Revised 2005) on Employees' Benefits issued by Accounting Standard Board (ASB) states that provident fund trustees set up by the employers which require the interest shortfall to be met by the employers need to be treated as "Defined Benefit Plan". 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. 1.59 lacs which has been provided in the Accounts for the year ended 31st March, 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

32.04 SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2012

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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE										
External Sales / Revenue	7328.15	7737.94	3409.95	2899.87	—	—	—	—	10738.10	10637.81
Inter-Segment Sales	77.15	13.31	150.77	4.47	—	—	(227.92)	(17.78)	—	—
Total Revenue	7405.30	7751.25	3560.72	2904.34	—	—	(227.92)	(17.78)	10738.10	10637.81
RESULT										
PROFIT BEFORE INTEREST, DEPRECIATION and TAXATION	2417.70	2706.28	490.89	247.29	—	—	—	—	2908.59	2953.57
(Less): Depreciation & Amortisation expenses	(59.25)	(59.66)	(241.64)	(192.19)	(62.70)	(29.25)	—	—	(363.59)	(281.10)
PROFIT AFTER DEPRECIATION AND AMORTISATION EXPENSE	2358.45	2646.62	249.25	55.10	(62.70)	(29.25)	—	—	2545.00	2672.47
(Less): Finance Costs									(84.08)	(66.37)
Add: Other unallocable expenditure (net of unallocable revenue)					(141.11)	(1127.49)			(141.11)	(1127.49)
PROFIT BEFORE INCOME TAX									2319.81	1478.61
(Less): Provision for income tax										
- Current									379.21	477.27
- Deferred									294.67	(1.19)
NET PROFIT									1645.93	1002.53
OTHER INFORMATION										
Segment Assets	5538.43	4450.87	4653.25	3468.54					10191.68	7919.41
Unallocated Corporate assets					5588.59	3227.14			5588.59	3227.14
Total Assets	5538.43	4450.87	4653.25	3468.54	5588.59	3227.14	—	—	15780.27	11146.55
Segment liabilities	2446.00	1691.40	1223.86	640.88					3669.86	2332.28
Unallocated Corporate liabilities					1693.37	345.41			1693.37	345.41
Total Liabilities	2446.00	1691.40	1223.86	640.88	1693.37	345.41	—	—	5363.23	2677.69
Capital Expenditure	377.53	291.68	219.31	970.91	984.62	22.97			1581.46	1285.56
Depreciation / Amortisation	59.26	59.66	241.63	192.19	62.70	29.25			363.59	281.10

(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. 10587.44 lacs (2010-11 - Rs. 10555.49 lacs), Sales outside India is Rs. 1077.85 lacs (2010-11 - Rs. 803.71 lacs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

32.05 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.

32.06 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

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

	2011-12	2010-11
(i) Remuneration paid :		
Managing Director	80.96	82.02
Executive Director	43.36	44.20

(ii) Deposits taken and repaid

	Deposits outstanding as on		Deposits taken during		Deposits repaid during		Deposits outstanding as on	
	1st April, 2011	1st April, 2010	2011-12	2010-11	2011-12	2010-11	31st March, 2012	31st March, 2011
Purnima Bagaria	—	—	17.00	45.00	17.00	45.00	—	—
Shweta Bagaria	42.00	32.00	—	10.00	42.00	—	—	42.00
Sanjay Bagaria (HUF)	10.00	8.00	—	2.00	10.00	—	—	10.00
Shiva Prasad Bagaria	25.00	20.00	—	5.00	25.00	—	—	25.00
Sanjay Bagaria	2.00	7.00	—	—	2.00	5.00	—	2.00
Satyam Bagaria Benefit Trust	5.50	5.50	3.00	—	8.50	—	—	5.50
Devanshi Bagaria	54.75	46.75	—	8.00	54.75	—	—	54.75
	<u>139.25</u>	<u>119.25</u>	<u>20.00</u>	<u>70.00</u>	<u>159.25</u>	<u>50.00</u>	<u>—</u>	<u>139.25</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(iii) Interest paid

	2011-12	2010-11
Shweta Bagaria	1.02	2.78
Sanjay Bagaria (HUF)	0.21	0.63
Shiva Prasad Bagaria	0.42	1.62
Sanjay Bagaria	—	0.51
Satyam Bagaria Benefit Trust	0.11	0.42
Devanshi Bagaria	1.21	3.71
Purnima Bagaria	—	0.44
	<u>2.97</u>	<u>10.11</u>
(iv) Commission payable to Mr.Sanjay Bagaria, Chairman & Non-Executive Director	30.59	32.81
(v) Stipend paid to Miss Shweta Bagaria	—	0.50

32.07 LEASES

- a) The Company had certain not non-cancellable operating lease arrangements for residential and office premises which are renewable by mutual consent and mutually agreed terms.
- b) The aggregate lease rentals payable are charged as "Rent" in Note 28.
The future minimum lease payments under non-cancellable operating leases is Rs. Nil (2010-11 – Rs. Nil)
- c) The future obligation for vehicle taken on finance lease is given below: (Refer Note-4)

	31st March, 2012	31st March, 2011
Not later than one year	6.79	—
Later than one year and not later than 5 years	13.62	—
Present value of minimum lease rentals	20.41	—

32.08 (a) Earnings in Foreign Exchange

F.O.B.value of exports	1077.85	803.71
Others	9.31	13.51

(b) Details of product sold

Raymond Grinding Classifications and Drying System	548.37	344.81
Electro Magnetic Vibrators/ Vibratory Feeders	189.64	424.46
Mechanical Vibratory Screens/feeders/Bulk Material Handling Equipment	2185.04	3062.94
Omni Screens/ Feeders	281.40	330.90
Vacseal Pumps	64.06	35.30
Mogensen Sizer	1414.86	1213.87
Gear Box & Geared Motor	2655.42	2321.43
Finished Spares (none of which individually exceeds 10% of total turnover)	<u>3248.65</u>	<u>2821.78</u>
Sale of product (net of excise duty)	<u>10587.44</u>	<u>10555.49</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

	31st March, 2012	31st March, 2011
		(Rs. in lacs)
(c) Details of inventory		
(i) Work-in-progress		
Mechanical Vibratory Screens/feeders/Bulk Material Handling Equipment	94.96	77.96
Omni Screens/ Feeders	13.32	22.31
Electro Magnetic Vibrators/Vibratory Feeders	0.62	0.92
Crusher	122.32	—
Mogensen Sizer	40.82	46.06
Vacseal Pump	3.39	0.21
Gear Box & Geared Motor	3.13	26.12
Others	170.15	162.16
	448.71	335.74
(ii) Finished Goods		
Mechanical Vibratory Screens/feeders/Bulk Material Handling Equipment	41.74	—
Electro Magnetic Vibrators/Vibratory Feeders	3.64	3.55
Mogensen Sizer	21.50	—
Gear Box & Geared Motor	758.11	107.89
Finished Spares	588.87	329.18
	1413.86	440.62
32.09 (a) Raw Materials consumed		
Steel	714.07	816.08
Castings	1226.10	884.83
Components and Spares*	4122.51	3653.90
	6062.68	5354.81
*none of which individually exceeds 10% of total consumption		
(b) Details of Purchase of raw materials and components		
Steel	708.75	1042.82
Castings	1216.05	839.14
Components and Spares*	4600.98	3561.32
Carriage Inward	158.67	129.83
	6684.45	5573.11
*none of which individually exceeds 10% of total consumption		
32.10 Value of Imports (C.I.F. basis)		
Components & Spares	458.84	408.29
Capital Goods	152.94	638.83

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

32.11 Value of Indigenous and Imported Raw Materials

	2011-12		2010-11	
	% of total consumption	VALUE Rs. in lacs	% of total consumption	VALUE Rs. in lacs
SPARES AND COMPONENTS CONSUMED				
Imported	9.68	586.83	7.79	417.09
Indigenous	90.32	5475.85	92.21	4937.72
	100.00	6062.68	100.00	5354.81

32.12 PROPOSED DIVIDEND

	2011-12	2010-11
	Rs.	Rs.
Rate of dividend proposed per Equity Share	5.00	5.00
	(Rs. in lacs)	(Rs. in lacs)
Amount of Proposed Dividend	119.51	119.51

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

32.14 Till the year ended 31st March, 2011, the Company was using pre-revised Schedule VI to the Company's Act, 1956 for the preparation and presentation of its financial statements. During the year ended 31st March, 2012 the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company. The Company has reclassified previous year's figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

For **Lodha & Co.**,
Chartered Accountants,
H.K. Verma
Partner
Kolkata, 18th May, 2012

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)

2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12

OPERATING RESULTS

Sales	2541	3086	4588	6684	7981	9519	9819	9699	10556	10587
Other Income	115	78	54	60	108	158	154	339	274	374
Exceptional Income	—	—	—	—	—	—	—	—	—	989**
Total Income	2656	3164	4642	6744	8089	9677	9973	10038	10830	11950
Profit before Interest, Depreciation & Tax (PBIDT)	350	421	536	1171	1590	2145	1894	2129	1825	2768
Interest	141	171	120	74	33	42	63	33	66	84
Depreciation	99	94	99	192	264	301	315	351	281	364
Profit before Tax / (Loss)	110	156	317	905	1293	1802	1516	1745	1478	2320
Profit after Tax / (Loss)	23	91	220	575	828	1173	991	1196	1003	1646
Dividends	—	22	54	109	115	120	120	120	120	120
Tax on Dividend	—	2	7	15	19	20	20	20	20	19
Retained Profit	23	67	159	451	694	1033	851	1056	863	1507

NET ASSETS EMPLOYED

Net Fixed Assets	1447	1360	1297	1557	1857	1987	1899	1920	2770	3560
Net Current Assets	1979	1991	1720	1711	2116*	3083*	3841*	5499*	5593*	6332*
Net Assets Employed	3426	3351	3017	3268	3973	5070	5740	7419	8363	9892
Financed by –										
Shareholders' Fund	2183	2220	2351	2983	3882	4808	5645	6687	7537	9031
Borrowings	1243	1131	666	285	91	262	95	732	826	861
Funds Employed	3426	3351	3017	3268	3973	5070	5740	7419	8363	9892

RATIOS

PBIDT to Sales (%)	13.8	13.6	11.7	17.5	19.9	22.5	19.3	22.0	17.3	26.1
Debt : Equity	0.57	0.51	0.28	0.10	0.02	0.05	0.02	0.11	0.11	0.10
Earnings per Share (Basic)	1.05	4.23	10.16	26.31	36.11	49.09	41.46	50.03	41.94	68.86
Dividend per Equity Share	—	1.00	2.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Book value per Share (Rs.)	101.05	102.76	108.83	136.57	169.35	201.16	236.15	279.76	315.32	377.82

** 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.