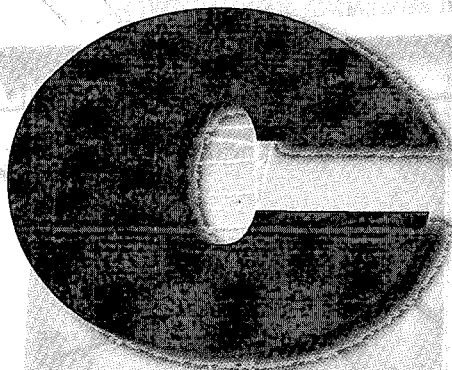
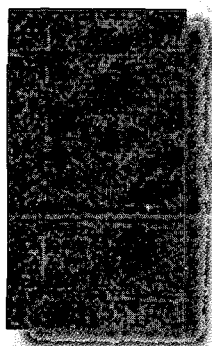


# International Combustion (India) Limited



**ANNUAL REPORT 2008-09**



## **International Combustion (India) Limited**

*Registered Office : 107/1, Park Street, Kolkata – 700 016*

# **Notice of Annual General Meeting**

Notice is hereby given that the SEVENTY-THIRD ANNUAL GENERAL MEETING of International Combustion (India) Limited will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700017 on Friday, the 14th August, 2009 at 3.30 PM to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2009, the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Sukhendu Ray who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. P.K. Mallik who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

### **Special Business**

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

“RESOLVED THAT subject to the approval of the Central Government and such consent, permission and approval as may be required and pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as “the Act”) read with Schedule XIII of the Act, the Company hereby accords its approval for the reappointment of Mr. I. Sen, as Managing Director of the Company for a period of three years with effect from 1st May, 2009 on such terms and conditions including remuneration by way of salary, perquisites and commission on net profit of the Company during the aforesaid period, as set out in the Explanatory Statement annexed to the Notice, provided that in the event of loss or inadequacy of profit in any financial year the aforesaid remuneration shall be considered as a minimum remuneration payable to Mr. I. Sen during the currency of his tenure as aforesaid, and that an Agreement, a draft of which is placed before the Meeting approved and initialled by the Chairman for the purpose of identification, be entered into with Mr. I. Sen as Managing Director – with a liberty to the Board of Directors, to alter, vary and modify the terms and conditions of the said reappointment and/or remuneration as may be approved by the Central Government and also as approved by the Remuneration Committee.”



7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

“RESOLVED THAT subject to such consent, permission and approval, as may be required and pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as “the Act”) read with Schedule XIII of the Act, the Company hereby approves the reappointment of Mr. S. Saha as Executive Director (Wholetime Director) of the Company for a period of three years with effect from 1st May, 2009 on such terms and conditions including remuneration by way of salary, perquisites and commission on net profit of the Company during the aforesaid period as set out in the Explanatory Statement annexed to the Notice and also in an Agreement to be entered into between the Company and Mr. S. Saha, Executive Director (Wholetime Director), a draft of which is submitted to the Meeting, approved and initialled by the Chairman for the purpose of identification, with a liberty to vary and modify the terms and conditions of the said appointment and/or remuneration and/or terms of the Agreement referred to above in such manner as may be agreed between the Board of Directors and Mr. S. Saha, within the ceiling limits laid down under Section 309 of the Act or an amendment/statutory modifications thereto.”

The Register of Members and the Share Transfer Books of the Company will remain closed from 7th August, 2009 to 14th August, 2009 (both days inclusive).

By Order of the Board

Kolkata  
The 3rd July, 2009

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

**NOTES :**

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company.**  
**Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the meeting is annexed hereto and forms a part of this NOTICE.
3. The dividend, if declared at the Meeting, will be paid to those members/beneficial owners whose names appear on the Company’s Register of Members on 6th August, 2009 or to their mandatees. The payments will be made to them **on and from 24th August, 2009.**
4. Copies of the Agreements with the Managing Director and Wholetime Director as referred in Item No. 6 & 7 are available for inspection at the Registered Office of the Company during the business hours on working days.

5. In order to provide better services to the shareholders, the Company has already introduced Electronic Clearing Services (ECS) mode for payment of dividend directly to the credit of the members' Bank Accounts. Shareholders who are not availing the ECS facility, may provide the required information to the Company's Registrar & Share Transfer Agents – M/s. C. B. Management Services (P) Ltd., P-22, Bondel Road, Kolkata-700019.
6.
  - a) In order to provide protection against fraudulent encashment of the dividend warrants, shareholders holding shares in physical form, are requested to intimate their Bank particulars, giving the name of the Bank and the Branch with address, the type of Account with Bank Account No. and also any change of address, to the Company's Registrar & Share Transfer Agents at their address given under Item No. 5 above.
  - b) Shareholders holding shares in electronic form, may kindly note that their Bank Account details as furnished by their Depositories to the Company, will be printed on their Dividend Warrants. Any change in Bank particulars and/or change of address may please be furnished immediately to their respective Depository participants.
  - c) Shareholders are hereby intimated that under instructions from SEBI furnishing of Bank particulars by the shareholders has become mandatory.
7. There is no amount required to be transferred to Investors' Education and Protection Fund (IEPF) pursuant to the provisions of Section 205A read with 205C of The Companies Act, 1956 ('the Act') as on 31st March, 2009. The shareholders who have not encashed their dividend warrants for the years 2003-04 to 2007-08, are requested to claim immediately the dividend in writing to the Company's Registrar & Share Transfer Agents at the address given under Item No. 5 above. It may please be noted that once the unclaimed dividend is transferred to IEPF, on expiry of 7 years from the date they first became due for payment, no claim shall lie against the Company or IEPF in respect of such unclaimed dividends.
8. Shareholders holding shares in physical form are requested to notify immediately to the Registrar & Share Transfer Agents any change of address and/or "Pin Code" in case the mailing address mentioned on this Annual Report is without Pin Code/incorrect Pin Code.
9. In terms of the provisions of Section 109A of the Act, individual shareholders holding shares in physical form, may make nomination in Form 2B which can be obtained from the Registrar & Share Transfer Agents of the Company. However, in case of demat holdings, the shareholders should approach their respective depository participants for making nominations.
10. Members, who have multiple accounts in identical names or joint names in same order are requested to intimate the Registrar & Share Transfer Agents – M/s. C.B. Management Services (P) Ltd., the Ledger Folios of such accounts to enable the Company to consolidate all such shareholders into one account.
11. Members are requested to fill in the Attendance Slips in all respects including Folio No. or DP ID, Client ID as the case may be and sign the same before presenting to registration desk at the venue of AGM.
12. As a measure of economy, additional copies of Annual Report will not be available at the Annual General Meeting. Members are, therefore, requested to bring their copies of Annual Report at the Meeting.

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

<b>Name of the Director:</b>	<b>MR. SUKHENDU RAY</b>	<b>MR. P.K. MALLIK</b>	<b>MR. I. SEN</b>	<b>MR. S. SAHA</b>
<b>Age:</b>	86 years	78 years	69 years	64 years
<b>Qualifications:</b>	B.Sc.	B.Com., F.C.A., C.A. (Scotland)	B.E. (Mech.)	B.E. (Met.)
<b>Other Professional Membership:</b>	Fellow of the Institute of Chartered Accountants of England & Wales			
<b>Expertise in specific functional area:</b>	37 years experience in Corporate Management. Retired as Managing Director & CEO of Guest Keen Williams Ltd.	Over three decades' experience in Corporate Finance, Management, Accounts and Audit, Retired as a Sr. Partner of Price Waterhouse.	47 years experience in Engineering Industries and Corporate Management	42 years experience in Engineering Industry and Corporate Management
<b>List of public companies in which outside Directorship held:</b>	<ul style="list-style-type: none"> <li>● Asiatic Oxygen Ltd.</li> <li>● Henkel India Ltd.</li> <li>● Nagarjuna Agrichem Ltd.</li> <li>● Henkel Marketing India Ltd.</li> <li>● Unimers India Ltd.</li> <li>● Stone India Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>● Gujarat Carbon &amp; Industries Ltd.</li> <li>● Kesoram Industries Ltd.</li> <li>● Peerless Financial Services Ltd.</li> <li>● Nagarjuna Agrichem Ltd.</li> </ul>	Stone India Ltd.	None
<b>Member of the Committees of the Board of the other Companies on which he is a Director as on 31st March 2009:</b>	<p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>● Stone India Ltd. (Chairman)</li> <li>● Nagarjuna Agrichem Ltd.</li> <li>● Asiatic Oxygen Ltd. (Chairman)</li> <li>● Unimers India Ltd.</li> <li>● Henkel India Ltd.</li> </ul> <p><b>Shareholders'/ Investors' Grievance Committee</b></p> <ul style="list-style-type: none"> <li>● Stone India Ltd. (Chairman)</li> </ul>	<p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>● Nagarjuna Agrichem Ltd.</li> <li>● Gujarat Carbon &amp; Industries Ltd.</li> <li>● Kesoram Industries Ltd. (Chairman)</li> </ul> <p><b>Shareholders'/ Investors' Grievance Committee</b></p> <ul style="list-style-type: none"> <li>● Kesoram Industries Ltd. (Chairman)</li> </ul> <p><b>Share Transfer &amp; Finance Committee</b></p> <ul style="list-style-type: none"> <li>● Kesoram Industries Ltd.</li> </ul>	<p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>● Stone India Ltd.</li> </ul> <p><b>Shareholders'/ Investors' Grievance Committee</b></p> <ul style="list-style-type: none"> <li>● Stone India Ltd.</li> </ul>	None

---

**EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS SET OUT IN THE NOTICE CONVENING THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON AUGUST 14, 2009.**

**Item No. 6**

Mr. I. Sen had been reappointed as Managing Director of the Company for a period of three years w.e.f. 1st May, 2006 with the approval of the members of the Company obtained at the Annual General Meeting held on 1st September, 2006. In terms of the said appointment, the tenure of office of Mr. I. Sen having expired on 30th April 2009, the Board of Directors at its meeting held on 25th May, 2009 reappointed Mr. I. Sen as Managing Director for a further term of three years on and from 1st May, 2009 at a remuneration recommended by the Remuneration Committee at its meeting held on 3rd July, 2009.

The Board of Directors subsequently at its meeting held on 3rd July, 2009 approved the remuneration recommended by the Remuneration Committee for Mr. I. Sen w.e.f. 1st May, 2009. Accordingly a separate Agreement is to be entered into between the Company and Mr. I. Sen specifying the remuneration effective 1st May, 2009 and also the terms and conditions of his remuneration as Managing Director, a draft of which will be available for inspection by the members at the Registered Office of the Company on any working day during usual business hours and also be available at the meeting. An extract of the remuneration effective from 1st May, 2009 as well as the terms and conditions of the reappointment of Mr. I. Sen contained in the aforesaid Agreement is set out below for consideration of members.

"Subject to the provisions of the Companies Act, 1956 ('the Act'), Mr. I. Sen during the currency of his tenure as Managing Director for a period of three years from 1st May, 2009 shall be entitled to the following remuneration:

**PART 'A'**

Notwithstanding anything stated elsewhere, Mr. I. Sen during the currency of his tenure as Managing Director, shall be entitled to the following remuneration by way of salary, perquisites and commission, irrespective of the condition that the said remuneration will exceed the ceiling on remuneration under Sections 198 and 309 of the Act and also of the condition where the Company has no profits or its profits are inadequate:

**I. SALARY AND PERQUISITES**

1. SALARY : Rs. 50,00,000/- per annum

2. PERQUISITES -

In addition to his salary, the Managing Director shall be entitled to the following perquisites, the monetary value of which will be restricted to an amount equal to his annual salary:

- a) Housing : 60% of the salary.
- b) Gas, Electricity & Furnishing Allowance: Not exceeding 40% of the salary.
- c) Medical Reimbursement : Reimbursement of medical expenses actually incurred along with medical insurance premium for self and family subject to a ceiling of 30% of annual salary.
- d) Leave Travelling Concession : For self and family including Air/AC Class train fare and other incidental holiday expenses subject to a ceiling of 30% of annual salary per year.
- e) Club Fees : Fees of Clubs, subject to a maximum of three Clubs shall be paid.



## II. COMMISSION

The Managing Director shall be entitled to a commission @ 1% of the net profit of the Company, to be calculated in the manner set out under Sections 349 & 350 of the Act, subject to a ceiling of the annual salary payable to Mr. I. Sen during a financial year or part thereof as may be applicable, with effect from 1st May, 2009 till the expiry of his term on 30th April, 2012.

### PART 'B'

The Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of ceiling on remuneration under Sections 198 and 309 of the Companies Act, 1956:

- a) Contribution to Provident Fund and Superannuation Fund or Annuity Fund as per Rules of the Company to the extent these either singly or together are not taxable under Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- c) Encashment of leave at the end of the tenure.

### PART 'C'

- a) Provisions of car for use on Company's business and telephone facilities at the residence will not be considered as perquisites provided that personal long distance calls shall be billed by the Company to him.
- b) The Managing Director shall be entitled to earn Privilege Leave on full pay and allowances as per the rules of the Company but not more than one month's leave for every eleven months of service.
- c) The Managing Director shall be entitled to reimbursement of entertainment expenses actually and properly incurred by him in connection with the business of the Company.
- d) The Managing Director shall not, as long as he functions as Managing Director of the Company, be entitled to receive any fee for attending any meeting of the Board or a Committee thereof.

**Termination** – Either party hereto may terminate this Agreement by giving to the other party not less than six months' notice in writing provided that either party may in the alternative terminate this Agreement by paying to the other six months' salary in lieu of such notice."

The proposed remuneration of Mr. I. Sen, Managing Director being in excess of the ceiling limit laid down under Section 309 of the Act, and also in excess of the minimum remuneration laid down in Schedule XIII of the Act, Central Government's approval under Section 269(2) of the Act is to be obtained for the reappointment of and remuneration payable to Mr. I. Sen as Managing Director in terms of proviso (ii) of category 1(C) of Section II of Part II of Schedule XIII of the Act.

However, the reappointment of Mr. I. Sen as Managing Director and the remuneration payable to him require the approval of the Company at the ensuing Annual General Meeting by a Special Resolution in terms of the provisions of Schedule XIII of the Act. The resolution set out in Item No.6 is intended for the purpose.

Mr. Sen may be deemed to be interested in the said resolution. No other Director is interested in this resolution. The Board recommends that the resolution set out in Item No.6 of the accompanying Notice convening the meeting be approved by the members.

The above may please be considered as an abstract of the terms of the Draft Agreement and Memorandum of Interest under Section 302 of the Act.

### Item No. 7

Mr. S. Saha had been reappointed as Executive Director (Wholetime Director) of the Company for a period of three years w.e.f. 1st May, 2006 with the approval of the members of the Company obtained at the Annual

General Meeting held on 1st September, 2006. In terms of the said appointment, the tenure of office of Mr. S. Saha having expired on 30th April, 2009, the Board of Directors at its meeting held on 25th May, 2009 reappointed Mr. S. Saha as Executive Director (Wholetime Director) for a further term of three years on and from 1st May, 2009 at a remuneration recommended by the Remuneration Committee at its meeting held on 3rd July, 2009.

The Board of Directors subsequently at its meeting held on 3rd July, 2009 approved the remuneration recommended by the Remuneration Committee for Mr. S. Saha w.e.f. 1st May, 2009. Accordingly a separate Agreement is to be entered into between the Company and Mr. S. Saha specifying the remuneration effective 1st May, 2009 and also the terms and conditions of his remuneration as Executive Director (Wholetime Director), a draft of which will be available for inspection by the members at the Registered Office of the Company on any working day during usual business hours and also be available at the meeting. An extract of the remuneration effective from 1st May, 2009 as well as the terms and conditions of the reappointment of Mr. S. Saha contained in the aforesaid Agreement is set out below for consideration of members

"Subject to the provisions of the Companies Act, 1956, Mr. S. Saha during the currency of his tenure as Executive Director (Wholetime Director) for a period of three years from 1st May, 2009 shall be entitled to the following remuneration:

**PART 'A'**

Mr. S. Saha during the currency of his tenure as Executive Director (Wholetime Director) shall be entitled to the following remuneration with effect from 1st May, 2009:

**I. SALARY AND PERQUISITES**

1. SALARY : Rs. 16,00,000/- per annum  
2. PERQUISITES -

In addition to his salary, the Executive Director (Wholetime Director) shall be entitled to the following perquisites, the monetary value of which will be restricted to an amount equal to his annual salary:

- a) Housing : 60% of the salary.  
b) Gas, Electricity & Furnishing Allowance : Not exceeding 40% of the salary.  
c) Medical Reimbursement : Reimbursement of medical expenses actually incurred along with medical insurance premium for self and family subject to a ceiling of 30% of annual salary.  
d) Leave Travelling Concession : For self and family including Air/AC Class train fare and other incidental holiday expenses subject to a ceiling of 30% of annual salary per year.  
e) Club Fees : Fees of Clubs, subject to a maximum of three Clubs shall be paid.

**II. COMMISSION**

The Executive Director (Wholetime Director) shall be entitled to a commission @ 0.5% of the net profit of the Company, to be calculated in the manner set out under Sections 349 and 350 of the Act, subject to a ceiling of the annual salary payable to Mr. S. Saha during a financial year or part thereof as may be applicable, with effect from 1st May, 2009 till the expiry of his term on 30th April, 2012, provided that the salary and perquisites to which Mr. Saha is entitled as stated in Part 'A' above, together with the commission as aforesaid, should not exceed the limits laid down under Section 309 of the Act.





**PART 'B'**

The Executive Director (Wholetime Director) shall also be entitled to the following perquisites which shall not be included in the computation of ceiling on remuneration under Sections 198 and 309 of the Companies Act, 1956:

- a) Contribution to Provident Fund and Superannuation Fund or Annuity Fund as per Rules of the Company to the extent these either singly or together are not taxable under Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- c) Encashment of leave at the end of the tenure.

**PART 'C'**

- a) Provisions of car for use on Company's business and telephone facilities at the residence will not be considered as perquisites provided that personal long distance calls shall be billed by the Company to him.
- b) The Executive Director (Wholetime Director) shall be entitled to earn Privilege Leave on full pay and allowances as per the rules of the Company but not more than one month's leave for every eleven months of service.
- c) The Executive Director shall be entitled to reimbursement of entertainment expenses actually and properly incurred by him in connection with the business of the Company.
- d) The Executive Director (Wholetime Director) shall not, as long as he functions as Wholetime Director of the Company be entitled to receive any fee for attending any meeting of the Board or a Committee thereof.

**Termination** – Either party hereto may terminate this Agreement by giving to the other party not less than six months' notice in writing provided that either party may in the alternative terminate this Agreement by paying to the other six months' salary in lieu of such notice."

The proposed remuneration of Mr. S. Saha, Executive Director (Wholetime Director) being within the limit laid down under Section 309 read with Section I of Part II of Schedule XIII of the Act, it would not call for Central Government's approval for the remuneration payable to Mr. S. Saha, Executive Director (Wholetime Director) with effect from 1st May, 2009.

However, the reappointment of Mr. S. Saha, Executive Director (Wholetime Director) and the remuneration payable to him require the approval of the Shareholders at the ensuing Annual General Meeting under Sections 269 and 309 read with Schedule XIII of the Act. The resolution set out in Item No. 7 of the convening Notice is intended for the purpose.

Mr. Saha may be deemed to be interested in the said resolution. No other Director is interested in this resolution. The Board recommends that the resolution set out in Item No.7 of the accompanying Notice convening the meeting be approved by the members.

The above may please be considered as an abstract of the terms of the Draft Agreement and Memorandum of Interest under Section 302 of the Act.

**Registered Office:**  
107/1, Park Street  
Kolkata - 700 016  
The 3rd July, 2009

By Order of the Board

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

**ANNEXURE FORMING PART TO THE EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION II(1C)(iv) OF PART II OF SCHEDULE XIII**

**I. GENERAL INFORMATION**

[As required under Section II(C)(iv) of Part II of Schedule XIII in respect of **Mr. I. Sen, Managing Director**]

**i) Nature of Industry**

The Company operates in Engineering Sector and caters to the need of Core Sector Industries like Steel, Cement, Fertiliser, Chemical, Mining, Infrastructure etc. It manufactures Heavy Duty Grinding Mills, Screening & Feeding Equipment, Bulk Material Handling Equipment and Industrial Gear Boxes and Geared Motors.

**ii) Date of commencement of commercial production**

The Company was incorporated on 22nd April, 1936. Commercial production has already commenced.

**iii) In case of new companies, expected date of commencement of activities as per project approved by financial Institutions appearing in the prospectus.**

Not Applicable.

**iv) Financial Performance Based on given indicators :**

(Rs. in lac)

Financial Parameters	Year				
	2008-09	2007-08	2006-07	2005-06	2004-05
(a) Turnover	9819.52	9518.44	7981.00	6684.09	4587.69
(b) Net Profit/(Loss)-u/s 198	1636.71	1930.16	1348.58	991.09	374.60
(c) Net Profit/(Loss) as per Profit & Loss Account	1516.42	1802.19	1292.91	905.33	316.65
(d) Amount of Dividend paid/payable	119.51	119.51	114.62	109.22	54.01
(e) Rate of Dividend	50%*	50%	50%	50%	25%
*Proposed					

**v) Export performance and net foreign exchange collaborations**

The Company has wide experience in dealing with export markets in various countries of Europe, South-East Asia, Middle East and other neighbouring countries. The export performances for last 5 years are given below :

(Rs. in lac)

Years	2008-09	2007-08	2006-07	2005-06	2004-05
Export performance	1087.34	800.88	529.49	542.43	219.11

**vi) Foreign investments or collaborators, if any**

The Company entered into a number of technical collaborations with the leading Companies in different

areas of operation, which are summarized below:

<b>Products</b>	<b>Collaborators</b>
1. Heavy Duty Grinding Mills, IMP Mills, Vertical Mills	ABB Raymond, U.S.A.
2. Microfine Classifiers/Mineral Processing Systems	ECUTEK, Spain
3. Mechanical Screens & Feeders	Carl Schenck AG, Germany
4. OMNI Screens & Feeders	IMS Engineering, South Africa
5. Sugar Grader/Sizer	Mogensen GmbH, Germany
6. Polyurethane Screen Decks	Gummi Kuper GmbH, Germany
7. Industrial Gear Boxes & Geared Motors	Danfoss Bauer, Germany

## II. INFORMATION ABOUT APPOINTEES

### Mr. I. Sen, Managing Director

(Refer Item No.6 of the Notice)

#### i) Background details

Mr. Indrajit Sen, aged 69 years, a Graduate in Mechanical Engineering, joined this Company as Works Manager of Baidyabati Works in the year 1971 after serving Hooghly Docking & Engg. Co. Ltd. – a Company of reputed Martin Burn Group, in the similar position for about 7 years. Mr. Sen was elevated to the position of General Manager (Manufacturing) in the year 1980. Mr. I. Sen as General Manager (Manufacturing) was In-charge of all engineering and manufacturing functions of the Company. In the year 1985, Mr. Sen joined the Board of Directors of the Company as "Director & General Manager". In the year 1989 he was appointed as Managing Director of the Company which position he held till 30th April, 2009.

Mr. Sen was reappointed as Managing Director of the Company for a period of three years which position he holds as on date on his proposed reappointment w.e.f. 1st May, 2009.

#### ii) Past Remuneration

<b>Financial Year</b>	<b>Salary</b>	<b>Perquisites</b>	<b>Commission</b>	<b>Retirement Benefits</b>	<b>Total</b>
	Rs.	Rs.		Rs.	Rs.
2004-05	13,20,000	13,19,138	—	3,30,000	29,69,138
2005-06	13,20,000	13,07,880	—	3,30,000	29,57,880
2006-07	17,60,000	17,57,397	—	4,40,000	39,57,397
2007-08	18,00,000	17,99,886	18,00,000	4,50,000	58,49,886
2008-09	18,00,000	17,98,126	16,36,710	4,50,000	56,84,836

#### iii) Recognition or Awards/Achievement

Mr. I. Sen, in order to ensure sustained growth of the Company, initiated various steps including expanding the product base through numerous collaborations with leading global manufacturers including Carl Schenck, Germany; ABB Raymond, USA; Mogensen, Germany; Gummi Kuper, Germany; Danfoss Bauer, Germany; ECUTEK, Spain & USA and IMS, South Africa. Under his guidance the Company successfully absorbed the sophisticated and advanced technology and introduced the products in the Indian and other international markets.

During Mr. Sen's tenure, the Company also set up new plants in Nagpur and Aurangabad, with state-of-the-art facility for manufacture of various products of advanced technology and as per the exacting standards specified by the collaborators and required by the international market.

During the last two decades, Mr. Sen through his technical competence, guided the design engineering team of the Company to upgrade a number of conventional products and develop new products including "Flip Flop Screens" (Applied for Patent). The Flip Flop Screens are used extensively for difficult-to-screen material such as wet coal in thermal power plant. All the upgraded products and new products have received favourable market response in India and abroad.

Through sustained efforts, Mr. Sen has been able to make the Company reach the international standards in terms of technology, quality and reliability of the products manufactured. As a result, the collaborators such as Danfoss Bauer & Mogensen are increasingly sourcing parts and finished equipment from the Company. In addition, many other companies around the globe are also sourcing machinery and equipment from the Company. The export business of the Company increased from Rs.219 lacs in 2004-05 to Rs.1087 lacs in 2008-09.

Mr. Sen also negotiated a new collaboration agreement with ECUTECH, a company from Spain and USA, for offering classifiers and mineral processing systems in India as well as for supply of classifiers and mineral processing machinery to the collaborators for the global market. Further, the Company also had a collaboration agreement with IMS of South Africa for manufacture of "Omni Screens" – a new genre of screening machine patented by the collaborator. Mr. Sen through his technical competence guided the R&D team of the Company to upgrade the technology to a level far ahead of the collaborator and the Company has now acquired the global patent rights for the "Omni Screens" for all countries except South America. All these collaborations are expected to boost up the export business to register a growth of around 15% during the current year 2009-10.

**iv) Job profile and his suitability**

Mr. I. Sen as Managing Director on his proposed reappointment with effect from 01.05.2009 will continue to be responsible for the entire management of the business and affairs of the Company. Mr. Sen will also keep on performing other duties and services as may be entrusted to him from time to time by the Board of Directors.

**v) Remuneration Proposed**

Salary	Rs.50,00,000/- per annum effective 01.05.2009
Perquisites & Allowances	Monetary value not to exceed annual salary of Rs.50,00,000/- in a year
Commission	1% of the net profit u/s 198
Retirement Benefits	As shown in Part 'B' of item no.6 of the Explanatory Statement annexed to the Notice
Minimum Remuneration	In case of inadequacy or absence of profit during any financial year, salary, perquisites/allowances, commission and retirement benefits, as mentioned above, would be the minimum remuneration.



- vi) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details w.r.t. the country of his origin).**

Considering the size of the Company, the profile of Mr. I. Sen, as Managing Director, responsibility shouldered by him and the industry benchmark, the remuneration proposed is commensurate with the remuneration packages paid to similar senior level appointees in other Companies.

- vii) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any**

Not applicable.

### III. OTHER INFORMATION

(As required under Section II(1C)(iv) of Schedule XIII in respect of Mr. I. Sen)

During the last five years the sale increased from Rs.3086 lac (2003-04) to Rs.9519 lac (2007-08) and the profit in the corresponding period increased from Rs.156 lac (2003-04) to Rs.1802 lac (2007-08). Despite severe slowdown in the manufacturing industry in the year 2008-09, Mr. Sen through various short term and long term measures kept the Company performance stable and the sale for the year was Rs.9819 lac with profit of Rs.1516 lac.

### IV. DISCLOSURES

1. The information relating to the proposed remuneration of Mr. I. Sen, Managing Director has been detailed out in the Notice and Explanatory Statement attached herewith.
2. **The following disclosures have been made in the Board of Directors' Report under the heading "Corporate Governance", attached to the Annual Report :**
  - i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors:  
This has fully been covered under the Corporate Governance of the Annual Report.
  - ii) Details of fixed component and performance linked incentives along with the performance criteria:  
Details of the proposed remuneration as well as the monetary value of the perquisites of Mr. I. Sen Managing Director together with the commission payable to him have been shown in Item No. 6 of the Notice and Explanatory Statement attached hereto.
  - iii) Service Contracts, notice period, severance fees:  
As given in Item 6 of the Explanatory Statement.
  - iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable:  
Not applicable.

By Order of the Board

Kolkata  
The 3rd July, 2009

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

## CORPORATE INFORMATION

### Board of Directors

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

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

### Board Committees

#### Audit Committee

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

#### Share Transfer/Shareholders' Grievance Committee

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

#### Remuneration Committee

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

#### Vice President (Finance) & Secretary/ Compliance Officer

S. C. Saha

#### Auditors

Lodha & Co.  
*Chartered Accountants*

#### Bankers

UCO Bank  
 Axis Bank  
 IDBI Bank

#### Registered Office

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

### Contents

	Page No.
Directors' Report	2
Annexures to Directors' Report	5
Report on Corporate Governance	7
CEO/CFO Certification	16
Compliance with Code of Conduct	16
Auditors' Certificate on compliance of Corporate Governance	17
Management Discussion and Analysis	18
Auditors' Report	20
Balance Sheet	24
Profit and Loss Account	25
Cash Flow Statement	26
Schedules to the Balance Sheet	27
Schedules to the Profit and Loss Account	31
Accounting Policies	32
Notes on Accounts	33
Balance Sheet Abstract	43
Ten Years' Financial Statistics	44



## DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the Seventy-third Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2009 :

### FINANCIAL HIGHLIGHTS

	2008-09		2007-08	
				(Rs. in lacs)
Profit before depreciation, interest and tax (PBDIT)		1894.74		2144.90
Less : Interest	63.36		41.69	
Depreciation	314.96	378.32	301.02	342.71
Profit before Tax		1516.42		1802.19
Less : Provision for Income Tax —				
Current Tax	560.39		617.90	
Earlier years' excess provision	(7.34)		—	
Deferred Tax (reversed)	(52.98)		(13.67)	
Fringe Benefit Tax	25.39	525.46	24.50	628.73
Profit after Tax		990.96		1173.46
Profit brought forward from last year		143.76		140.12
Profit available for appropriations		1134.72		1313.58
Appropriation :				
General Reserve		855.00		1030.00
Proposed Dividend		119.51		119.51
Tax on Proposed Dividend		20.31		20.31
Balance carried over to Balance Sheet		139.90		143.76
		1134.72		1313.58

### DIVIDEND

Your Directors are pleased to recommend a dividend of 50% (i.e. Rs.5.00 per equity share) on 2390276 equity shares of Rs.10/- each for the financial year ended 31st March, 2009.

### OPERATIONS

For the year under review, the turnover of the Company increased marginally to Rs.9819 lac from Rs.9518 lac of the previous year. Due to severe competition, pressure on selling prices and sharp increase in the cost of raw material and other inputs, the profit before tax declined to Rs.1516 lac from Rs.1802 lac of the previous year. Profit after tax for the year under review is Rs.991 lac.

The industrial slowdown observed in the last financial year still continues but it is expected to improve towards the end of the current year. Your Directors, therefore, feel that if this trend continues the Company's performance for the current year ought to improve.

### FUTURE OUTLOOK

Your Company has been manufacturing "Omni Screens" under license for some years. The product has been successful and well accepted by the Indian industry specially in the mining industry, thermal power plant, infrastructure industries, etc. This technology is patented and your Directors are pleased to inform you that your Company has purchased the patent rights of this product for India, China, Korea and Australia.

## **DIRECTORS' REPORT** *(Contd.)*

The Company has also received exclusive rights to market, manufacture and also patent the product in other countries in Asia and Middle East. The Company expects the demand of the product in India to grow further and also expects success of the product in the patented and exclusive territories.

Some years back, your Company entered into a license agreement with ECUTECH S.L, Barcelona, Spain for manufacture of Alpha 200 Turbine classifier for micro separation of minerals. ECUTECH has since been acquired by SWECO, the mineral processing division of a large American Group, SWACO M.I., USA. Your Company has entered into a new agreement with ECUTECH to include various new models of micro fine classifiers and Ball Mills for micro fine grinding in the Company's product range. ECUTECH has also shown keen interest to source these classifiers and ball mills from your Company.

Your Company and ECUTECH also plan to undertake joint projects in the area of mineral processing, a market which is steadily growing all over the world.

### **HUMAN RESOURCE MANAGEMENT**

Your Company has taken major initiatives towards human resource development through extensive training programmes at all levels. This effort is expected to add considerable value to the available human resources in future years.

### **FIXED DEPOSIT**

Total deposits with the Company as on 31st March, 2009 amounting to Rs. 42 lac did not include any unclaimed matured deposit. All deposits matured during the year were either repaid or renewed.

### **INDUSTRIAL RELATIONS**

Relations with the staff and workers remained cordial throughout the year.

### **PARTICULARS OF EMPLOYEES**

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

### **CAPITAL EXPENDITURE**

During the year under review the Company had incurred capital expenditure of around Rs.200 lac for upgradation and expansion of the manufacturing infrastructure. In addition to the above, the Capital Expenditure incurred on account of purchase of Patent Rights for Omni Screen and also for license fee to ECUTECH was Rs.37 lac.

### **CONSERVATION OF ENERGY**

The Company is conscious of the need of conservation of energy and appropriate steps are being taken on an on-going basis in this regard.

### **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.

### **CORPORATE GOVERNANCE**

The Company has complied with the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance. Accordingly, the following Reports/Certificates are enclosed, forming part of this Annual Report:

- i) Report on Corporate Governance
- ii) Certificate of CEO/CFO





## **DIRECTORS' REPORT** *(Contd.)*

- 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, 2009 and of the profit of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

### **DIRECTORS**

Mr. I. Sen was appointed as Managing Director for a period of three years with effect from 1st May, 2006. The tenure of office of Mr. I. Sen having expired on 30th April, 2009, the Board of Directors of the Company has, subject to your approval at the forthcoming Annual General Meeting, reappointed Mr. I. Sen as Managing Director for a period of three years with effect from 1st May, 2009.

Mr. S. Saha was appointed as Executive Director (Wholetime Director) for a period of three years with effect from 1st May, 2006. The tenure of office of Mr. S. Saha, as Executive Director (Wholetime Director) having expired on 30th April, 2009, the Board of Directors of the Company has, subject to your approval at the forthcoming Annual General Meeting, reappointed Mr. S. Saha, as Executive Director (Wholetime Director) for a period of three years with effect from 1st May, 2009.

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

### **AUDITORS**

M/s. Lodha & Company, Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### **ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation to the Banks, Customers and Shareholders for their continued co-operation and support extended to the Company.

Your Directors also take this opportunity to place on record the dedication, commitment and efforts of the employees at all levels for enhancement of the performance of the Company.

Kolkata  
25th May, 2009

On behalf of the Board  
**S. Bagaria**  
Chairman

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

## i) Specific Areas :

Research & Development activities have been focused on quality and efficiency of the equipments manufactured by the Company.

## ii) Benefits derived :

Successful implementation of the quality up-gradation programme of the Company.

## iii) Future plan of action :

The Company will continue its quality up-gradation programme through latest technology available with its Collaborators.

## iv) Expenditure on R&amp;D :

Expense heads	(Rs. in lacs)
a) Capital	—
b) Recurring	52.69
c) Total	<u>52.69</u>
d) Total R&D expenditure as a percentage of total turnover	0.53%

**II. Technology Absorption, Adaptation and Innovation**

## i) Efforts made :

The Company continue its efforts in absorption and implementation of latest available technology as a part of its total quality management programme.

## ii) Benefits derived :

Improvement in quality and efficiency of the equipments manufactured by the Company.

## iii) Imported Technology :

Technology imported	Year of Import	Has technology been fully absorbed?	If not absorbed, areas where this has not taken place, reasons thereof & future plans of action
Air Classifier for fine products ALPHA 200	2004	Yes	N. A.
B-2000 Series of Gear Box & Geared Motor	2005	Yes	N. A.
Air Classifier for fine products ALPHA 300	2009	No	Under process of absorption
BM Ball Mill for fine grinding	2009	No	Under process of absorption

**B. FOREIGN EXCHANGE EARNINGS & OUTGO**

During the year foreign exchange earnings was Rs. 1107.49 lac against outgo of Rs. 640.61 lac.

On behalf of the Board

Kolkata  
25th May, 2009

**S. Bagaria**  
Chairman

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

Employed throughout the year

Name	Age Last Birthday (Years)	Designation & Nature of Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment
Banerjee R.N.*	63	Director - Engineering	26,61,965	B.E. (Mech), M.I. Inst. (Welding)	40	02.11.1982	Indian Oxygen Ltd.
Saha S.	64	Executive Director (Wholetime Director)	27,00,561	B.E. (Met.)	42	15.02.1967	First Employment
Sen I.	69	Managing Director	56,84,836	B.E. (Mech.)	47	14.12.1971	Hooghly Docking & Engg. Co. Ltd.

\* Not a member of the Board of Directors

## Notes :

1. 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 employees are entitled to gratuity & leave encashment in accordance with the Company's Rules.
2. The appointments of the Managing Director & the Wholetime Director are contractual. The terms and conditions for appointment of other employees are as per Rules of the Company.
3. No employee who receives remuneration exceeding Rs.2,00,000/- per month was in the employment of the Company for a part of the year.

Kolkata  
25th May, 2009

On behalf of the Board

**S. Bagaria**  
Chairman

## REPORT ON CORPORATE GOVERNANCE

### INTRODUCTION

The Company's Report on Corporate Governance for the year ended 31st March, 2009 as required under Clause 49 of the Listing Agreement, is furnished below :

#### A. Company's Philosophy on Corporate Governance

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

#### B. Board of Directors

##### (i) Composition

The Board of Directors of the Company as on 31st March, 2009, 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 Non-Executive Director. The Non-Executive Directors with specialization in their respective fields are bringing a wide range of skill and experience.

The composition of the Board of Directors with their shareholdings as on 31st March, 2009 and their attendance at the Board Meetings held during the year and also at the last Annual General Meeting alongwith the number of other Directorship and Committee Membership, as required under Clause 49 of the Listing Agreement are given below :

Sl. No.	Name of Director	Category	No. of Board Meetings attended	Attendance at last AGM	No. of Other Directorship	Membership of Other Committees		Shares held (Nos.)
						Chairman	Member	
1.	Mr. S. Bagaria	Chairman & Non-Executive Director – Promoter	8	Yes	6	—	—	43,900
2.	Mr. I. Sen	Managing Director	8	Yes	1	—	2	625
3.	Mr. S. Saha	Executive Director (Wholetime Director)	8	Yes	—	—	—	44
4.	Mr. R. L. Gaggar	Non-Executive Independent Director	5	Yes	13	—	9	—
5.	Mr. Sukhendu Ray	Non-Executive Independent Director	7	Yes	6	3	3	—
6.	Mr. P. K. Mallik	Non-Executive Independent Director	8	Yes	4	2	3	—

- For the purpose of above information in computing 'Other Directorship' Private Limited Companies have been excluded and for Committee Membership, Chairmanship/membership in Audit Committee & Shareholders' Grievance Committee only have been considered.
- None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement) across all the Companies in which he is a Director.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### (ii) Meetings of the Board of Directors

The meetings of the Board are held at the Registered Office of the Company at 107/1, Park Street, Kolkata 700016. During the year under review 8 (eight) Board Meetings were held on 24.04.2008, 25.06.2008 (2-meetings), 30.07.2008, 05.09.2008, 10.10.2008, 22.10.2008 and 30.01.2009.

The Company Secretary prepares the Agenda in consultation with the Chairman of the Board, for each meeting and circulate 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 are made available periodically to the Board. Details of Directors seeking reappointment in the 73rd 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. All of them are experts in Corporate Finances, Accounts and Corporate Law. 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, 2009, the Meetings of the Audit Committee were held on 24.04.2008, 13.05.2008, 09.06.2008, 25.06.2008, 30.07.2008, 06.08.2008, 22.08.2008, 22.10.2008 and 30.01.2009. The composition of the Audit Committee along with the attendance of each member are given below :-

Name of Director	Designation	Profession	Committee Meetings	
			Held	Attended
Mr. Sukhendu Ray	Chairman	Chartered Accountant	9	9
Mr. R. L. Gagar	Member	Solicitor & Advocate	9	7
Mr. P. K. Mallik	Member	Chartered Accountant	9	9

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

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

- The adequacy of the Internal Audit function and observations of the Internal Auditors.
- Compliance with accounting standards.
- Compliance with the Listing Agreement and other legal requirements concerning financial statements and related party transactions.
- The appointment and removal of internal auditors, fixation of audit fees and also approval of payment for any other services.
- Quarterly/half yearly results and the annual financial statements 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 relating to 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 etc. and also issue of duplicate share certificates against lost/mutilated shares.

#### (b) Composition

The Committee comprises of three Directors viz. Mr. S. Bagaria, Non-Executive Director as Chairman of the Committee, Mr. I. Sen, Managing Director and Mr. Sukhendu Ray, Non-Executive Director. During the year under review, this Committee met eleven times – 15.04.2008, 17.06.2008, 16.07.2008, 18.08.2008, 28.08.2008, 22.09.2008, 24.10.2008, 21.11.2008, 16.12.2008, 22.01.2009 and 10.03.2009. All the meetings of Share Transfer/Shareholders' Grievance Committee were attended by all members excepting Mr. S. Ray who did not attend a meeting held on 22.09.2008.

The Committee confirms that there was no share transfer pending as on 31st March, 2009 and all requests for dematerialization of shares as on that date were either confirmed or rejected in the NSDL/CDSL system.

#### (c) Investors' Complaints

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

Investors' complaint which cannot be settled at the level of Compliance Officer and M/s. 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.

- |   |   |     |
|---|---|-----|
| • No. of complaints pending as on 1st April, 2008                               | : | Nil |
| • No. of complaints during the financial year ended 31st March, 2009            | : | 12  |
| • No. of complaint resolved/disposed off during the year ended 31st March, 2009 | : | 12  |
| • No. of complaint pending as on 31.03.2009                                     | : | Nil |

Name, designation & address of Compliance Officer :

Name	:	Mr. S. C. Saha
Designation	:	Vice President (Finance) & Secretary
Address	:	107/1, Park Street, Kolkata 700016.

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

### (iii) Remuneration Committee

The Remuneration Committee recommends to the Board of Directors regarding the remuneration payable to the Managing Director & Executive Director of the Company. The Remuneration

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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 Committee was held during the year ended 31st March, 2009.

### D. Details of Directors' Remuneration for the year ended 31st March, 2009 :

Name	Salary Rs.	Perquisites Rs.	Retirement Benefits Rs.	Commission Rs.	Sitting Fees Rs.	Total Rs.
<b>a) Executive Directors :</b>						
Mr. I. Sen Managing Director	18,00,000	17,98,126	4,50,000	16,36,710	—	56,84,836
Mr. S. Saha Executive Director (Wholetime Director)	10,20,000	10,16,384	2,55,000	4,09,177	—	27,00,561
<b>b) Non-Executive Directors :</b>						
Mr. S. Bagaria	—	—	—	32,73,420	95,000	33,68,420
Mr. R. L. Gaggar	—	—	—	—	60,000	60,000
Mr. S. Ray	—	—	—	—	130,000	1,30,000
Mr. P. K. Mallik	—	—	—	—	85,000	85,000
						120,28,817

- The Agreements with the Managing Director and Executive Directors are contractual in nature. Notice period for termination of appointment of the Managing Director and the Wholetime Director is six months on either side.
- All Non-Executive Directors retire by rotation.
- There is no stock options available/issued to any Director of the Company and this does not form a part of their contract with the Company.

### 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
2007-08	05.09.2008	3.30 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	—
2006-07	24.08.2007	3.30 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	1
2005-06	01.09.2006	3.30 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	2

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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

### F. Disclosures

#### (a) Disclosure by key managerial persons about related party transactions

All related party transactions have been entered into in the ordinary course of business and are placed periodically before the Audit Committee in summary form. There are no significant related party transactions, which have conflict with the interest of the Company at large. The related party transactions have been disclosed in Item no. 13, Schedule 17(B) of the Notes on Accounts for the year ended 31st March, 2009.

#### (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

Last year, the Company has established risk assessment/minimisation procedure. During the year ended 31st March, 2009 these procedures for risk assessment and minimisation have been updated/formalised. These have been disclosed in the Management Discussion and Analysis Report forming a part of the Directors' Report.

#### (d) Matters related to capital market

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

#### (e) Management Discussion & Analysis Report

The Management Discussion & Analysis Report is attached and forms a part of the Corporate Governance Report.

#### (f) Code of Conduct

The Company has laid down a Code of Conduct for all Board members and Senior Managerial Personnel of the Company. The Code of Conduct is available on the website of the Company at [www.internationalcombustion.in](http://www.internationalcombustion.in). All Board members and Senior Managerial 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, 2009.



**REPORT ON CORPORATE GOVERNANCE (Contd.)****(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, 2009, which is enclosed at the end of this Report.

**(i) Means of Communication**

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

**G. General Shareholders' Information****(a) Annual General Meeting :**

The Annual General Meeting of the Company has been convened on Friday the 14th August, 2009 at Kala Kunj, 48, Shakespeare Sarani, Kolkata – 700 017 at 3.30 PM.

**(b) Financial Calendar :**

	Events	Period
1	Audited Annual Results for 2008-09	May 25, 2009
2	Mailing of Annual Reports 2008-09	By 21st July 2009
3	First Quarter Results (30th June 2009)	End of July 2009
4	Annual General Meeting	August 14, 2009
5	Second Quarter Results (30th Sept. 2009)	End of October 2009
6	Third Quarter Results (31st Dec. 2009)	End of January 2010
7	Fourth Quarter Results (31st March 2010)	By 30th June 2010 (audited)

**(c) Book Closure :**

The Share Transfer Book and Register of Members of the Company will remain closed from 7th August, 2009 to 14th August, 2009 (both days inclusive).

**(d) Dividend Payment :**

Dividend, if declared at the Annual General Meeting, will be paid on and from 24th August, 2009, to those members/beneficial owners whose names appear in the Register of Members as at the close of business on 6th August, 2009.

**(e) Listing of Equity Shares on Stock Exchange :**

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

**(f) Listing Fees**

The Company has paid the listing fees for the year 2009-10 to BSE and CSE.

**(g) Custodial Fees to Depository**

The Company has paid custodial fees for the year 2009-10 to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on the basis of number of beneficial accounts maintained by them as on March 31, 2009.

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

**(i) Demat ISIN Number :** INE403C01014.

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

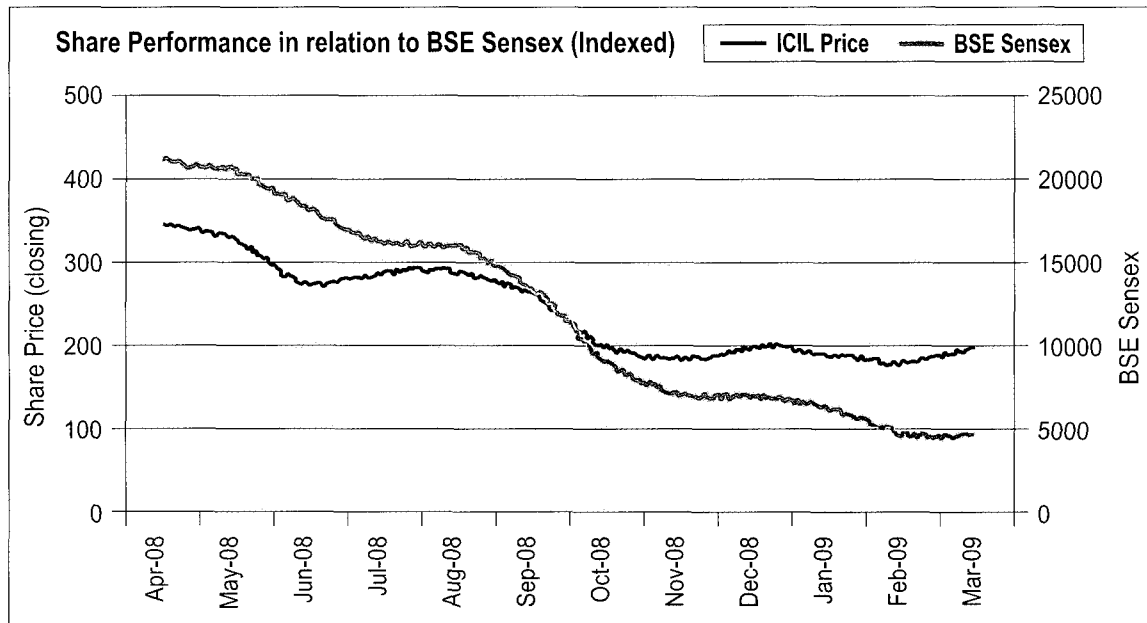
**(j) (a) Stock Market price data :**

(1st April, 2008 to 31st March, 2009)

Month/Year	Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)
April 2008	421.30	345.00
May 2008	487.65	386.00
June 2008	428.00	355.55
July 2008	360.00	288.35
August 2008	355.00	311.80
September 2008	347.80	243.00
October 2008	285.00	154.00
November 2008	198.50	125.20
December 2008	156.75	119.00
January 2009	171.00	117.00
February 2009	130.00	86.25
March 2009	111.95	80.25

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

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



**(k) Registrar and Share Transfer Agents :**

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

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### (l) Share Transfer System

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

### (m) Distribution of Shareholding as on 31st March, 2009 :

No. of Shares	Shareholders		Shareholding	
	Number	%	No. of Shares held	%
1 - 500	7549	95.72	5,91,736	24.75
501 - 1000	205	2.60	1,51,713	6.35
1001 - 2000	72	0.91	1,02,804	4.30
2001 - 3000	15	0.19	37,641	1.57
3001 - 4000	6	0.08	21,995	0.92
4001 - 5000	6	0.08	27,446	1.15
5001 - 10000	11	0.14	77,114	3.23
10001 and above	22	0.28	13,79,827	57.73
Total	7886	100.00	23,90,276	100.00

### (n) Pattern of Shareholding as on 31st March, 2009 :

Sl. No.	Category	No. of Shares	Percentage of Shareholding
1.	Promoter & Promoter Group	12,66,931	53.00
2.	Financial Institutions/ Insurance Companies	44,426	1.86
3.	Bank/Trust Fund	501	0.02
4.	Foreign Institutional Investors/OCB	1,900	0.08
5.	Non-Resident Indians (NRI)	27,484	1.15
6.	Bodies Corporate	1,10,554	4.63
7.	Indian Public	9,30,621	38.93
8.	Others (Demat transit/clearing member)	7,859	0.33
	Total	23,90,276	100.00

### (o) Dematerialisation of Shares

As on 31st March, 2009, 83.95% of the Company's total paid up capital representing 20,06,628 shares were held in dematerialized form and the balance 16.05% representing 3,83,648 shares were held in scrip form.

### (p) Secretarial Audit Report

As stipulated by the Securities and Exchange Board of India, a qualified Practising Company Secretary has been appointed to carry out the Secretarial Audit at a regular interval to reconcile the total admitted Capital held in dematerialised form in National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total issued and listed Capital. The Audit is carried out every quarter and the Report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The Report inter alia confirms that

## REPORT ON CORPORATE GOVERNANCE (Contd.)

the total listed and paid up share capital of the Company is in agreement with the aggregate of the total dematerialized shares and those in the physical mode.

**(q) Factory Locations :**

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

**(r) Regional Offices :**

Aurangabad : B-74/1, MIDC Waluj, P.O. Bajaj Nagar, Aurangabad – 431136, Maharashtra  
Bangalore : No.547/3, IInd Floor, R. V. Road, Basavangudi, Bangalore – 560 004  
Chennai : Modern Towers, 5th Floor, No. 23, West Cott Road, Royapettah  
Chennai – 600014  
Hyderabad : Flat No.303, Bhanu Enclave, 7-1-638 to 643  
Sundar Nagar, Hyderabad – 500038  
Kolkata : 107/1, Park Street, Kolkata – 700016  
Mumbai : Khanna Construction House, 44, Dr. R. G. Thadani Marg,  
Worli, Mumbai – 400018  
Nagpur : L-7, MIDC Industrial Area, Hingna, Nagpur – 440016, Maharashtra  
New Delhi : 2E/28, Jhandewalan Extn., New Delhi – 110055  
Pune : D 407 Business Court, Mukund Nagar, Pune – 411 037  
Vadodara : 508, Centre Point, R. C. Dutta Road, Alkapuri, Vadodara – 390020

**(s) Total number of employees as on 31st March 2009 : 485**

**(t) Shareholders' Correspondence :**

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

C. B. Management Services (P) Limited  
Unit : International Combustion (India) Limited  
P-22, Bondel Road, Kolkata – 700019  
Telephone : 40116700/40116711/40116718; Fax : (033) 2287-0263  
E-mail : rta@cbmsl.com; Website : www.cbms1.com

Complaints, if any, may also be addressed to Mr. S. C. Saha, Vice President (Finance) & Secretary (Compliance Officer) at the Registered Office at 107/1, Park Street, Kolkata 700016 or sent by email at [sc.saha@internationalcombustion.in](mailto:sc.saha@internationalcombustion.in).

Kolkata  
25th May, 2009

On behalf of the Board  
**S. Bagaria**  
Chairman



## CEO AND CFO CERTIFICATION

To  
The Board of Directors  
**International Combustion (India) Limited**

Dear Sirs,

Sub : CEO & CFO Certificate

We have reviewed the financial statements read with the cash flow statement of **International Combustion (India) limited** for the year ended March 31, 2009 and that to the best of our knowledge and belief, we certify that:

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

	<b>S.C. Saha</b> Chief Financial Officer Vice President (Finance) & Secretary	<b>I. Sen</b> Chief Executive Officer Managing Director
Kolkata, 25th May, 2009		

---

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

To  
The Shareholders of  
**International Combustion (India) Limited**

Sub : Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Kolkata  
14th April, 2009

**I. Sen**  
Managing Director

## AUDITORS' CERTIFICATE ON COMPLIANCE OF 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 March 31, 2009 as stipulated in clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

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 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 the above mentioned Listing Agreement. The Company has established risk assessment / minimization and internal control procedures which are being updated / formalized.

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

Kolkata, 25th May, 2009

For **Lodha & Co.**  
*Chartered Accountants*  
**H.K. Verma**  
*Partner*  
*Membership No. 55104*



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry Overview

The global slowdown has also affected the Indian industry adversely. Though the impact has not been as severe as in the developed countries, yet delays or suspensions of projects have been seen in the last few months. However, the market is expected to evince some improvement by the end of the current financial year.

### 2. Opportunity

Despite the overall slowdown in industry in India, certain sectors such as mining, mineral processing, power, power generation, food, etc. are continuing to grow. Steel, cement and infrastructure industry are also expected to recover after a period. The developed countries are also showing strong interest in sourcing products and services from low cost Asian markets, including India. This is expected to provide good business opportunity for the Indian industry.

### 3. Threats

Aggressive competition in the market, high cost of input raw materials continue to be cause of concern. Low cost manufacturers from some Asian countries continue to be a threat to the Indian industry.

### 4. Risk & Concerns

Risk & Concerns which have been identified by the Company as significant along with the frame work devised for managing those risks and mechanism developed to mitigate such risks, are detailed below:-

- a) Competition – The Company has observed that global players are entering into the Indian market with local manufacturing plants. Indian manufacturers are also upgrading their technology under license from various global manufacturers. The Company is conscious of this position and necessary steps have been initiated to enhance the technology level of its products which together with the brand equity is likely to reduce this risk adequately.
- b) Cost – The steady increase in cost of raw materials as well as the unfavourable exchange rates are resulting in higher cost of production. The uncertainty in regard to the cost of raw materials is compounding the issue further. All efforts are being made by the Company to optimize the costs through design changes, higher productivity and reduction of expenditure.
- c) Quality – The Company has embarked on a major programme to bring the quality level to the international standard and has progressed substantially in that direction. Further improvements are being made as the Company expects major growth in export business.
- d) Human Resources Management – The shortage of good quality and trained manpower continues to be a problem faced by the manufacturing industry all over the country. Further, the Company operates in some niche markets which require high level of technical knowledge. Specialized people in these areas are even more scarce. The Company therefore has taken major initiatives towards training of employees and is in the process of introducing E-learning systems in the organization.
- e) Receivables – The Company has taken various steps to facilitate smooth recovery of sale proceeds. These recovery measures which are integral part to the debtor management system have helped the Company to improve its liquidity position.
- f) Financial – The comfortable liquidity position arising out of the high degree of retained earnings over the preceding few years has enabled the Company to meet all its capital expenditures out of internal generation. The surplus remaining after meeting such capital expenditure is kept invested in Fixed Maturity Plans (F.M.P.) and also in the Fixed Deposits Scheme for short periods with various Banks.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### 5. Outlook

The Company has entered into an Agreement for acquiring patent right for OMNI Screen in India, China, South Korea and Australia. It is expected that during the current year, the demand for OMNI Screen in India and other patented territories would grow.

The Company has also entered into a new Agreement with ECUTECH, Spain to include various new models of micro-fine Classifiers and Ball Mills for micro-fine grinding, in the Company's product range.

### 6. Internal Control System

The Company has a sound and adequate Internal Control System commensurate with its size and nature of operations which ensures that transactions are recorded, authorized and reported correctly apart from safeguarding its assets against loss from wastage and unauthorized use. The Internal Control System also ensures reliable financial reporting and adherence to management policies of ethical conduct.

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

### 7. Financial Performance

Particulars	(Rs. in lacs)	
	2008-2009	2007-2008
Sales	9819	9518
Operating Profit	1894	2145
Profit after Tax	991	1173
Net Cash Flow from Operation	1480	141
Operating Profit to Sales (%)	19	22
Basic E.P.S. (Rs.)	41.46	49.09

### 8. Cautionary Statement

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

On behalf of the Board

Kolkata  
25th May, 2009

**S. Bagaria**  
Chairman





## AUDITORS' REPORT

To the Members,

We have audited the attached Balance Sheet of **International Combustion (India) Limited** as at 31st March, 2009 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- 1) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in exercise of the power conferred by Section 227 (4A) of the Companies Act, 1956 and according to the information and explanation 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 off a substantial part of its fixed assets.
  - ii. Inventory
    - a. The inventory of the Company except those lying with third parties have been physically verified during the year. In our opinion, frequency of verification is reasonable.
    - b. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
    - c. In our opinion, the Company is maintaining proper records of inventory and the discrepancies between the physical stocks to the extent verified and the book stocks, were not material.
  - iii. Loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
    - a. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4(iii) (b) to 4 (iii) (d) of the order are not applicable to the Company.
    - b. The Company has taken loans from 8 parties listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.127.25 lac and the year-end balance of loans taken from such parties was Rs.42.00 lac.
    - 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.

## AUDITORS' REPORT (Contd.)

- d. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of the interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of the interest.
- e. The Company has no overdue loans taken as on 31 March, 2009 from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv. Having regard to the fact that certain items are of special nature for which comparative quotations are not readily available, in our opinion the internal control procedures of the Company relating to purchases of stores, raw materials including components, plant and machinery, equipment and other similar assets and for the sale of the goods are commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. 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 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, 2009 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, service tax, excise duty and cess which have not been deposited on account of any dispute.

**AUDITORS' REPORT** *(Contd.)*

- 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, bank or debenture holders.
  - xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - xiii. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
  - xiv. The Company is not dealing in shares and securities.
  - xv. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
  - xvi. Based on information and explanations given to us by the management, the Company has not raised any term loan during the financial year covered under audit and accordingly, the clause 4(xvi) of the Order is not applicable to the Company.
  - xvii. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no fund raised on short-term basis have been used for long-term investments.
  - xviii. The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
  - xix. According to information and explanations given to us, the Company has not issued any debentures during the year.
  - xx. The Company has not raised monies by public issues during the year.
  - xxi. During the course of our examination of books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such case by the management.
- 2) Further to the above we report that :
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of the written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified

**AUDITORS' REPORT** *(Contd.)*

as on 31st March, 2009 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 the 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, 2009,
- (2) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- (3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

**H. K. Verma**  
*Partner*

*Membership Number: 55104*

Place: Kolkata  
Date: 25th May, 2009



*Saha*

SEVENTY-THIRD ANNUAL REPORT 2008-09

**BALANCE SHEET**

AS AT 31ST MARCH, 2009

(Rs. in '000)

	Schedule	As at 31st March, 2009	As at 31st March, 2008
<b>I. SOURCES OF FUNDS</b>			
Shareholders' Funds:			
Capital	1	23903	23903
Reserves and Surplus	2	540552	456932
		564455	480835
Loan Funds :			
Secured Loans	3	5287	20224
Unsecured Loans	4	4200	5975
		9487	26199
Deferred Tax Liability		12034	17332
<b>TOTAL</b>		<b>585976</b>	<b>524366</b>
<b>II. APPLICATION OF FUNDS</b>			
Fixed Assets :			
Gross Block		429534	420397
Less: Depreciation		252263	221714
Net Block	5	177271	198683
Capital Work-in-Progress		12580	—
		189851	198683
Investments	6	160185	54672
Current Assets, Loans and Advances:			
Inventories	7	167360	173247
Sundry Debtors	8	242446	289751
Cash and Bank Balances	9	24989	36444
Other Current Assets	10	18570	17876
Loans and Advances	11	13235	17933
		466600	535251
Less : Current Liabilities and Provisions:	12		
Liabilities		194181	227802
Provisions		36479	36438
		230660	264240
Net Current Assets		235940	271011
<b>TOTAL</b>		<b>585976</b>	<b>524366</b>

Accounting policies and Notes on Accounts 17

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

As per our report of even date

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

**H.K.Verma**  
Partner  
Kolkata, 25th May, 2009

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

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

## PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2009

		(Rs. in '000)	
	Schedule	For the year ended 31st March, 2009	For the year ended 31st March, 2008
<b>INCOME</b>			
Gross Sales		1084560	1085504
Less : Excise duty recovered		<u>(102608)</u>	<u>(133660)</u>
Net Sales		981952	951844
Other Income	13	<u>15383</u>	<u>15822</u>
		<u>997335</u>	<u>967666</u>
<b>EXPENDITURE</b>			
Materials and Components	14	510920	487137
Manufacturing and other expenses	15	296941	266039
Interest	16	6336	4169
Depreciation	5	<u>32770</u>	<u>31624</u>
Transfer from Revaluation Reserve		<u>(1274)</u>	<u>(1522)</u>
		<u>31496</u>	<u>30102</u>
		<u>845693</u>	<u>787447</u>
<b>PROFIT BEFORE INCOME TAX</b>		151642	180219
Provision for Income Tax :			
Current		<u>56039</u>	<u>61790</u>
Earlier Years' excess provision written back		(734)	—
Deferred tax (reversal)/charge		<u>(5298)</u>	<u>(1367)</u>
Fringe Benefit		<u>2539</u>	<u>2450</u>
		<u>52546</u>	<u>62873</u>
<b>PROFIT AFTER INCOME TAX</b>		99096	117346
Balance Brought Forward		<u>14376</u>	<u>14012</u>
<b>BALANCE AVAILABLE FOR APPROPRIATIONS</b>		<u>113472</u>	<u>131358</u>
<b>APPROPRIATIONS</b>			
General Reserve		85500	103000
Proposed Dividend		11951	11951
Tax on Proposed Dividend		2031	2031
Balance Carried forward		<u>13990</u>	<u>14376</u>
		<u>113472</u>	<u>131358</u>
Accounting Policies and Notes on Accounts	17		
<b>Earnings per share (in Rupees)</b>			
Basic		41.46	49.09
Diluted		41.46	49.09

[Refer Note 16 of Schedule 17(B)]

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

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

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

**H.K.Verma**  
Partner  
Kolkata, 25th May, 2009

**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, 2009

	(Rs. in '000)	
	For the year ended 31st March, 2009	For the year ended 31st March, 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit / (Loss) before Tax and extraordinary items</b>	<b>151642</b>	<b>180219</b>
Adjustments for :		
Depreciation	31496	30102
Loss on sale of fixed asset (net)	—	453
Profit on sale of fixed asset (net)	(237)	—
Provision for diminution in the value of investments no longer required written back	(328)	(350)
Diminution in the value of investments	15	328
Irrecoverable Debts written off	7245	5963
Interest Income	(4503)	(5232)
Profit on maturity/redemption of current investments	(2310)	(3280)
Interest on borrowings	6336	4169
Liabilities no longer required written back	(122)	(415)
	<u>37592</u>	<u>31738</u>
<b>Operating profit before Working Capital changes</b>	<b>189234</b>	<b>211957</b>
Adjustments for :		
Trade and other Receivables	43865	(151779)
Inventories	5887	(36057)
Trade Payables	(35792)	52914
	<u>13960</u>	<u>(134922)</u>
<b>Cash generated from Operations</b>	<b>203194</b>	<b>77035</b>
Direct Taxes Paid(net of refunds)	(55222)	(62890)
<b>Net Cash from operating activities ...(A)</b>	<b>147972</b>	<b>14145</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of fixed asset	592	312
Purchase of Fixed Assets	(24180)	(45946)
Proceeds from Redemption/ Maturity of current investments	22310	38280
Purchase of Investments	(125200)	(35000)
Interest Received	3914	5128
<b>Net Cash from investing activities ...(B)</b>	<b>(122564)</b>	<b>(37226)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings (Net)	—	(3956)
Cash Credit & Other short term borrowings	(16712)	20924
Interest Paid	(6336)	(4211)
Dividends Paid (including corporate tax on dividend)	(13815)	(13183)
<b>Net Cash used in Financing activities ...(C)</b>	<b>(36863)</b>	<b>(426)</b>
<b>Net increase/(decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(11455)</b>	<b>(23507)</b>
Cash and Cash equivalents at the beginning of the year	36444	59951
Cash and Cash equivalents at the close of the year	24989	36444

- Notes: (i) Figures in brackets represent loss/outflows  
(ii) Previous year's figures have been rearranged/regrouped, wherever necessary.  
(iii) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 on "Cash Flow Statements" as prescribed by Companies (Accounting Standard) Rules, 2006  
(iv) Cash and Cash equivalents at the close of the year includes Rs.13001 thousands which are not available for use by the Company.

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

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

**H.K.Verma**  
Partner  
Kolkata, 25th May, 2009

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

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

**SCHEDULES TO THE BALANCE SHEET**

	(Rs. in '000)	
	As at 31st March, 2009	As at 31st March, 2008
<b>1. CAPITAL</b>		
<b>Authorised</b>		
5000000 Equity Shares of Rs.10 each	50000	50000
<b>Issued and Subscribed</b>		
2390276 Equity Shares of Rs.10 each fully paid (2007-08 - 2390276)	23903	23903
Out of the above Shares:		
(i) 675336 Equity Shares of Rs.10 each allotted as Bonus Shares by capitalisation of Capital Reserve, Share Premium and General Reserve, and		
(ii) 15000 Equity Shares of Rs.10 each allotted as fully paid up pursuant to a contract without payment being received in cash		
	23903	23903
<b>2. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per last Account	60534	60534
<b>Share Premium</b>		
As per last Account	89041	89041
<b>Revaluation Reserve</b>		
As per last Account	21472	22994
Less: Transferred to Profit and Loss Account	(1274)	(1522)
Less: Adjustment on sale /disposal	(220)	—
	19978	21472
<b>General Reserve</b>		
As per last Account	271509	177706
Less: Adjustment on account of transitional provision-AS15	—	(9197)
Add: Transferred from Profit and Loss Account	85500	103000
	357009	271509
<b>Balance in Profit and Loss Account</b>	13990	14376
	540552	456932
<b>3. SECURED LOANS</b>		
Cash Credit/ Overdrafts from Banks (Refer Note 8 of Schedule 17(B) of Notes on Accounts)	5287	20224
	5287	20224
<b>4. UNSECURED LOANS</b>		
Fixed Deposits	4200	5975
	4200	5975





## SCHEDULES TO THE BALANCE SHEET (Contd.)

### 5. FIXED ASSETS

(Rs. in '000)

Assets	GROSS BLOCK (Cost/on revaluation)				DEPRECIATION				NET BLOCK	
	As on 1st April, 2008	Additions/ Adjustments during the year	Deletion during the year	As at 31st March, 2009	Upto 31st March, 2008	During the year	Deletion during the year	Upto 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
<b>A. Tangible Assets</b>										
Land -										
Freehold	304	—	—	304	—	—	—	—	304	304
Leasehold	4554	—	—	4554	264	15	—	279	4275	4290
Buildings	77206	3540	—	80746	24750	2101	—	26851	53895	52456
Plant and Machinery	287674	5426	2313	290787	171653	25103	1813	194943	95844	116021
Furniture and Fittings	11517	2175	—	13692	7317	712	—	8029	5663	4200
Cars and Vehicles	5442	508	347	5603	2389	795	297	2887	2716	3053
Electrical Installation	12664	284	136	12812	7478	538	111	7905	4907	5186
<b>B. Intangible Assets</b>										
Technical Knowhow fees	17416	—	—	17416	7562	2903	—	10465	6951	9854
ERP Software	3620	—	—	3620	301	603	—	904	2716	3319
<b>Total (A+B)</b>	<b>420397</b>	<b>11933</b>	<b>2796</b>	<b>429534</b>	<b>221714</b>	<b>32770</b>	<b>2221</b>	<b>252263</b>	<b>177271</b>	<b>198683</b>
Previous year	371718	51652	2973	420397	192298	31624	2208	221714	198683	

Note :

Certain Buildings and Plant and Machinery had been revalued on 31st October, 1991 by an approved valuer on market value basis, resulting in an increase in value of such assets by Rs. 43737 thousands

**SCHEDULES TO THE BALANCE SHEET (Contd.)**

	As at 31st March, 2009	(Rs. in '000) As at 31st March, 2008
<b>6. INVESTMENTS</b>		
<b>CURRENT INVESTMENTS</b>		
<b>UNQUOTED- AT COST- OTHER THAN TRADE</b>		
i. Reliance Fixed Horizon Fund-VIII - Series 4 Growth 2000000 units of Rs.10 each	20000	—
ii. Kotak Basket Linked Unsecured Redeemable Optionally Convertible Debentures - Series KS-19 1000000 units of Rs.10 each at a premium of Re.0.20 each	10200	—
iii. Kotak FMP 15M Series 2 - Growth 2000000 units of Rs.10 each	—	20000
iv. ABN AMRO Fixed Term Plan Series 10 Plan F 1000000 units of Rs. 10 each	10000	10000
v. ABN AMRO Fixed Term Plan Series II Plan A 2000000 units of Rs. 10 each	20000	20000
vi. K167 Kotak Blended Fund of Funds - Dividend 500000 units of Rs. 10 each	5000	5000
Less : Diminution in value	15	328
	4985	4672
vii. Kotak FMP 15M Series 5 Institutional - Growth 1000000 units of Rs.10 each	10000	—
viii. ABN AMRO Fixed Term Plan Series 12 Plan A 1000000 units of Rs. 10 each	10000	—
ix. Reliance Fixed Horizon Fund-VIII - Series 5 Growth 1000000 units of Rs.10 each	10000	—
x. HSBC Fixed Term Series 54 - Institutional Growth 1000000 units of Rs.10 each	10000	—
xi. Kotak FMP 12M Series 7 Institutional - Growth 2000000 units of Rs.10 each	20000	—
xii. HSBC Fixed Term Series 59 - Institutional Growth 1000000 units of Rs.10 each	10000	—
xiii. Reliance Fixed Horizon Fund-IX - Series 2 Growth 1000000 units of Rs.10 each	10000	—
xiv. Birla Sun Life Fixed Term Plan - Series BA - Growth 1000000 units of Rs.10 each	10000	—
xv. Sundaram BNP Paribas Fixed Term Plan-J-Inst.Growth 500000 units of Rs.10 each	5000	—
	<u>160185</u>	<u>54672</u>
<b>7. INVENTORIES</b> (As taken, valued and certified by the management)		
Raw Materials and Components [including in transit Rs. 294 thousands (2007-08-Rs.1904 thousands)]	68010	89701
Stores	14599	14135
Work-in-progress	18327	23841
Finished Goods	66424	45570
	<u>167360</u>	<u>173247</u>
<b>8. SUNDRY DEBTORS</b>		
Unsecured, Considered Good :		
Debts outstanding for period exceeding six months	34911	30179
Other Debts	207535	259572
	<u>242446</u>	<u>289751</u>

**SCHEDULES TO THE BALANCE SHEET (Contd.)**

	As at 31st March, 2009	(Rs. in '000) As at 31st March, 2008
<b>9. CASH AND BANK BALANCES</b>		
Cash balance on hand	308	242
Balances with Scheduled Banks		
- Current Accounts	10210	12862
- Unclaimed Dividends Accounts	797	573
- Fixed Deposit Accounts	1000	11002
- Margin Money Deposit Accounts	12204	11765
- Cash Credit Accounts	470	—
	<u>24989</u>	<u>36444</u>
<b>10. OTHER CURRENT ASSETS - Unsecured</b>		
Considered Good -		
Interest accrued on Deposits	2560	1971
Deposits-		
With Customs/Central Excise	12608	12883
With Others	3402	3022
	<u>16010</u>	<u>15905</u>
	<u>18570</u>	<u>17876</u>
<b>11. LOANS AND ADVANCES - Unsecured</b>		
Considered Good -		
Advances recoverable in cash or in kind or for value to be received	13235	17899
Advance for Fringe Benefit Tax [net of Provision of Rs. Nil (2007-08- Rs. 4516 thousands)]	—	34
	<u>13235</u>	<u>17933</u>
<b>12. CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors for capital goods, materials and expenses		
- Dues to Micro, Small and Medium Enterprises	930	1898
- Others	121383	158439
Advances from Customers	61152	53793
Unclaimed Dividends *	797	630
Deferred Liabilities	2477	3269
Other liabilities	7442	9773
	<u>194181</u>	<u>227802</u>
* Not due for payment to Investor Education and Protection Fund		
<b>PROVISIONS</b>		
Provision for Taxation [net of Advance tax of Rs.156395 thousands (2007-08 - Rs. 143390 thousands)]	5910	3380
Provision for Fringe Benefit Tax [net of Advance tax of Rs.6997 thousands (2007-08 - Rs. Nil)]	58	—
Provision for Proposed Dividend	11951	11951
Provision for Corporate Tax on Dividend	2031	2031
Provision for Gratuity & Leave Salary	16529	19076
	<u>36479</u>	<u>36438</u>

**SCHEDULES TO THE PROFIT AND LOSS ACCOUNT**

	(Rs. in '000)	
	For the year ended 31st March, 2009	For the year ended 31st March, 2008
<b>13. OTHER INCOME</b>		
Interest (Gross) on -		
Deposits and others	4503	5232
(Tax deducted at source Rs. 957 thousands ; 2007-08 Rs. 756 thousands)		
Profit on sale / redemption of Current Investments	2310	3280
Liabilities / Provisions no longer required written back	122	415
Provision for diminution in Current Investments no longer required written back	328	350
Profit on sale of fixed assets (net)	237	—
Miscellaneous Receipts	7883	6545
	<u>15383</u>	<u>15822</u>
<b>14. RAW MATERIALS, WORK-IN-PROGRESS AND FINISHED GOODS</b>		
Raw Materials & Components Consumed	526946	501991
(Increase) / Decrease in Stock -		
Finished Goods:		
Opening stock	45570	32926
Add/(Less) : Provision for Excise duty on finished goods lying at the factories	(686)	1089
Less : Closing Stock	66424	45570
	(21540)	(11555)
Work-in-progress:		
Opening stock	23841	20542
Less : Closing Stock	18327	23841
	5514	(3299)
	<u>510920</u>	<u>487137</u>
<b>15. MANUFACTURING AND OTHER EXPENSES</b>		
Salaries, Wages and Bonus	105099	91215
Contribution to Provident and Other Funds	16119	16588
Workmen and Staff Welfare Expenses	7445	7479
Travelling and Conveyance	12098	7861
Consumable Stores	22658	14107
Rent	1057	1117
Rates and Taxes	4111	2157
Power and Fuel	10014	10581
Repairs to - Buildings	627	785
- Machinery	894	1818
- Others	4267	3057
Insurance	4138	3991
Selling and Distribution Expenses	29284	28113
Royalty	17066	18415
Directors' Commission	5319	6143
Auditors' Remuneration	283	270
Irrecoverable Debts/Advances written off	7245	5963
Communication Expenses	1881	1987
Loss on sale of fixed assets (net)	—	453
Provision for diminution in Current Investments	15	328
Miscellaneous Expenses	47321	43611
	<u>296941</u>	<u>266039</u>
<b>16. INTEREST</b>		
Term Loans	—	96
Fixed Deposits	414	379
Others	5922	3694
	<u>6336</u>	<u>4169</u>

## SCHEDULE

### 17. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### (A) Significant Accounting Policies

##### (i) ACCOUNTING CONCEPTS

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

The Accounts are prepared on historical cost basis, adjusted by the revaluation of certain fixed assets, as a going concern, and are consistent with generally accepted accounting principles. The accounts have been prepared in accordance with the provisions of the Companies Act, 1956 and accounting standards notified vide Companies (Accounting Standards) Rules, 2006.

##### (ii) USE OF ESTIMATES

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of income and expenses during the year. Difference between the actual results and the estimates 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

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

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

Assets whose original cost does not exceed Rs. 5000 are depreciated @ 100% 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.

##### (vii) INVENTORIES

Inventories are stated at lower of cost or net realisable value. Cost of inventories is determined on weighted

## SCHEDULE

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

average cost. Cost in case of work-in-progress and finished goods represent material, labour, and other appropriate overheads. Cost in respect of raw materials, components, stores and spares include expenses incurred for procuring the same.

#### (viii) FOREIGN CURRENCY TRANSACTIONS

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

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

#### (ix) REVENUE RECOGNITION

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

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

#### (x) EMPLOYEE BENEFITS

The Company has Defined Contribution Plan for its employees Retirement Benefits comprising of Provident Fund, Superannuation Fund and Pension Fund. The Company makes regular contribution to Provident Fund which are fully funded and administered by the Trustee/ Government. Contributions are recognized in Profit and Loss Account on accrual basis. The Company contributes to Superannuation Fund administered through its Trustees for certain category of employees and also contributes to the Employees' Pension Scheme, 1995 for certain group of employees.

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

#### (xi) INCOME TAX

Provision for tax is made for both current, deferred and fringe benefit 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.

### 17 (B). Notes on Accounts

	(Rs. in '000)	
	31st March, 2009	31st March, 2008
(1) Contingent liabilities not provided for :		
Outstanding Bank Guarantees	7443	1682
(2) Estimated amount of contracts remaining to be executed on capital	8295	—



## SCHEDULE

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

	(Rs. in '000)	
	31st March, 2009	31st March, 2008
(3) Auditors' Remuneration:		
Audit Fees	175	175
Certification etc.	108	95
(4) Research and Development expenses debited to respective heads of accounts	5269	4950
(5) Selling and Distribution Expenses comprise of -		
Travelling Expenses	19686	19806
Commission on Sales	4520	2555
Other Expenses	5078	5752
(6) Miscellaneous Expenses include prior period expenditure of Rs. 2000 thousands (2007-08 - Rs. Nil) representing contribution made to LIC for gratuity.		
(7) Gross depreciation for the current year is Rs.32770 thousands (2008 - Rs. 31624 thousands) of which Rs.1274 thousands (2008 - Rs.1522 thousands) has been transferred from revaluation reserve.		
(8) Cash Credit / Overdraft 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 also by first charge on the fixed assets of the Company.		
(9) The breakup of deferred tax is as under :		

(Rs. in '000)

	Opening as on 1st April, 2008	Debit/(Credit) during the Year	Closing as on 31st March, 2009
Deferred Tax Assets :			
Expenses Allowable on Payment Basis	5367	758	6125
TOTAL	5367	758	6125
Deferred Tax Liabilities :			
Depreciation and Related Items	22699	4540	18159
TOTAL	22699	4540	18159
Deferred Tax Liabilities (Net)	17332	5298	12034

### (10) Employee Benefits

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

(Rs in '000)

	2008-09	2007-08
Employer's Contribution to Provident Fund	5237	4040
Employer's Contribution to Pension Fund	2973	2771
Employer's Contribution to Superannuation Fund	1185	1931
Employer's Contribution to Employees State Insurance Scheme	1503	1608

## SCHEDULE

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

b) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2009 :

(Rs. in '000)

	Year ended 31st March, 2009		Year ended 31st March, 2008	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
<b>A. Change in Defined Benefit Obligations :</b>				
Present Value of Defined Benefit Obligations as at the beginning of the year	30012	4344	24825	3720
Current Service Cost	2241	86	1917	11
Interest Cost	2523	358	2056	323
Benefits Paid	(3480)	(2114)	(2045)	(1648)
Actuarial (Gains)/ Losses	1765	1922	3259	1938
<b>Present Value of Defined Benefit Obligations as at the end of the year</b>	<b>33061</b>	<b>4596</b>	<b>30012</b>	<b>4344</b>
<b>B. Change in the Fair Value of Assets:</b>				
Fair value of Plan Assets at the beginning of the year	15280	—	12139	—
Actual Return on Plan Assets	1456	—	1186	—
Contributions by the Employer	7853	2114	4000	1648
Benefits paid	(3480)	(2114)	(2045)	(1648)
Actuarial Gains/ (Losses)	19	—	—	—
<b>Fair value of Plan Assets at the end of the year</b>	<b>21128</b>	<b>—</b>	<b>15280</b>	<b>—</b>
<b>C. Reconciliation of Present value of Defined Benefit Obligation and the Fair Value of Assets:</b>				
Present Value of Defined Benefit Obligations as at the end of the year	33061	4596	30012	4344
Fair value of Plan Assets at the end of the year	21128	—	15280	—
<b>Liability /( Assets) recognized in the Balance Sheet</b>	<b>11933</b>	<b>4596</b>	<b>14732</b>	<b>4344</b>
<b>D. Expenses recognized in the Profit &amp; Loss Account :</b>				
Current Service Cost	2241	86	1917	11
Interest Cost	2523	358	2056	323
Expected Return on Plan Assets	(1456)	—	(1186)	—
Actuarial (Gain)/ Loss	1746	1922	3259	1938
<b>Total Expenses recognized in the Profit &amp; Loss Account *</b>	<b>5054</b>	<b>2366</b>	<b>6046</b>	<b>2272</b>
<b>E. Principal Actuarial Assumptions used :</b>				
Discounted Rate (per annum) Compound	8%	8%	7.5%	7.5%
Expected Rate of return on Plan Assets	8%	—	7.5%	—
Rate of Salary increase (per annum)	5%	5%	5%	5%

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

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

The contributions expected to be made by the Company for the year 2009-10 is yet to be determined.



## SCHEDULE

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

- c) The guidance on implementing Accounting Standard (AS-15) (Revised 2005) on Employees' Benefits issued by Accounting Standard Board (ASB) states that provident fund trustees set up by the employers which require the interest shortfall to be met by the employers need to be treated as "Defined Benefit Plan". According to the management, in consultation with the actuary, it is not practical or feasible to actuarially value the Provident Fund liability in the absence of any guidance from Actuarial Society of India and also due to the fact that the rate of interest as notified by the Government can vary annually. Accordingly, the Company is currently not in a position to provide other related disclosures as required by the aforesaid AS-15 read with ASB guidance.
- (11) Exchange difference of Rs. 1158 thousands (2007-08 – Rs. 1410 thousands) being net gain included in Miscellaneous receipts
- (12) DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

(Rs. in '000)

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006		31st March, 2009	31st March, 2008
i.	The principal amount and the interest due remaining unpaid to any supplier as at the end of the year : Principal amount unpaid Interest due	930 —	1898 —
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 Interest paid beyond the Appointed Date	8087 —	4826 —
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.	—	—

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

### (13) DIRECTORS' REMUNERATION :

(Rs. in '000)

		2008-09	2007-08
(I)	Directors' Remuneration :		
	Salaries	2820	2820
	Contribution to Provident Fund	353	353
	Contribution to Superannuation Fund	352	352
	Commission	5319	6143
	Other Benefits	2815	2804
	Sitting Fees	370	325
		12029	12797

**SCHEDULE**

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

(Rs. in '000)

	2008-09	2007-08
(II) Computation of Net Profit and Directors' Commission :		
Profit before taxation	151642	180219
Add : Directors' Remuneration	12029	12797
Net Profit / (Loss)	163671	193016
Commission for the year to :		
a) Chairman - non-executive director-2% of net profit	3273	3860
b) Managing Director –1% of net profit	1637	1800
c) Executive and Wholetime Director-0.25% of net profit	409	483
	5319	6143

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

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

a) Key Management Personnel:

    Mr. I.Sen - Managing Director

    Mr. S. Saha - Wholetime Director

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

    Tradelinek Securities Ltd., Amravati Eximp Ltd., Amulyanidhi (India) Ltd., Woolworth Merchandise Pvt Ltd., Primestar Exim Pvt Ltd., Mahadeo Jute and Industries Ltd., Stephen Court Ltd., Lakshmi Farms Ltd., Upayukta Farms Ltd., Shiva Prasad Bagaria, Sanjay Bagaria, Purnima Bagaria, Shiva Prasad Bagaria Executor – Estate of Ratni Devi Bagaria, Sanjay Bagaria – HUF, Shiva Prasad Bagaria – HUF, Satyam Bagaria Benefit Trust.

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

(Rs. in '000)

	2008-09	2007-08
(i) Remuneration paid :		
Managing Director	5685	5850
Executive Director	2701	2762
(ii) Deposits taken and repaid :		
Deposits outstanding - opening -		
Janapriya Benefit Trust	—	1875
Sanjay Bagaria	—	1500
Estate of Ratni Devi Bagaria	800	800
Shweta Bagaria	1475	1000
Shiva Prasad Bagaria	600	—
Purnima Bagaria	3000	—
Others	100	100
	5975	5275
Deposits taken during the year :		
Purnima Bagaria	3900	4500
Sanjay Bagaria (HUF)	1100	—
Estate of Ratni Devi Bagaria	400	800
Shweta Bagaria	600	1475
Shiva Prasad Bagaria	350	700
Others	950	1075
	7300	8550

## SCHEDULE

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

(Rs. in '000)

	2008-09	2007-08
Deposits repaid during the year -		
Purnima Bagaria	6900	1500
Sanjay Bagaria	—	1600
Shweta Bagaria	—	1000
Janapriya Benefit Trust	—	2350
Others	2175	1400
	9075	7850
Deposits outstanding- closing -		
Estate of Ratni Devi Bagaria	575	800
Shweta Bagaria	2075	1475
Sanjay Bagaria (HUF)	600	—
Shiva Prasad Bagaria	—	600
Purnima Bagaria	—	3000
Satyam Bagaria Benefit Trust	550	—
Others	400	100
	4200	5975
Interest paid -		
Shweta Bagaria	175	112
Sanjay Bagaria (HUF)	45	—
Estate of Ratni Devi Bagaria	84	65
Shiva Prasad Bagaria	55	—
Sanjay Bagaria	—	53
Purnima Bagaria	—	45
Janapriya Benefit Trust	—	65
Others	55	39
	414	379
(iii) Commission paid to Mr. Sanjay Bagaria, Chairman & Non Executive Director	3273	3860

(15) Segment Information for the year ended 31st March, 2009 :

Primary segment reporting – Business Segments

(Rs. in '000)

Particulars	Mineral & Material Processing and Handling Equipment		Gear Box and Geared Motor Drive System		Unallocated/ Corporate (Ref.Note 2)		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
<b>REVENUE</b>								
External Sales / Income	735937	723684	254271	234677	—	—	990208	958361
<b>RESULT</b>								
PROFIT BEFORE INTEREST, DEPRECIATION and TAXATION	236832	248516	54558	45597	—	—	291390	294113
(Less) : Depreciation	(3850)	(3642)	(24645)	(23609)	(3001)	(2851)	(31496)	(30102)

**SCHEDULE**

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

(Rs. in '000)

Particulars	Mineral & Material Processing and Handling Equipment		Gear Box and Geared Motor Drive System		Unallocated/ Corporate (Ref.Note 2)		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
PROFIT AFTER DEPRECIATION	232982	244874	29913	21988	(3001)	(2851)	259894	264011
(Less): (i) Interest							(6336)	(4169)
(ii) Other unallocable expenditure (net of unallocable income)					(101916)	(79623)	(101916)	(79623)
PROFIT BEFORE INCOME TAX							151642	180219
(Less): Provision for income tax:								
Current							56039	61790
Excess provision for earlier years' written back							(734)	—
Deferred							(5298)	(1367)
Fringe Benefit							2539	2450
<b>NET PROFIT</b>							<b>99096</b>	<b>117346</b>
<b>OTHER INFORMATION</b>								
Segment assets	320630	354961	289539	317901	—	—	610169	672862
Unallocated Corporate assets	—	—	—	—	206498	263650	206498	263650
<b>Total assets</b>	<b>320630</b>	<b>354961</b>	<b>289539</b>	<b>317901</b>	<b>206498</b>	<b>263650</b>	<b>816667</b>	<b>936512</b>
Segment liabilities	125346	152788	57935	64578	—	—	183281	217366
Unallocated Corporate liabilities	—	—	—	—	47411	194799	47411	194799
<b>Total liabilities</b>	<b>125346</b>	<b>152788</b>	<b>57935</b>	<b>64578</b>	<b>47411</b>	<b>194799</b>	<b>230692</b>	<b>412145</b>
<b>Capital expenditure</b>	<b>755</b>	<b>13456</b>	<b>10407</b>	<b>27294</b>	<b>771</b>	<b>10902</b>	<b>11933</b>	<b>51652</b>
<b>Depreciation</b>	<b>3850</b>	<b>3642</b>	<b>24645</b>	<b>23609</b>	<b>3001</b>	<b>2851</b>	<b>31496</b>	<b>30102</b>

**NOTE :**

- 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 Motor include Gear Box, Geared Motor drive system.
- 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.
- Secondary segment information – Geographical  
Out of total Sales of Rs.981952 thousands (2007-08 – Rs. 951844 thousands), Sales outside India is Rs.108734 thousands (2007-08 – Rs. 80088 thousands).
- Previous year's figures have been re-arranged / re-grouped, wherever necessary.

**(16) Earning per Share (EPS)**

		2008-2009	2007-2008
I. Profit for Basic EPS – (in Rs.'000 )	(a)	99096	117346
II. Shares			
Number of Equity Shares as on 31.3.2009		2390276	2390276
Weighted average number of Equity shares outstanding during the year (for EPS)	(b)	2390276	2390276
III. EPS (Face value of Rs.10 each)			
Basic EPS (a/b) in Rupees		41.46	49.09
Diluted EPS (a/b) in Rupees		41.46	49.09

## SCHEDULE

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

(17) Leases

- a) The Company has certain not non-cancellable operating lease arrangements for residential and office premises which are renewable by mutual consent and mutually agreed terms.
- b) The aggregate lease rentals payable are charged as "Rent" in Schedule 15.  
The future minimum lease payments under non-cancellable operating leases is Rs. Nil (2007-08 – Rs. Nil)

(18) Unhedged Foreign Currency Exposures are as follows :

Nature	Currency	31st March, 2009	31st March, 2008
Import	Euro	957	14360
Import	Japanese Yen	527800	1441000
Advance for Import	Japanese Yen	—	1627000
Advance for Import	Euro	3648	3647
			—
Export	USD	10482	222469
Export	Euro	159747	413922
Advance received against Export	USD	17199	57545
Advance received against Export	Euro	—	2265

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

PARTICULARS IN RESPECT OF GOODS MANUFACTURED :

Class of Goods	Registered/ licensed Annual Capacity on Single Shift Basis Nos.		Installed/Annual Capacity on Single Shift Basis Nos.		Actual Production Nos.	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Raymond Grinding Classifications and Drying Systems	232	232	170	170	8	9
Electromagnetic Vibrators/ Vibratory feeders	1644	1644	600	600	420	444
Mechanical Vibratory Screen/ Feeders	400	400	600	600	563	495
Omni Screen / Feeders	120	120	40	40	20	16
Vacseal Pumps	1008	1008	600	600	19	68
Mogensen Sizers	210	210	105	105	58	63
Gear Box & Geared Motor	9000	9000	9000	9000	5097	5845

Notes :

1. Installed annual capacities are on single shift basis and have been certified by Company's Technical experts. Installed capacity has been determined considering full utilization of the manufacturing infrastructure solely on single shift basis.
2. Certain items of similar categories have been grouped under broader categories of products as per technical assessment.
3. No separate licence/registration required for manufacture of Raymond Imp and Raymond Vertical Mill as these are covered by the licence/registration of Raymond Roller Mill.

## SCHEDULE

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

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

(Rs. in '000)

Class of Goods	Opening Stock				Closing Stock				Sales			
	1st April, 2008		1st April, 2007		31st March, 2009		31st March, 2008		2008-09		2007-08	
	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.
Raymond Grinding Classifications and Drying System	—	—	1	2	—	—	—	—	8	18114	9	40466
Electro Magnetic Vibrators/ Vibratory Feeders	4	383	7	434	8	599	4	383	416	30401	445	36747
Mechanical Vibratory Screens/feeders	4	612	3	432	8	3689	4	612	559	302768	494	278627
Omni Screens/ Feeders	—	—	—	—	—	—	—	—	20	51040	16	35923
Vacseal Pumps	—	—	—	—	—	—	—	—	19	1573	68	6415
Mogensen Sizer	—	—	—	—	1	1418	—	—	57	103579	63	112696
Gear Box & Geared Motor	262	5224	389	5053	852	29406	262	5224	4507	180629	5972	178440
Finished Spares (none of which individually exceeds 10% of total turnover)		39351		27005		31312		39351		293848		262530
		45570		32926		66424		45570		981952		951844

Note:

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



## SCHEDULE

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

	2008-09		2007-08	
	QTY	VALUE	QTY	VALUE
(21) CONSUMPTION OF RAW MATERIALS, COMPONENTS AND SPARES				
Steel	1942 M.T.	66528	1357 M.T.	49247
Imported Bearings	16225 Nos.	34357	14449 Nos.	27691
Components and spares (None of which individually exceeds 10% of total consumption)		426061		425053
		<u>526946</u>		<u>501991</u>
	% of total consumption	VALUE	% of total consumption	VALUE
(22) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS SPARES AND COMPONENTS CONSUMED				
Imported	12.39	65293	11.31	56785
Indigenous	87.61	461653	88.69	445206
	<u>100.00</u>	<u>526946</u>	<u>100.00</u>	<u>501991</u>
(23) VALUE OF IMPORTS (C.I.F. BASIS)				
Components & Spares		26501		38058
Capital Goods		7976		—
(24) EXPENDITURE IN FOREIGN CURRENCY				
Royalty		23152		16909
Other matters		6432		3227
(25) EARNINGS IN FOREIGN EXCHANGE				
Export of Goods calculated on F.O.B.Basis		108734		80088
Others		2015		353

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

As per our report of even date  
For **Lodha & Co.**,  
Chartered Accountants,  
**H.K.Verma**  
Partner  
Kolkata, 25th May, 2009

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

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

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

### I. Registration Details

Registration No.  State Code   
Balance Sheet Date   
Date Month Year

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

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="A"/> <input type="text" value=""/> <input type="text" value=""/>	Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="A"/> <input type="text" value=""/> <input type="text" value=""/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="A"/> <input type="text" value=""/> <input type="text" value=""/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="A"/> <input type="text" value=""/> <input type="text" value=""/>

### III. Position Of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

<b>Total Liabilities</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="6"/>	<b>Total Assets</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="6"/>
<b>Sources of Funds</b>		<b>Reserves &amp; Surplus</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="2"/>
	<b>Paid up Capital</b>	<b>Unsecured Loans</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="3"/>		
	<b>Secured Loans</b>		
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="7"/>		
	<b>Deferred Tax Liability</b>		
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/>		
<b>Application of Funds</b>		<b>Investments</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="5"/>
	<b>Net Fixed Assets</b>	<b>Misc.Expenditure</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="1"/>		<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
	<b>Net Current Assets</b>		
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="0"/>		
	<b>Accumulated Losses</b>		
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="A"/> <input type="text" value=""/> <input type="text" value=""/>		

### IV. Performance of Company (Amount in Rs.Thousands)

<b>Turnover *</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="5"/>	<b>Total Expenditure</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="3"/>
* includes other income		<b>Profit/Loss After Tax</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="6"/>
<b>Profit/Loss Before Tax</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="2"/>	<b>Profit/Loss After Tax</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="6"/>
(Please tick appropriate box + for profit, - for loss)		<b>Dividend rate %</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/>
<b>Earning Per Share (Basic) in Rs.</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="6"/>		

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

Item Code No. (ITC Code)	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
Product Description	V I B R A T O R Y   S C R E E N
Item Code No. (ITC Code)	<input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
Product Description	G E A R E D   M O T O R S
Item Code No. (ITC Code)	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
Product Description	M O G E N S E N   S I Z E R

On behalf of the Board

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

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

Kolkata, 25th May, 2009





## TEN YEARS' FINANCIAL STATISTICS

(Rs. in lacs)

	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<b>OPERATING RESULTS</b>										
Sales	2180	2357	2325	2541	3086	4588	6684	7981	9519	9819
Other Income	43	58	54	115	78	54	60	108	158	154
Total Income	2223	2415	2379	2656	3164	4642	6744	8089	9677	9973
Profit before Interest, Depreciation & Tax (PBIDT)	257	270	363	350	421	536	1171	1590	2145	1894
Interest	255	227	244	141	171	120	74	33	42	63
Depreciation	108	108	109	99	94	99	192	264	301	315
Profit before Tax / (Loss)	(106)	(65)	10	110	156	317	905	1293	1802	1516
Profit after Tax / (Loss)	(106)	(65)	12	23	91	220	575	828	1173	991
Dividends	—	—	—	—	22	54	109	115	120	120
Tax on Dividend	—	—	—	—	2	7	15	19	20	20
Retained Profit	—	—	12	23	67	159	451	694	1033	851
<b>NET ASSETS EMPLOYED</b>										
Net Fixed Assets	1801	1709	1606	1447	1360	1297	1557	1857	1987	1899
Net Current Assets	2062	2022	2064	1979	1991	1720	1711	2116*	3083*	3841*
Net Assets Employed	3863	3731	3670	3426	3351	3017	3268	3973	5070	5740
Financed by –										
Shareholders' Fund	2356	2280	2172	2183	2220	2351	2983	3882	4808	5645
Borrowings	1507	1451	1498	1243	1131	666	285	91	262	95
Funds Employed	3863	3731	3670	3426	3351	3017	3268	3973	5070	5740
<b>RATIOS</b>										
PBIDT to Sales (%)	11.8	11.5	15.6	13.8	13.6	11.7	17.5	19.9	22.5	19.3
Debt : Equity	0.64	0.64	0.69	0.57	0.51	0.28	0.10	0.02	0.05	0.02
Earnings per Share (Basic)	—	—	0.54	1.05	4.23	10.16	26.31	36.11	49.09	41.46
Dividend per Equity Share	—	—	—	—	1.00	2.50	5.00	5.00	5.00	5.00
Book value per Share (Rs)	109.06	105.54	100.54	101.05	102.76	108.83	136.57	169.35	201.16	236.15

\* includes short term investments

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



