



## International Combustion (India) Limited

Regd. Off.: Infinity Benchmark, 11th Fl., Plot No. G-1,  
Block-EP & GP, Sector-V, Salt Lake, Kolkata - 700 091, India

22<sup>nd</sup> September, 2017

M/s. Bombay Stock Exchange Ltd.  
Corporate Relationship Department  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001

**Scrip Code : 505737**  
**Sub : Annual Report 2016-17**

Dear Sir,

In compliance with Regulation 34 of the of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of the Annual Report of the Company for the Financial Year ended 31<sup>st</sup> March, 2017, which has been duly approved and adopted at the 81<sup>st</sup> Annual General Meeting (AGM) of the shareholders of the Company held on Wednesday, 20<sup>th</sup> September, 2017 at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017.

Thanking You,

Yours faithfully,  
For International Combustion (India) Limited

S. C. Saha  
Company Secretary

Encl. : As above



# International Combustion (India) Limited



# ANNUAL REPORT 2016-17



## CORPORATE INFORMATION

### Board of Directors

Mr. Sanjay Bagaria *Chairman*  
 Mr. Indrajit Sen *Managing Director*  
 Mr. Ratan Lal Gaggar  
 Mr. Ravi Ranjan Prasad  
 Mrs. (Prof.) Bharati Ray

### Board Committees

#### Audit Committee

Mr. Ravi Ranjan Prasad *Chairman*  
 Mr. Ratan Lal Gaggar  
 Mr. Indrajit Sen

#### Share Transfer & Stakeholders' Relationship Committee

Mr. Sanjay Bagaria *Chairman*  
 Mr. Indrajit Sen  
 Mrs. (Prof.) Bharati Ray

#### Nomination & Remuneration Committee

Mr. Ratan Lal Gaggar *Chairman*  
 Mr. Ravi Ranjan Prasad  
 Mr. Sanjay Bagaria

#### Corporate Social Responsibility (CSR) Committee

Mr. Sanjay Bagaria *Chairman*  
 Mrs. (Prof.) Bharati Ray  
 Mr. Ratan Lal Gaggar

#### Risk Management Committee

Mr. Sanjay Bagaria *Chairman*  
 Mr. Indrajit Sen  
 Mr. Suhas Chandra Saha

#### Company Secretary

Mr. Suhas Chandra Saha

#### Chief Financial Officer

Mr. Asish Kumar Neogi

#### Auditors

Lodha & Co., Chartered Accountants

#### Bankers

UCO Bank  
 Axis Bank  
 IDBI Bank  
 ICICI Bank  
 Kotak Mahindra Bank  
 DCB Bank

#### Registrars & Share Transfer Agents

C. B. Management Services Pvt. Ltd.  
 P-22, Bondel Road  
 Kolkata – 700 019  
 Phone : (033) 40116700/15/17/24/42  
 Fax : (033) 4011-6739  
 E-mail : [rta@cbmsl.com](mailto:rta@cbmsl.com)  
 Website : [www.cbmsl.com](http://www.cbmsl.com)

#### Registered Office

Infinity Benchmark,  
 11th Floor, Plot No. G-1,  
 Block EP & GP, Sector – V,  
 Salt Lake Electronics Complex  
 Kolkata – 700 091  
 Telephone : (033) 33153000  
 Fax : (033) 2357-6653  
 Email : [info@internationalcombustion.in](mailto:info@internationalcombustion.in)  
 Website : [www.internationalcombustion.in](http://www.internationalcombustion.in)

### Contents

Directors' Report	02-07	Accounting Policies	55-57
Annexures to Directors' Report	08-27	Notes to the Financial Statements	58-77
Management Discussion and Analysis	28-30	Form AOC-I	78
Report on Corporate Governance	31-43	Ten Years' Financial Statistics	79
CEO/CFO Certification	44	<b>Consolidated Financial Statements:</b>	
Compliance with Code of Conduct	44	Consolidated Independent Aditors' Report	80-83
Corporate Governance Compliance Certificate	45	Balance Sheet	84
Independent Auditors' Report	46-51	Statement of Profit and Loss	85
Balance Sheet	52	Cash Flow Statement	86
Statement of Profit and Loss	53	Accounting Policies	87-89
Cash Flow Statement	54	Notes to the Consolidated Financial Statements	90-108

**DIRECTORS' REPORT**

To the Members,

Your Directors take pleasure in presenting the Eighty First Annual Report together with the Audited Annual Financial Statements of the Company for the Financial Year ended 31st March, 2017.

**FINANCIAL HIGHLIGHTS (Standalone)**

			(₹ in lac)	
	2016-17		2015-16	
Profit before depreciation, interest & tax	994.29		298.94	
Less: Interest	380.94		88.70	
Depreciation	506.90	887.84	388.34	477.04
Profit / (Loss) before Tax	106.45		(178.10)	
Less: Provision for Income Tax –				
Current Tax	—		1.06	
Deferred Tax (reversal)/charge	25.60	25.60	(127.91)	(126.85)
Profit / (Loss) after Tax	80.85		(51.25)	
Profit brought forward from last year	145.39		196.64	
Profit available for appropriations	226.24		145.39	
Appropriations :				
General Reserve	—		—	
Proposed Dividend	—		—	
Tax on Proposed Dividend	—		—	
Balance carried over to Balance Sheet	226.24		145.39	
	226.24		145.39	

**DIVIDEND**

The Board does not recommend any dividend for the year.

**OPERATIONS AND STATE OF THE COMPANY'S AFFAIRS**

For the year under review, the market had remained generally static and did not grow as initially expected. Despite such depressed market, the Heavy Engineering Division together with Geared Motors/ Gear Boxes Division achieved a growth of 6% and the revenue from operations (excluding other operating revenue) for the year increased to ₹ 97.16 crore from ₹ 91.64 crore of the previous year.

For the year under review, the Company has made a profit of ₹ 106.45 lac as against a loss of ₹ 178.10 lac in the previous year.

The products of Building Material Division introduced in the market, during the year, received excellent response from a number of large builders and construction houses. This being the first year of market exposure of the products of this Division and on account of severe slowdown of the construction industry segment in the last two quarters of the year, the business of Building Material Division did not grow as expected.

**FUTURE OUTLOOK**

The capital goods market in steel, mining, sugar and various other industries, where your Company is active, has started improving and this trend is expected to continue. Your Company expects the business in these segments to grow favourably in the coming years.

We had reported last year about the launch of the Flip Flop Screening Machine manufactured in collaboration with FLEXIMAT Ges.m.b.H., Austria. This product has been well received in the market and in the year under review, your Company has successfully executed a number of contracts for this machine. The performance of this Screening

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

Machine has been excellent and the Company expects strong growth in demand for this product in the current and subsequent years.

Your Company has also started exporting direct force exciters to the Chinese market and has entered into a long-term agreement with a leading screen manufacturing company from China. Under this agreement, your Company shall supply these exciters for screening machines manufactured by the Chinese company. The Company also expects significant business growth from this association.

The business in the construction industry has started improving and as a result of this, the business for Building Material Division is also expected to grow in the current year.

The Government of India's focus and major investment plans for infrastructure and urbanisation programmes is expected to accelerate the growth of this sector. This will have a positive impact on this business segment of your Company.

### **JOINT VENTURE COMPANY**

We had informed earlier of the commencement of commercial operations of Mozer Process Technology Pvt. Ltd. (MPTPL), a Joint Venture Company with Allgaier Werke GmbH, Germany. The Company offers Mozer Dryers, which is a highly specialized product with sophisticated technology.

For the year under review, the turnover of MPTPL was ₹ 223 lac and the Company has supplied these products to some highly reputed companies in India. This was a major breakthrough and will create excellent references for future business.

MPTPL suffered a Loss Before Tax of ₹ 4.75 lac during the Financial Year ended 31st March, 2017 as compared to a Loss Before Tax of ₹ 10.87 lac during the previous Financial Year ended 31st March, 2016.

The Company has no subsidiaries.

The consolidated financial statements of the Company for the Financial Year ended 31st March, 2017, prepared after taking into consideration the financial statements of its aforementioned Joint Venture Company, also forms part of the Annual Report for the FY 2016-17. The said consolidated financial statements have been prepared in accordance with the relevant accounting standards and based on a line-by-line proportionate consolidation accounting for the Company's interest in the Joint Venture Company by adding together the book value of like items of assets and liabilities, revenues and expenses as per the respective financial statements and eliminating intra group balances, intra group transactions and the unrealized profits on stocks arising out of intra group transactions. The consolidated revenue from operations and consolidated profit before tax thus arrived at for the Financial Year ended 31st March, 2017 are ₹ 9816 lac and ₹ 139.50 lac respectively as compared to a consolidated revenue from operations and consolidated loss before tax for the previous Financial Year ended 31st March, 2016 of ₹ 9079 lac and ₹ 219 lac respectively.

A Statement in Form AOC-1 relating to the Associate/Joint Venture Company as required pursuant to Section 129 (3) of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014, is also attached to the Financial Statements.

### **BUILDING MATERIAL DIVISION**

The new Building Material Division of the Company located at Ajmer, Rajasthan, for manufacture of high quality Dry Mix Mortar/ Dry Mix Products and related building materials, had commenced commercial production with effect from 31st March, 2016. The Company is manufacturing Dry Mix Mortar/Dry Mix products under the brand names 'IC Preciplast', 'IC PreciJoint', 'IC Precigrout', 'IC Preciseal' & 'IC Precifix'.

Currently, the Company is marketing these products in Delhi-NCR area, Uttar Pradesh, Rajasthan and Madhya Pradesh. The sales turnover of the Division during the Financial Year ended 31st March, 2017, being its first year of operations, was ₹ 97 lac.

### **CAPITAL EXPENDITURE**

The total capital expenditure incurred for the Financial Year under review was ₹ 1694.05 lac (including ₹ 1439.51 lac incurred for the Building Material Division at Ajmer).

### **EXTRACT OF ANNUAL RETURN**

An extract of the Annual Return as on the Financial Year ended on 31st March, 2017 as required under Section 134(3) of the Companies Act, 2013, read with Section 92(3) of the said Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 are set out in Annexure-I, forming part of this Report.



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

### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

As required under Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of Companies (Accounts) Rules, 2014, particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo are set out in Annexure-II, forming part of this Report.

### **RELATED PARTY TRANSACTIONS**

Your Board has framed a Related Party Transactions Policy which is available on the Company's website. During the year, the Company had not entered into any contract/ arrangement/ transaction with any related party which could be considered material in accordance with the Related Party Transactions Policy of the Company.

Details of related party transactions (which are not considered material) entered into on an arm's length basis during the Financial Year ended 31st March, 2017 are set out in Annexure-III, forming part of this Report, pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Section 188 of the said Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

### **DETAILS RELATING TO REMUNERATION OF DIRECTORS & EMPLOYEES**

A statement as required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, relating to details of remuneration of Directors and employees, drawn during the Financial Year ended on 31st March, 2017, are set out in Annexure-IV, forming part of this Report.

### **NUMBER OF BOARD MEETINGS**

6 (Six) Board meetings of the Company were held during the Financial Year ended 31st March, 2017. For further details, please refer to the Report on Corporate Governance forming part of this Annual Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013 read with Section 134(5) of the said Act, the Directors, to the best of their knowledge and belief, confirm that:

- a) 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;
- b) appropriate accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Annual Accounts have been prepared on a going concern basis ;
- e) the Board had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and operating effectively.

### **DIRECTORS**

There was no change in the composition of the Board of Directors of the Company during the Financial Year under review.

Mrs. (Prof.) Bharati Ray (DIN 06965340), Mr. Ravi Ranjan Prasad (DIN 00030458) & Mr. Ratan Lal Gaggar (DIN 00322904), all Independent Directors on the Board, are not liable to retire by rotation in terms of the provisions of Section 149(13) of the Companies Act, 2013.

Mr. Sanjay Bagaria (DIN 00233455) retires by rotation at the ensuing 81st Annual General Meeting and being eligible, offers himself for re-appointment.

The Company has received, at the first meeting of the Board of Directors held during the Financial Year 2017-18, the declarations pursuant to Section 149(7) of the Companies Act, 2013 from Mr. Ratan Lal Gaggar, Mr. Ravi Ranjan Prasad & Mrs. (Prof.) Bharati Ray, Independent Directors of the Company, to the effect that they meet the criteria of independence as specified in Section 149(6) of the said Act.

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

The Nomination & Remuneration Committee of the Board has devised and the Board has duly adopted a Board Diversity Policy dealing with Board composition and appointments, which is available on the Company's website. The Nomination & Remuneration Committee nominates new appointees to the Board and the appointments are made by the Board.

The Nomination & Remuneration Committee of the Board has also formulated the criteria for determining the qualifications, positive attributes and independence of Independent Directors to be appointed on the Board of the Company.

### **REMUNERATION POLICY**

The Nomination & Remuneration Committee of the Board has devised and the Board has duly adopted a Remuneration Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees of the Company.

The Remuneration Policy of the Company ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the employees in order to run the Company successfully. The Policy sets out the guiding principles for determining the remuneration payable to the Directors, Key Managerial Personnel and other employees of the Company.

The remuneration payable to the Executive Directors is recommended by the Nomination & Remuneration Committee based on the guiding principles as set out in the Remuneration Policy and subject to the approval of the Board and the shareholders.

As regards the Non-Executive Directors, the Board, from time to time, determines the sitting fee payable for attending each meeting of the Board or Committee thereof within the overall limits fixed under the Companies Act, 2013 and rules made thereunder. The Non-Executive Chairman is proposed to be paid a Commission at the rate of upto 2% of the net profits of the Company subject to the approval of the Board, shareholders and Central Government

The employees of the Company are assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the Company. Individual remuneration is determined within the appropriate grade and is based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

### **BOARD EVALUATION**

The Nomination & Remuneration Committee of the Board has formulated the criteria for evaluating the performance of the Board and the individual Directors and the same has been adopted by the Board. The Independent Directors, in their separate meeting, evaluate the non-independent Directors and the Board as a whole once a year. The Independent Directors are evaluated individually once a year by the entire Board sans the Independent Director being evaluated. The various Committees of the Board are evaluated by the Board.

### **OTHER KEY MANAGERIAL PERSONNEL**

Mr. Suhas Chandra Saha is the Company Secretary of the Company and Mr. Asish Kumar Neogi is the Chief Financial Officer of the Company.

### **AUDITORS' REPORT**

There are no reservations, qualifications or adverse remarks in the Auditors' Report on the Annual Financial Statements for the Financial Year ended 31st March, 2017.

### **AUDITORS**

In accordance with Section 139 of the Companies Act, 2013, M/s. Lodha & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company at the 78th Annual General Meeting (AGM) of the shareholders of the Company held on 12th September, 2014, for a period of three years with effect from the conclusion of the said 78th AGM till the conclusion of the 81st AGM. The term of the present auditors having expired and as they are ineligible for re-appointment in terms of Section 139(2) of the Companies Act, 2013, and M/s. Ray & Ray (Firm Registration No. 301072E), Chartered Accountants, of Weibel Bhawan, Ground Floor, Block EP & GP, Bidhan Nagar, Sector V, Salt Lake, Kolkata – 700 091, having expressed their willingness to act as the Statutory Auditors of the Company, if appointed, and having further confirmed that their appointment, if made, shall be within the limits specified in Section 141(3)(g) of the Companies Act, 2013, and their appointment having been recommended by the Audit Committee of the Board of Directors, the Board recommends to the shareholders, the appointment of the said M/s. Ray & Ray as the Statutory Auditors of the Company at the ensuing 81st AGM of the shareholders of the Company for the period commencing with the conclusion of the said AGM till the conclusion of the 86th AGM of the shareholders of the Company subject to ratification by the shareholders at each AGM in between.





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

### **COST AUDIT**

In terms of the Companies Act, 2013 and the rules made thereunder, audit of the cost accounting records maintained by the Company, relating to the products manufactured by the Company is not applicable for the Financial Year 2016-17.

### **AUDIT COMMITTEE**

The Audit Committee of the Board, as on date, consists of Mr. Ravi Ranjan Prasad, Chairman of the Committee & Independent Director, Mr. Ratan Lal Gaggar, Independent Director and Mr. Indrajit Sen, Managing Director. For further details, please refer to the Report on Corporate Governance forming part of this Annual Report.

### **SECRETARIAL AUDIT REPORT**

The Secretarial Audit Report for the Financial Year ended 31st March, 2017 issued by Mr. Arup Kumar Roy, Company Secretary in Practice, Secretarial Auditor of the Company, is annexed to this Report and marked as Annexure VI as required under Section 204 of the Companies Act, 2013.

There are no reservations, qualifications or adverse remarks in the said Secretarial Audit Report.

### **LOANS, GUARANTEES OR INVESTMENTS U/S 186**

The Company has not granted any loans to other bodies corporate nor has the Company given any guarantees or provided any security for loans by other bodies corporate under Section 186 of the Companies Act, 2013.

The Company invests its surplus fund in Fixed Deposits with banks or in Fixed Maturity Plans with Mutual Fund Houses, which are fixed income bearing debt funds. The Company has invested ₹ 50 lac in the equity shares of its Joint Venture Company, Mozer Process Technology Pvt. Ltd.

### **RISK MANAGEMENT**

The Company has a Risk Management Plan in place approved by the Board of Directors. The Risk Management Committee is responsible for the implementation of the plan and reporting thereon to the Board.

### **INTERNAL FINANCIAL CONTROLS**

In the opinion of the Board, the internal financial controls with reference to the Financial Statements established by the Board are adequate. During the year, such controls were tested and no material weakness in the design, operation or implementation thereof was observed.

### **CORPORATE GOVERNANCE**

In compliance with the provisions of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, relating to Corporate Governance, the following Reports/Certificates are attached which form part of this Annual Report :

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

### **CORPORATE SOCIAL RESPONSIBILITY**

In accordance with Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company has been constituted which, as on date, consists of Mr. Sanjay Bagaria, Chairman of the Committee, Mrs. (Prof.) Bharati Ray, Independent Director & Mr. Ratan Lal Gaggar, Independent Director. The CSR Committee has developed a CSR Policy which has been duly approved by the Board and is available on the website of the Company. The CSR Committee is responsible for implementing the CSR Policy of the Company and reporting thereon to the Board.

An Annual Report on CSR Activities including the Responsibility Statement of the CSR Committee for the Financial Year ended 31st March, 2017 as required under Section 135 of the Companies Act, 2013, read with Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 are set out in Annexure-V, forming part of this Report.

## DIRECTORS' REPORT (Contd.)

### VIGIL MECHANISM

Pursuant to Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have established a Vigil Mechanism (Whistle Blower Policy) of the Company for the purpose of enabling the Directors and Employees to report unethical behaviour, actual or suspected fraud and violation of the Company's Code of Conduct or ethics policy, and the same has been posted on the website of the Company. The Audit Committee of the Board is responsible for overseeing/ monitoring the functioning and implementation of the Vigil Mechanism.

### HUMAN RESOURCE MANAGEMENT

The human resource development programmes in various areas are undertaken on an ongoing basis.

### INDUSTRIAL RELATIONS

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

### FIXED DEPOSITS

The Company did not have any outstanding fixed deposits as on 31st March, 2017 or as on 31st March, 2016. The Company did not accept any fixed deposits during the year.

### CREDIT RATINGS

In July, 2016, credit rating agency ICRA Limited had revised the long-term scale rating on the working capital credit facilities enjoyed by the Company from its bankers on consortium basis to [ICRA]BBB+ (pronounced as ICRA triple B plus) [signifying a moderate degree of safety regarding timely servicing of financial obligations and carrying moderate credit risk]. The outlook on the long term scale rating is Stable. ICRA had also revised the short-term scale rating on the aforementioned facilities to [ICRA]A2+ (pronounced as ICRA A two plus) [signifying a strong degree of safety regarding timely payment of financial obligations and carrying low credit risk]. However, the credit ratings are due for a review in July, 2017.

### QUALITY CERTIFICATIONS

The Quality Management Systems of the Company with respect to its plants at Baidyabati, Nagpur & Aurangabad and also its Corporate Office at Kolkata, have been certified by the Indian Register Quality Systems (Accreditation by RvA, the Netherlands) to conform to the requirements of the Standard ISO 9001:2008.

### GENERAL

No significant or material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company or the Company's operations in future.

An Internal Complaints Committee as required under the recently enacted The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, has been formed. No complaints of sexual harassment were received by the Committee during the year under review.

### ACKNOWLEDGEMENT

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

Kolkata  
4th July, 2017

For & on behalf of the Board

**Sanjay Bagaria**  
Chairman

**ANNEXURE TO DIRECTORS' REPORT - I**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN  
as on the Financial Year ended on 31.03.2017 of  
INTERNATIONAL COMBUSTION (INDIA) LIMITED**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	L36912WB1936PLC008588
ii)	Registration Date	22nd April, 1936
iii)	Name of the Company	International Combustion (India) Limited
iv)	Category / Sub-Category of the Company	Public Company / Limited by Shares
v)	Address of the Registered office and contact details	Infinity Benchmark, 11th Floor, Plot No. G-1 Block EP & GP, Sector V, Salt Lake Electronics Complex Kolkata - 700 091; Phone No. (033) 33153000 Fax (033) 23576653; e-mail : info@internationalcombustion.in website : www.internationalcombustion.in
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. CB Management Services Private Limited P-22, Bondel Road, Kolkata - 700 019 Phone Nos. : (033) 4011-6700/ 6715/6717/6724/ 6742 Fax No. : (033) 4011-6739; e-mail : rta@cbmsl.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company are stated below:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Manufacture of Heavy Engineering Equipment	282	60.78%
2.	Manufacture of Geared Motors & Gear Boxes	271	38.23 %
3.	Manufacture of Dry Mix Products	239	0.99 %

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name & Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mozer Process Technology Pvt. Ltd. Infinity Benchmark 11th Floor, Plot No. G-1 Block EP & GP Sector V, Salt Lake Electronics Complex Kolkata-700 091	U29253WB2013PTC193621	Associate	50.00	2(6)

Annexure - I (contd.)

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Shareholding**

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>										
1.	Indian									
	a) Individual/ HUF	139600	—	139600	5.84	139600	—	139600	5.84	NIL
	b) Central Govt	—	—	—	—	—	—	—	—	—
	c) State Govt(s)	—	—	—	—	—	—	—	—	—
	d) Bodies Corp.	1125531	—	1125531	47.09	1125531	—	1125531	47.09	NIL
	e) Banks / FI	—	—	—	—	—	—	—	—	—
	f) Any Other (Trust)	1800	—	1800	0.07	1800	—	1800	0.07	NIL
	<b>Sub-total (A)(1):-</b>	<b>1266931</b>	<b>—</b>	<b>1266931</b>	<b>53.00</b>	<b>1266931</b>	<b>—</b>	<b>1266931</b>	<b>53.00</b>	<b>NIL</b>
2.	Foreign									
	a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
	b) Other - Individuals	—	—	—	—	—	—	—	—	—
	c) Bodies Corp.	—	—	—	—	—	—	—	—	—
	d) Banks / FI	—	—	—	—	—	—	—	—	—
	e) Any Other....	—	—	—	—	—	—	—	—	—
	<b>Sub-total (A)(2):-</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	<b>Total share-holding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>1266931</b>	<b>—</b>	<b>1266931</b>	<b>53.00</b>	<b>1266931</b>	<b>—</b>	<b>1266931</b>	<b>53.00</b>	<b>NIL</b>
<b>B. Public Shareholding</b>										
1.	Institutions									
	a) Mutual Funds	—	—	—	—	—	—	—	—	—
	b) Banks / FI	1	250	251	0.01	1	250	251	0.01	NIL
	c) Central Govt	—	—	—	—	—	—	—	—	—
	d) State Govt(s)	—	—	—	—	—	—	—	—	—
	e) Venture Cap. Funds	—	—	—	—	—	—	—	—	—
	f) Ins. Cos.	—	—	—	—	—	—	—	—	—
	g) FIs	—	—	—	—	—	—	—	—	—
	h) Foreign Ven. Capital Funds	—	—	—	—	—	—	—	—	—
	i) Others	—	—	—	—	—	—	—	—	—
	<b>Sub-total (B)(1)</b>	<b>1</b>	<b>250</b>	<b>251</b>	<b>0.01</b>	<b>1</b>	<b>250</b>	<b>251</b>	<b>0.01</b>	<b>NIL</b>
2.	Non-Institutions									
	a) Bodies Corp.									
	i) Indian	32207	302	32509	1.36	87130	284	87414	3.66	+2.30
	ii) Overseas	—	1900	1900	0.08	—	1900	1900	0.08	NIL
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lac	858084	104839	962923	40.28	781719	102697	884416	37.00	-3.28

Annexure - I (contd.)

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lac	99416	—	99416	4.16	120791	—	120791	5.05	+0.89
	c) Others -									
	NRIs	20931	—	20931	0.88	25314	—	25314	1.06	+0.18
	Trusts	—	—	—	—	553	—	553	0.02	+0.02
	Clearing Members	5415	—	5414	0.23	2706	—	2706	0.12	-0.11
	<b>Sub-total (B)(2)</b>	<b>1016053</b>	<b>107041</b>	<b>1123094</b>	<b>46.99</b>	<b>1018213</b>	<b>104881</b>	<b>1123094</b>	<b>46.99</b>	<b>NIL</b>
	<b>Total Public Shareholding</b>									
	<b>(B)=(B)(1) +(B)(2)</b>	<b>1016054</b>	<b>107291</b>	<b>1123345</b>	<b>47.00</b>	<b>1018214</b>	<b>105131</b>	<b>1123345</b>	<b>47.00</b>	<b>NIL</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	<b>Grand Total (A+B+C)</b>	<b>2282985</b>	<b>107291</b>	<b>2390276</b>	<b>100.00</b>	<b>2285145</b>	<b>105131</b>	<b>2390276</b>	<b>100.00</b>	<b>NIL</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total Shares of the company	% of Shares Pledged/ Encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total shares	
1.	Tradelink Securities Limited	343703	14.38	NIL	343703	14.38	NIL	NIL
2.	Stephen Court Limited	279088	11.68	NIL	279088	11.68	NIL	NIL
3.	Wool Worth Merchandise Private Limited	170609	7.14	NIL	170609	7.14	NIL	NIL
4.	Primestar Exim Private Limited	92100	3.85	NIL	92100	3.85	NIL	NIL
5.	Mahadeo Jute & Industries Limited	90696	3.79	NIL	90696	3.79	NIL	NIL
6.	Amulyanidhi India Limited	82099	3.43	NIL	82099	3.43	NIL	NIL
7.	Amravati Eximp Limited	62336	2.61	NIL	62336	2.61	NIL	NIL
8.	Mr. Sanjay Bagaria	43900	1.84	NIL	43900	1.84	NIL	NIL
9.	Mrs. Purnima Bagaria	39600	1.66	NIL	39600	1.66	NIL	NIL
10.	Mr. Shiva Prasad Bagaria	27300	1.14	NIL	27300	1.14	NIL	NIL
11.	Sanjay Bagaria (HUF)	20600	0.86	NIL	20600	0.86	NIL	NIL
12.	Shiva Prasad Bagaria (HUF)	8200	0.34	NIL	8200	0.34	NIL	NIL
13.	Lakshmi Farms Private Limited	4900	0.20	NIL	4900	0.20	NIL	NIL
14.	Satyam Bagaria Benefit Trust	1800	0.08	NIL	1800	0.08	NIL	NIL
	<b>Total</b>	<b>1266931</b>	<b>53.00</b>	<b>NIL</b>	<b>1266931</b>	<b>53.00</b>	<b>NIL</b>	<b>NIL</b>

*Annexure - I (contd.)*

(iii) Change in Promoters' Shareholding : There was no change in the promoters' shareholding during the year under review.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors & Promoters)

Sl. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2016 to 31/03/2017)	
		No. of shares at the beginning (01/04/2016)/ end of the year (31/03/2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Dr. Ramesh Chimanlal Shah	20000	0.84	1/4/16				
				23/9/16	-1805	Transfer	18195	0.76
				7/10/16	-1195	Transfer	17000	0.71
				10/2/17	-2000	Transfer	15000	0.63
				3/3/17	-1000	Transfer	14000	0.59
		14000	0.59	31/3/17			14000	0.59
2.	Neelam Bansal	15998	0.67	1/4/16				
		15998	0.67	31/3/17			15998	0.67
3.	D S K Nageswara Rao	14323	0.60	1/4/16				
				8/4/16	65	Transfer	14388	0.60
				15/4/16	145	Transfer	14533	0.61
				22/4/16	40	Transfer	14573	0.61
				27/5/16	400	Transfer	14973	0.63
				8/7/16	100	Transfer	15073	0.63
				12/8/16	50	Transfer	15123	0.63
				24/3/17	-1500	Transfer	13623	0.57
				13623	0.57	31/3/17		13623
4.	Sunil Kumar Gupta	14000	0.59	1/4/16				
				29/7/16	-3000	Transfer	11000	0.46
				5/8/16	-1000	Transfer	10000	0.42
				12/8/16	1000	Transfer	11000	0.46
				9/9/16	2000	Transfer	13000	0.54
				16/9/16	1000	Transfer	14000	0.59
				23/9/16	200	Transfer	14200	0.59
				30/9/16	1295	Transfer	15495	0.65
				7/10/16	1705	Transfer	17200	0.72
				14/10/16	1000	Transfer	18200	0.76
				21/10/16	1500	Transfer	19700	0.82
				28/10/16	500	Transfer	20200	0.85
				11/11/16	-200	Transfer	20000	0.84
				17/2/17	-10000	Transfer	10000	0.42
		3/3/17	-2000	Transfer	8000	0.33		
		10/3/17	-3000	Transfer	5000	0.21		
		5000	0.21	31/3/17		5000	0.21	
5.	Varsha Agarwal	12695	0.53	1/4/16				
				3/2/17	-12695	Transfer	0	0.00
6.	Jitendra Lalbhai Shah	11500	0.48	1/4/16				
				8/4/16	150	Transfer	11650	0.49
				22/4/16	100	Transfer	11750	0.49
				20/5/16	250	Transfer	12000	0.50

Sl. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2016 to 31/03/2017)	
		No. of shares at the beginning (01/04/2015)/ end of the year (31/03/2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
				3/6/16	350	Transfer	12350	0.52
				17/6/16	300	Transfer	12650	0.53
				24/6/16	100	Transfer	12750	0.53
				30/6/16	100	Transfer	12850	0.54
				8/7/16	150	Transfer	13000	0.54
				15/7/16	300	Transfer	13300	0.56
				22/7/16	150	Transfer	13450	0.56
				5/8/16	50	Transfer	13500	0.56
				26/8/16	100	Transfer	13600	0.57
				9/9/16	100	Transfer	13700	0.57
				16/9/16	200	Transfer	13900	0.58
				7/10/16	200	Transfer	14100	0.59
				14/10/16	-50	Transfer	14050	0.59
				21/10/16	2250	Transfer	16300	0.68
				28/10/16	100	Transfer	16400	0.69
				4/11/16	-50	Transfer	16350	0.68
				11/11/16	-300	Transfer	16050	0.67
				23/12/16	50	Transfer	16100	0.67
				3/2/17	-1600	Transfer	14500	0.61
				24/2/17	100	Transfer	14600	0.61
				3/3/17	-100	Transfer	14500	0.61
				10/3/17	-50	Transfer	14450	0.60
				31/3/17	-350	Transfer	14100	0.59
		14100	0.59	31/3/17			14100	0.59
7.	Anil Bhavanji Shah	10900	0.46	1/4/16				
				17/2/17	-5493	Transfer	5407	0.23
		5407	0.23	31/3/17			5407	0.23
8.	Niranjana Jitendra Shah	9500	0.40	1/4/16				
				8/4/16	100	Transfer	9600	0.40
				6/5/16	50	Transfer	9650	0.40
				27/5/16	150	Transfer	9800	0.41
				24/6/16	200	Transfer	10000	0.42
				30/6/16	100	Transfer	10100	0.42
				15/7/16	100	Transfer	10200	0.43
				12/8/16	50	Transfer	10250	0.43
				26/8/16	100	Transfer	10350	0.43
				9/9/16	150	Transfer	10500	0.44
				23/9/16	100	Transfer	10600	0.44
				30/9/16	100	Transfer	10700	0.45
				7/10/16	200	Transfer	10900	0.46
				4/11/16	-150	Transfer	10750	0.45
				11/11/16	-300	Transfer	10450	0.44

**International Combustion (India) Limited**

Sl. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2016 to 31/03/2017)	
		No. of shares at the beginning (01/04/2016)/ end of the year (31/03/2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
				25/11/16	100	Transfer	10550	0.44
				3/2/17	-550	Transfer	10000	0.42
				3/3/17	-650	Transfer	9350	0.39
				10/3/17	-200	Transfer	9150	0.38
				24/3/17	-150	Transfer	9000	0.38
				31/3/17	-100	Transfer	8900	0.37
		8900	0.37	31/3/17			8900	0.37
9.	Patel Ashokbhai Dinubhai	7592	0.32	1/4/16		No movement during the year		
		7592	0.32	31/3/17			7592	0.32
10.	Patel Kailasben Ashokbhai	7066	0.30	1/4/16		No movement during the year		
		7066	0.30	31/3/17			7066	0.30
11.	Edelweiss Broking Limited	1869	0.08	1/4/16				
				8/4/16	50	Transfer	1919	0.08
				15/4/16	50	Transfer	1969	0.08
				22/4/16	753	Transfer	2722	0.11
				29/4/16	200	Transfer	2922	0.12
				20/5/16	25	Transfer	2947	0.12
				27/5/16	-25	Transfer	2922	0.12
				3/6/16	20	Transfer	2942	0.12
				17/6/16	-1869	Transfer	1073	0.04
				30/6/16	-30	Transfer	1043	0.04
				15/7/16	-20	Transfer	1023	0.04
				12/8/16	2	Transfer	1025	0.04
				19/8/16	40	Transfer	1065	0.04
				26/8/16	25	Transfer	1090	0.05
				9/9/16	-20	Transfer	1070	0.04
				16/9/16	-27	Transfer	1043	0.04
				7/10/16	80	Transfer	1123	0.05
				21/10/16	50	Transfer	1173	0.05
				28/10/16	50	Transfer	1223	0.05
				11/11/16	70	Transfer	1293	0.05
				18/11/16	-150	Transfer	1143	0.05
				25/11/16	-376	Transfer	767	0.03
				9/12/16	-80	Transfer	687	0.03
				16/12/16	-60	Transfer	627	0.03
				6/1/17	100	Transfer	727	0.03
				27/1/17	-627	Transfer	100	0.04
				3/2/17	5000	Transfer	5100	0.21
				10/2/17	-1000	Transfer	4100	0.17
				17/2/17	1200	Transfer	5300	0.22
				24/2/17	1075	Transfer	6375	0.27
				3/3/17	292	Transfer	6667	0.28

Annexure - I (contd.)



Sl. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2016 to 31/03/2017)	
		No. of shares at the beginning (01/04/2016)/ end of the year (31/03/2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
				10/3/17	24601	Transfer	31268	1.31
				17/3/17	1807	Transfer	33075	1.38
				24/3/17	50	Transfer	33125	1.39
				31/3/17	-50	Transfer	33075	1.38
		33075	1.38	31/3/17			33075	1.38
12.	Utsav Pramodkumar Shrivastav	0	0.00	1/4/16				
				2/12/16	100	Transfer	100	0.00
				9/12/16	200	Transfer	300	0.01
				3/2/17	25700	Transfer	26000	1.09
				10/2/17	-2000	Transfer	24000	1.00
		24000	1.00	31/3/17			24000	1.00
13.	Pankaj Prasoon	0	0.00	1/4/16				
				1/7/16	1200	Transfer	1200	0.05
				15/7/16	3300	Transfer	4500	0.19
				29/7/16	-259	Transfer	4241	0.18
				5/8/16	1069	Transfer	5310	0.22
				12/8/16	1890	Transfer	7200	0.30
				19/8/16	179	Transfer	7379	0.31
				26/8/16	721	Transfer	8100	0.34
				2/9/16	1350	Transfer	9450	0.40
				9/9/16	450	Transfer	9900	0.41
				16/9/16	2160	Transfer	12060	0.50
				25/11/16	328	Transfer	12388	0.52
				2/12/16	230	Transfer	12618	0.53
				30/12/16	90	Transfer	12708	0.53
				6/1/17	540	Transfer	13248	0.55
				3/2/17	1422	Transfer	14670	0.61
				24/2/17	900	Transfer	15570	0.65
		15570	0.65	31/3/17			15570	0.65
14.	Tradelink Exim India Pvt. Ltd.	0	0.00	1/4/16				
				17/3/17	15361	Transfer	15361	0.64
		15361	0.64	31/3/17			15361	0.64
15.	Anirudh Mohta	0	0.00	1/4/16				
				10/2/17	8316	Transfer	8316	0.35
				17/2/17	4554	Transfer	12870	0.54
				10/3/17	130	Transfer	13000	0.54
		13000	0.54	31/3/17			13000	0.54
16.	Nila Anilkumar Desai	4500	0.19	1/4/16				
				27/5/16	2000	Transfer	6500	0.27
				15/7/16	2000	Transfer	8500	0.36
				22/7/16	1409	Transfer	9909	0.41
				29/7/16	591	Transfer	10500	0.44
		10500	0.44	31/3/17			10500	0.44

*Annexure - I (contd.)*

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Director / Key Managerial Personnel	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2016 to 31/03/2017)	
		No. of shares at the beginning (01/04/2016)/ end of the year (31/03/2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Mr. Sanjay Bagaria, Chairman (Director)	43900	1.84	1/4/16		No movement during the year		
		43900	1.84	31/3/17			43900	1.84
2.	Mr. Suhas Chandra Saha, Company Secretary (Key Managerial Personnel)	50	0.002	1/4/16		No movement during the year		
		50	0.002	31/3/17			50	0.002

Note : No other Director or Key Managerial Personnel had any shareholding in the Company either at the beginning or at the end of the year.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in Lac

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3526.59	—	—	<b>3526.59</b>
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	15.32	—	—	<b>15.32</b>
<b>Total (i+ii+iii)</b>	<b>3541.91</b>	—	—	<b>3541.91</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	398.85	—	—	<b>398.85</b>
• Reduction	(390.59)	—	—	<b>(390.59)</b>
<b>Net Change</b>	<b>8.26</b>	—	—	<b>8.26</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3532.82	—	—	<b>3532.82</b>
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	17.35	—	—	<b>17.35</b>
<b>Total (i+ii+iii)</b>	<b>3550.17</b>	—	—	<b>3550.17</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

₹ in Lac

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	
		Mr. Indrajit Sen, MD	
		Total Amount	
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	167.69	167.69
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	—	—
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—	—
2.	Stock Option	—	—
3.	Sweat Equity	—	—
4.	Commission		
	- as % of profit	—	—
	- others, specify	—	—
5.	Others	—	—
	<b>Total (A)</b>	<b>167.69</b>	<b>167.69</b>

**Ceiling as per the Act :** Mr. Indrajit Sen was re-appointed as the Managing Director of the Company for a further period of three years with effect from 1st May, 2015 and an application under Section 197 of the Companies Act, 2013 read with Schedule V to the said Act, for approval of the managerial remuneration paid/ payable to him during the period from 1st May, 2015 to 30th April, 2018 was made to the Central Government. The Central Government, vide its letter dated 2nd June, 2016, approving the said application, had fixed a ceiling limit of ₹ 1,57,41,000/- for the period from 1st May, 2015 to 30th April, 2016, ₹ 1,68,65,000/- for the period from 1st May, 2016 to 30th April, 2017 and ₹ 1,79,90,000/- for the period from 1st May, 2017 to 30th April, 2018.

**B. Remuneration to other directors:**

₹ in Lac

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mrs. (Prof.) Bharati Ray	Mr. Ratan Lal Gagar	Mr. Ravi Ranjan Prasad	Mr. Sanjay Bagaria	
1.	<b>Independent Directors</b>					
	• Fee for attending Board/ Committee meetings	1.70	1.50	1.30	—	4.50
	• Commission	—	—	—	—	—
	• Others, please specify	—	—	—	—	—
	<b>Total (1)</b>	<b>1.70</b>	<b>1.50</b>	<b>1.30</b>	<b>—</b>	<b>4.50</b>
2.	<b>Other Non-Executive Directors</b>					
	• Fee for attending Board/ Committee meetings	—	—	—	1.90	1.90
	• Commission	—	—	—	2.77	2.77
	• Others, please specify	—	—	—	—	—
	<b>Total (2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4.67</b>	<b>4.67</b>
	<b>Total (B)=(1+2)</b>	<b>1.70</b>	<b>1.50</b>	<b>1.30</b>	<b>4.67</b>	<b>9.17</b>
	<b>Total Managerial Remuneration [Total (A) + Total (B)]</b>					<b>176.86</b>

Annexure - I (contd.)

**Overall Ceiling as per the Act :**

- (a) For remuneration paid to Managing Director, the matter relating to ceiling has been clarified under Para VI.A above.
- (b) Sitting Fees @ ₹ 10,000/- per Director per meeting has been paid to the non-executive Directors which is well within the ceiling limit specified in the Companies Act, 2013.
- (c) Commission @ 1% of the net profits of the Company is paid to Mr. Sanjay Bagaria, Non-Executive Chairman, with the approval of the shareholders vide a Special Resolution as required under the Act.

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

₹ in Lac

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. S. C. Saha, Company Secretary	Mr. A K Neogi, CFO	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34.15	33.71	67.86
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	—	—	—
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission			
	– as % of profit	—	—	—
	– others, specify...	—	—	—
5.	Others	—	—	—
	<b>Total</b>	<b>34.15</b>	<b>33.71</b>	<b>67.86</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding Fees Imposed	Authority (RD/ NCLT/ Court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

For & on behalf of the Board

Kolkata  
4th July, 2017

**Sanjay Bagaria**  
Chairman

## ANNEXURE TO DIRECTORS' REPORT - II

### PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

[Pursuant to clause (m) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules, 2014]

#### (A) Conservation of energy -

- I. (a) The steps taken for conservation of energy –
  1. Optimization of energy usage programme has been undertaken at all manufacturing units.
  2. Lower cost energy sources which improve specific energy consumption are alternatively used in the manufacturing process.
  3. All lightings have been replaced by CFL, LED and other low energy consumption fittings.
  4. Manufacturing process has been optimized in proper manner to reduce consumption of power.
- (b) Impact of the steps taken on conservation of energy :-
  1. Savings in energy consumption as well as energy cost.
  2. Stability in energy conservation.
- II. The steps taken by the Company for utilising alternate sources of energy – Commissioning of alternative sources of energy is being considered actively.
- III. The capital investment on energy conservation equipments – An Investment of Rs. 15 lac is being considered for acquiring energy saving equipments during the Financial Year ending 31st March, 2018.

#### (B) Technology absorption -

##### I. Research & Development (R & D)

- i) Specific Areas:  
Necessary steps have been taken for improving efficiency of the equipments used specifically in the areas of screening and drying.
- ii) Benefits derived:  
Consistent quality of the product conforming to accepted international standards, resulting in import substitution.
- iii) Future plan of action:  
The Company is committed to continue the upgradation of its equipments through innovative technology.

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

- i) Efforts made:  
The Company continues its efforts to absorb the technology imported and select the right partner for the latest technology in its areas of operations.
- ii) Benefits derived:  
Improvement in efficiency of the existing products and introduction of new range of products.
- 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
Flip Flow Single and Double Deck Screen	2015	Yes	N.A.

#### (C) Foreign exchange Earnings and Outgo -

During the year foreign exchange earnings was ₹ 991.70 lac (Previous Year - ₹ 1052.86 lac) against outgo of ₹ 638.04 lac (Previous Year - ₹ 666.56 lac).

For & on behalf of the Board

Kolkata  
4th July, 2017

**Sanjay Bagaria**  
Chairman

**ANNEXURE TO DIRECTORS' REPORT - III**

**Form No. AOC-2**

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis : NIL.
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Mozer Process Technology Private Limited [Joint Venture Company having common Directors]	Letting of office space on leave and licence basis	11 months with option of renewal	License Fee of ₹ 3,000/- per month aggregating to ₹ 36,000/- during the Financial Year ended 31st March, 2017.	20th May, 2016.	NIL
2.	Mozer Process Technology Private Limited [Joint Venture Company having common Directors]	Sale of goods	Single transaction(s)	Total Sale Value of ₹ 2.24 crore during the Financial Year ended 31st March, 2017.*	—	NIL

\* The Audit Committee of the Board of Directors, at its meeting held on 20th May, 2016, had given an omnibus approval for sale of Driers by the Company to its Joint Venture Company for an aggregate value not exceeding ₹ 12 crore during the Financial Year 2016-17 pursuant to the Related Party Transactions Policy of the Company, which has been duly approved by the Board of Directors.

For & on behalf of the Board

Kolkata  
4th July, 2017

**Sanjay Bagaria**  
Chairman

**ANNEXURE TO DIRECTORS' REPORT - IV**

**PARTICULARS OF DIRECTORS' & EMPLOYEES' REMUNERATION**

[Pursuant to Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 are as under :-

Sl. No.	Name of the Director / KMP and Designation	% increase/(decrease) in remuneration in the FY 2016-17 over FY 2015-16	Ratio of Remuneration of each Director to Median Remuneration of Employees for FY 2016-17
1.	Mr. Sanjay Bagaria (Non-Executive Chairman)	103	1.64

Sl. No.	Name of the Director/ KMP and Designation	% increase/(decrease) in remuneration in the FY 2016-17 over FY 2015-16	Ratio of Remuneration of each Director to Median Remuneration of Employees for FY 2016-17
2.	Mr. Ratan Lal Gaggar (Independent Director)	(9.09)	0.53
3.	Mr. Ravi Ranjan Prasad (Independent Director)	(10.34)	0.46
4.	Mrs. (Prof.) Bharati Ray (Independent Director)	(19.05)	0.60
5.	Mr. Indrajit Sen (Managing Director)	7.04	58.75
6.	Mr. Suhas Chandra Saha (Company Secretary)	(2.04)	N.A.
7.	Mr. Asish Kumar Neogi (Chief Financial Officer)	6.5	N.A.

- (ii) The median remuneration of the employees of the Company for the financial year ended 31st March, 2017 was ₹ 2.85 lac.
- (iii) During the financial year ended 31st March, 2017, the median remuneration of employees increased by 8%.
- (iv) The no. of permanent employees on the rolls of the Company as on 31st March, 2017 was 479.
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was 13.53% whereas increase in the Managerial Remuneration for the same financial year was 3%.
- (vi) It is hereby affirmed that the remuneration paid during the financial year ended 31st March, 2017 is in accordance with the Remuneration Policy of the Company.

## 2. PARTICULARS OF EMPLOYEES DRAWING REMUNERATION ABOVE THE PRESCRIBED LIMIT AND TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN DURING THE FY 2016-17

Name	Age	No. of Shares held	Designation & Nature of Duties	Remuneration (₹)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment
I. Sen	77	Nil	Managing Director	167,68,551	B.E.(Mech)	55	14.12.1971	Hooghly Docking & Engg. Co.Ltd.
S. C. Saha	71	50	Company Secretary	34,14,965	M.Com, ACA, ACS	46	12.01.1982	Scott & Saxby Ltd
A. K. Neogi	61	NIL	CFO	33,70,774	ACMA	37	01.08.1999	Anglo India Jute Co Ltd
S. Saha	72	Nil	Advisor - Business Development	43,59,965	B.E.(Met.)	50	15.02.1967	First Employment

Name	Age	No. of Shares held	Designation & Nature of Duties	Remuneration (₹)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment
Sumon Chakravarty	50	NIL	President-Building Material Division (BMD)	57,30,925	Ph.D Chemistry	23	01.09.2014	Ultratech Cement Ltd
A. K. Srivastava	51	NIL	Vice President (Operations) HED	35,64,798	B.Tech (Electrical)	27	15.10.2015	Tata Motors Ltd.
S. K. Goswami	67	20	AVP (Works) Nagpur Division	32,51,165	B.E.(Mech.)	44	14.06.1983	The Gramophone Co. of India Ltd
Debasish Dutta	52	NIL	GM (Marketing) HED	30,68,994	B.E.(Mech.)	27	01.02.1991	Lloyd Insulation (I) Pvt Ltd
Sanjeev Maathur	52	NIL	GM (Technical & Marketing) BMD	31,83,724	Diploma (Civil) PGDMM	27	13.10.2015	Ultratech Cement Ltd
Sanjay Pathak	48	NIL	GM (Operations & Project) BMD	33,71,724	B.E. (Prod Engg.)	21	01.12.2014	Ultratech Cement Ltd

Notes : 1. Gross remuneration comprises of salaries, allowances, reimbursement of medical expenses, Leave Travel Expenses due and paid and also retirement benefits. In addition to the above remuneration, the employees are entitled to gratuity in accordance with the Company's Rules.

2. All appointments are contractual.

3. No employee is a relative of any Director or Key Managerial Personnel of the Company. Rule 5(2)(iii) of the captioned Rules is not applicable to any employee.

For & on behalf of the Board

**Sanjay Bagaria**  
Chairman

Kolkata  
4th July, 2017



**ANNEXURE TO DIRECTORS' REPORT - V****ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017**

[Pursuant to Section 135 of the Companies Act, 2013, read with Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy including overview of the projects or programs proposed to be undertaken - It is the Company's policy –
  - a) To direct its CSR Programmes, inter alia, towards achieving one or more of the following –
    - i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation;
    - ii) promoting education, including special education and employment enhancing vocational skills, especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
    - iii) protection of national heritage, art and culture;
    - iv) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government/ State Governments for socio-economic development;
    - v) ensuring environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources and maintaining quality of soil, air and water;
    - vi) creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India;
  - b) To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are prerequisites for social and economic development;
  - c) To pursue CSR Programmes primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact;
  - d) To carry out CSR Programmes in relevant local areas to fulfill commitments arising from requests by government/regulatory authorities;
  - e) To provide equal opportunities to beneficiaries of the Company's CSR Programmes such as vendors or employees on merit;
  - f) To promote sustainability in partnership with industry associations, like the Bengal Chamber of Commerce & Industry, Indian Chamber of Commerce, Confederation of Indian Industry (CII), Indo-German Chamber of Commerce, etc. of which the Company is a member through various activities and programmes.

The full CSR Policy of the Company is available at the Company's official website and the web-link thereto is as below :-

[http://www.internationalcombustion.in/admin/uploadpdf/CSR\\_Policy.pdf](http://www.internationalcombustion.in/admin/uploadpdf/CSR_Policy.pdf).

2. The Composition of the CSR Committee – The CSR Committee was constituted on 2nd May, 2014 and it currently, consists of Mr. Sanjay Bagaria, Chairman of the Committee, Mrs. (Prof.) Bharati Ray, Independent Director, was inducted as a member of the Committee with effect from 7th April, 2015. Currently, the Committee consists of Mr. Sanjay Bagaria, Chairman of the Committee, Mrs. (Prof.) Bharati Ray, Independent Director & Mr. Ratan Lal Gaggar, Independent Director.
3. Average net profit (Loss) of the company for last three financial years – (₹ 16.47 lac.)
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) – Not Applicable in respect of the Financial Year ended 31st March, 2017.
5. Details of CSR spent during the financial year –
  - (a) Total amount to be spent for the Financial Year 2016-17, being the shortfall in the amount required to be spent during the Financial Year 2014-15 & 2015-16 carried forward – ₹ 14.38 lac.
  - (b) Amount unspent, if any – ₹ 10.23 lac.
  - (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is Covered	Projects or programs (1) Local area or other (2) Specify the State or district where the Project or program was undertaken	Amount outlay (budget) Project or program wise (₹)	Amount spent on the Project or programs Sub-heads : (1) Direct expenditure on the projects or programs (2) Overheads (₹)	Cumulative expenditure upto the reporting period (₹)	Amount spent: Direct or through implementing Agency
1.	Primary School for under-privileged children & Vocational training project for under privileged women to promote employment, both at Kolkata	Promoting education, & employment enhancing vocational skills among under privileged Children and women respectively [Clause (ii) of Schedule VII to the Companies Act, 2013].	1) Local Area, 2) State of West Bengal, Kolkata District.	5,00,000	2,00,000 (Direct expenditure on the project)	5,00,000	Through the implementing agency, M/s. Saroj Nalini Dutt Memorial Association, 23/1, Ballygunge Station Road, Kolkata - 700019.
2.	Organizing a special programme in association with Visva Bharati University as a tribute to Gurudev Rabindranath Tagore	Promoting of national heritage, art and culture [Clause (v) of Schedule VII to Companies Act, 2013].	1) Local Area, 2) State of West Bengal, Kolkata District.	25,000	25,000 (Direct expenditure on the project)	25,000	Through the implementing agency, M/s. Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhash Road, Kolkata - 700001.
3.	Organizing "Calcutta Talks", a specially designed lecture series on Kolkata.	Protection of national heritage, art and culture [Clause (v) of Schedule VII to Companies Act, 2013]	1) Local Area, 2) State of West Bengal, Kolkata District.	50,000	50,000 (Direct expenditure on the project)	50,000	Through the implementing agency, M/s. Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhash Road, Kolkata - 700001.
4.	Repair and renovation work of Shishutirtho, a primary school in Chetla, Kolkata, for the under-privileged children	Promoting education, among under-privileged children [Clause (ii) of Schedule VII to Companies Act, 2013]	1) Local Area, 2) State of West Bengal, Kolkata District.	90,000	90,000 (Direct expenditure on the project)	90,000	Through the implementing agency, M/s Inner Wheel Club of Calcutta Southwest, District 329 Kolkata
5.	Project of supplying uniforms & granting scholarships to under-privileged students	Promoting education, among under-privileged children [Clause (ii) of Schedule VII to Companies Act, 2013]	1) Local Area, 2) State of West Bengal, Kolkata District.	20,000	20,000 (Direct expenditure on the project)	20,000	Through the implementing agency, Rotary Club of Calcutta Southwest, "Omkar", Flat No. 3B, 198A, S.P. Mikherjee Road, Kolkata - 700026.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is Covered	Projects or programs (1) Local area or other (2) Specify the State or district where the Project or program was undertaken	Amount outlay (budget) Project or program wise (₹)	Amount spent on the Project or programs Sub-heads : (1) Direct expenditure on the projects or programs (2) Overheads (₹)	Cumulative expenditure upto the reporting period (₹)	Amount spent: Direct or through implementing Agency
6.	Project of providing furniture & laboratory equipment to schools for under-privileged.	Promoting education, among under-privileged children [Clause (ii) of Schedule VII to Companies Act, 2013]	1) Local Area, 2) State of West Bengal, Kolkata District.	10,000	10,000 (Direct expenditure on the project)	10,000	Through the implementing agency, Rotary Club of Calcutta Greens, Simplex House, 2nd Floor, 27, Shakespeare Sarani, Kolkata - 700017.
7.	Organizing a two-day health fair at Kolkata including an awareness programme on Cancer.	Promoting preventing health care [Clause (i) of Schedule VII to Companies Act, 2013]	1) Local Area, 2) State of West Bengal, Kolkata District.	10,000	10,000 (Direct expenditure on the project)	10,000	Through the implementing agency, M/s. Vivek, 52A Kalighat Road, Kolkata - 700026.
8.	Project of imparting vocational training to under-privileged women of the society.	Promoting , employment enhancing vocational skills among under privileged women [Clauses (ii) of Schedule VII to Companies Act, 2013].	1) Local Area, 2) State of West Bengal, Kolkata District.	10,000	10,000 (Direct expenditure on the project)	10,000	Through the implementing agency, M/s. National Indian Association of Women, 10A, Rawdon Street, 4th Floor, Kolkata - 700017.
			<b>TOTAL</b>	<b>7,15,000</b>	<b>4,15,000</b>	<b>7,15,000</b>	

6. Out of an aggregate amount of ₹14.38 lac required to be spent during the Financial Year ended 31st March, 2017, being the shortfall in the amount required to be spent during the Financial Year ended 31st March, 2015 & 31st March, 2016 carried forward, towards CSR Activities in terms of Section 135 of the Companies Act, 2013, the Company could spend only ₹ 4.15 lac. The CSR Committee is in the process of identifying and selecting suitable projects for incurring such CSR expenditure from amongst various alternatives. The unspent amount of ₹10.23 lac has been carried forward to be spent in the coming financial years towards which your Company is committed.

**7. RESPONSIBILITY STATEMENT**

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below :-

'The implementation and monitoring of the Corporate Social Responsibility (CSR) Policy is in compliance with the CSR objectives and Policy of the Company.'

**For International Combustion  
(India) Limited**

**Indrajit Sen  
Managing Director**

Kolkata  
4th July, 2017

**For and on behalf of the  
Corporate Social  
Responsibility Committee  
Sanjay Bagaria  
Chairman, CSR Committee**

**ANNEXURE TO DIRECTORS' REPORT - VI**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
International Combustion (India) Limited  
Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP& GP, Sector - V,  
Salt Lake Electronics Complex,  
Kolkata - 700 091

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by International Combustion (India) Limited [hereinafter called the "Company"]. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 [hereinafter called the "Audit Period"], complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period)**;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period)**;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period)**; and
  - (i) The Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by The Institute of Company Secretaries of India and notified & published in the Gazette of India; and
- (ii) The Listing Agreements entered into by the Company with The Bombay Stock Exchange Limited (BSE) and The Calcutta Stock Exchange Limited (CSE).



During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Agreements, etc. mentioned above.

I further report that adequate systems and processes are in place in the Company to monitor and ensure compliance with the general laws including labour laws, industrial laws, competition law, environmental laws, foreign trade laws, foreign exchange laws and other State legislations, local and municipal laws as are applicable to the Company and its various establishments.

Based on the Statutory Auditors' Report on the Annual Financial Statements for the Financial Year ended 31st March, 2017, I report that the Company is largely compliant with the financial and tax laws relating to income tax, wealth tax, excise duty, customs duty, service tax, Research & Development Cess, Central Sales Tax, Value-added tax, local sales tax, entry tax, Octroi Duty, Profession & Employment Taxes and other State, local and municipal taxes, duties and cesses as are applicable to the Company and its various establishments.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There has not been any change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board & Committee meetings are generally carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. However, in case of dissent or abstention, majority decision is carried through while the dissenting/ abstaining members' views are captured and recorded as part of the minutes. Directors interested in a particular business/ matter do not participate in the discussions or voting on the matter in accordance with the Act.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Kolkata  
Date : 4th July, 2017

Arup Kumar Roy  
Company Secretary in Practice  
ACS No. 6784; C P No. 9597

**This report is to be read with my letter of even date which is annexed and marked as 'Annexure A' and forms an integral part of this Report.**

To,  
The Members,  
International Combustion (India) Limited  
Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector - V,  
Salt Lake Electronics Complex,  
Kolkata - 700 091

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date: 4th July, 2017  
Place: Kolkata

ARUP KUMAR ROY  
Practicing Company Secretary  
Membership No. A6784  
Certificate of Practice No. 9597

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion & Analysis Report for the Financial Year ended 31st March, 2017 as required under Regulation 34 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Schedule V to the said Regulations, is presented below :-

### 1. Industry Structure & Developments

The Company operates through 3 operating divisions mainly – Heavy Engineering, Gear Box and Geared Motors and Building Material Divisions.

The market remains sluggish for the products for Heavy Engineering Division which is mainly in steel, mining, sugar, cement and power sector, and correspondingly the business of this Division did not grow appreciably as initially expected.

The business of Bauer Division which supplies equipment to various machine builders and OEMs grew during the year under review by around 23%.

The business of Building Material Division which came into production last year is still in its initial stages and, therefore, could not contribute significantly to the overall business in the year under review.

The expansion of business activity in new areas such as water and waste water management, road construction machinery, etc. is expected to ensure stronger business growth of gear box and geared motor division.

### 2. Strengths & Opportunities

Your Company has always been recognized as a technology leader in all the products offered by it and this consistent upgradation of technology by the Company to remain at par with the global technology trend has helped the Company to expand its business in India and abroad.

New business areas are also expected to continue towards this growth effort in the future.

The Company has enhanced its efforts for exporting their products to Asian countries like China and as the product technology is comparable with current global trends, the Company expects growth in this market.

### 3. Threats

The increase, over the past few years, in raw material costs, continues to be an issue of concern. While the Company has a system of reviewing the price of its products periodically to take corrective measures against the rise in input costs, low cost manufacturers locally and from other Asian countries continue to be a threat to the Company.

The Company has to deal with aggressive market competition which is causing price pressure on all its products. The Company is aware of these threats and to circumvent this unfavourable situation, the Company has taken necessary steps to increase the market infrastructure for all its products so as to reach a bigger spectrum of industry and clients.

### 4. Risk & Concerns

The Company has an Enterprise Risk Management (ERM) process which involves periodic identification of risks likely to affect the business adversely, rating the risks, their importance and likelihood, preparation of risk identification procedures, implementation of risk mitigation plans and its continuous monitoring by the Executive Management/Divisional Heads. The Risk Management Committee has already identified the risks in the various business areas and it also develops and monitors various mitigation strategies and plans in these areas to reduce or eliminate the likelihood of such risks. The presence in India of players with low cost products which has intensified the competition in the large domestic market consequently shrinking the margins for the Company's products is an area of risk. To mitigate the risk involved in this area, steps have been initiated to move ahead of the competition with the Company's strong brand image along with upgradation of technology, carving out a niche product portfolio and effective marketing framework.

Collection of sale proceeds promptly from the clients on sale of products is also an area where risk is involved. The Company has adopted various recovery measures for improvement in collection and liquidity position which is also monitored by the Executive Management at regular intervals.

Delay in achieving the desired level of business by the new business division of the Company at Ajmer, Rajasthan, for manufacture of Dry Mix Products and the resultant risk associated with the timely servicing of the term loan taken for part-financing of the capital expenditure required for the project, in the initial years of the new Division, has been identified as an area of risk and accordingly, a strategy has been devised for targeting the infrastructure, urbanization and affordable housing programmes of the Government of India, which are expected to have a positive impact on the performance of the

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

said new Building Material Division of the Company as well as a procedure has been laid down for smooth servicing of the aforesaid debt regularly and punctually including, inter-alia, through the maturity proceeds of the investments of the Company in Fixed Maturity Plans (FMPs) lying with various fund houses.

### 5. Outlook

The capital goods market in steel, mining, sugar and various other industries, where your Company is active, has started improving and this trend is expected to continue. Your Company expects the business in these segments to grow favorably in the coming years.

The Company, in the recent past, has expanded the market base by introducing new products coupled with a robust marketing strategy.

The Flip Flop Screening Machine launched recently by the Company in collaboration with FLEXIMAT Ges.m.b.H., Austria, has been well received in the market and in the year under review, your Company has successfully executed a number of contracts for this machine. The performance of this Screening Machine has been excellent and the Company expects strong growth in demand for this product in the current and subsequent years.

Mozer Process Technology Pvt. Ltd. (MPTPL), the Company's Joint Venture Company with Allgaier Werke GmbH, Germany, formed for the purpose of marketing, commissioning and servicing of Mozer Type Dryers, has executed its first couple of orders and these products have been supplied to some highly reputed companies in India. This was a major breakthrough and will create excellent references for future business.

The new Building Material Division of the Company for manufacture of high quality Dry Mix Mortar/ Dry Mix Products at Ajmer, Rajasthan, is also expected to grow in the future years as a result of the improvement in the business of the construction industry and the Government of India's focus on and major investment plans for the infrastructure, urbanization and affordable housing programmes.

The expansion of business in new areas such as water management, road construction machinery, etc. undertaken by your Company in the recent past for the Gear Box and Geared Motors Division is expected to support the business growth in this area.

The Company expects significant contribution from all these products in the future years.

### 6. Internal Control Systems & Their Adequacy

The Company has an adequate system of Internal Control commensurate with its size and nature of operations to ensure that all assets are safeguarded and transactions authorised and reported properly and correctly. The system also ensures that applicable statutes & policies – the Code of Conduct of the Company, The Vigil Mechanism (Whistle-Blower Policy), The Risk Management Plan, the Related Party Transactions Policy and other corporate policies are duly complied with.

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

### 7. Financial Performance / Operational Performance (Standalone)

(₹ in lac)

Particulars	2016-2017	2015-2016
Sales	9678	9132
Operating Profit Before Tax/ (Loss)	106	(178)
Exceptional Items	—	—
Operating Profit after Tax/ (Loss)	81	(51)
Net Cash Flow from Operation	1318	(554)
Operating Profit to Sales (%)	1	(2)
Basic & Diluted E.P.S. (₹)	3.38	(2.14)



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

The revenue from operations for the year under review increased marginally as compared to that of the previous year and the Company earned a Profit Before Tax of ₹ 106 lac during the year under review as against a Loss Before Tax of ₹ 178 lac in the previous year.

**8. Segment-Wise Performance (Standalone)**

(₹ in lac)

Particulars	2016-2017	2015-2016
<b>Segment Revenue</b> (Sales & Other Operating Income)		
a) Mineral & Material Processing & Handling Equipment	6014	6383
b) Geared Motor and Gear Box	3928	3166
c) Building Material	97	—
Net Sales / Income & Inter-Divisional Transfers	10039	9549
Less : Inter-Segment Transfers	197	217
Net Sales / Income from Operations	9842	9332
<b>Segment Results</b> (Profit before Tax & Interest)		
a) Mineral & Material Processing & Handling Equipment	1989	1898
b) Geared Motor and Gear Box	29	(330)
c) Building Material	(554)	(212)
Total	1464	1356
Less: Finance Costs	381	89
Other Unallocable Expenditure, net of unallocable Income	977	1445
Total Profit before Tax	106	(178)

**9. Human Resources / Industrial Relations**

The various human resource development programmes undertaken by the Company for all its divisions and operational areas would lead to development, optimization and efficient engagement of the human resources. The industrial relations for the year under review for all units of the Company remained cordial. The number of personnel employed by the Company across all its units and offices is 479 as at 31st March, 2017.

**10. Cautionary Statement**

Certain statements in this report relating to Company's objectives, outlook, 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. 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, price conditions in the market in which the Company operates, natural phenomena such as flood and earthquake, customers' strategies etc. over which the Company does not have any control. The Company does not assume any responsibility/obligation in respect of such forward-looking statement which may undergo changes in future on the basis of subsequent developments or events.

For &amp; on behalf of the Board

**Sanjay Bagaria**  
Chairman

Place : Kolkata  
Date : 4th July, 2017

## REPORT ON CORPORATE GOVERNANCE

### INTRODUCTION

The Company's Report on Corporate Governance for the Financial Year ended 31st March, 2017 as required under Regulation 34 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Schedule V to the said Regulations, is furnished hereinbelow :

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

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

The Company consistently strives to protect and facilitate the exercise of shareholders' rights, to provide adequate and timely information to shareholders on relevant matters and to ensure equitable treatment of all shareholders. The Company recognizes the rights and interests of all its various stakeholders and seeks to encourage co-operation with them.

#### B. Board of Directors

##### (i) Composition

The Board of Directors of the Company, as on 31st March, 2017, comprised of 5 (five) members with one Executive Director – the Managing Director - and four Non-Executive Directors, three of whom were Independent Directors. The Chairman of the Board is a Non-Executive Director. The Non-Executive Directors with specialization in their respective fields are bringing in a wide range of skills and experience.

##### (ii) Attendance of the Directors at the Board Meetings of the Company held during the year ended 31st March, 2017 and at the last Annual General Meeting (AGM) along with no. of other Directorship(s), other Committee Membership(s) and the Directors' shareholding as on 31st March, 2017 are given below :-

Sl. No.	Name of Director	Nature of Category	No. of Board Meetings attended	Attendance at last AGM held on 02.09.16	No. of Other Directorships*	Other Membership of Committees*		Shares held (Nos.)
						Chairman	Member	
1.	Mr. Sanjay Bagaria	Chairman & Non-Executive Director (Promoter)	6	Yes	4	—	—	43,900
2.	Mr. Indrajit Sen	Managing Director (Non-Promoter)	6	Yes	1	1	1	—
3.	Mr. Ratan Lal Gaggar	Non-Executive Independent Director	6	Yes	9	1	6	—
4.	Mr. Ravi Ranjan Prasad	Non-Executive Independent Director	5	No	—	—	—	—
5.	Mrs. (Prof.) Bharati Ray	Non-Executive Independent Director	6	Yes	1	—	—	—

\* For the purpose of computing 'Other Directorships', & 'Other Membership of Committees' as above, Private Limited Companies and Section 8 Companies have been excluded and for computing 'Other Membership of Committees', Chairmanship/Membership in Audit Committee & Stakeholders' Relationship Committee alone have been considered.

- None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees [as specified in Regulation 26 of the Securities & Exchange Board on India (Listing Obligations & Disclosure Requirements) Regulation, 2015] across all the Companies in which he/ she is a Director.

**REPORT ON CORPORATE GOVERNANCE (Contd.)**
**(iii) Meetings of the Board of Directors**

The meetings of the Board are usually held at the Registered Office of the Company at Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector – V, Salt Lake Electronics Complex, Kolkata – 700 091. During the year under review, 6 (six) Board Meetings were held on 20.05.2016, 04.08.2016, 02.09.2016, 08.11.2016, 31.01.2017 & 17.03.2017. The Company Secretary prepares the Agenda in consultation with the Chairman of the Board, for each meeting and circulates the same in advance to the Directors. The Board meets at least once in every quarter to review the Quarterly Results and other items on the Agenda. The information as required under Regulation 17(7) of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Part A of Schedule II to the said Regulations is made available periodically to the Board. Details of Directors seeking appointment/ re-appointment at the forthcoming 81st Annual General Meeting are being circulated with the Notice convening the Annual General Meeting. The Board periodically reviews the compliance reports on 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 confirmation and comments, if any.

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

The Audit Committee of the Board of Directors of the Company currently comprises of three Directors – two of whom are Independent and Non-Executive. The Chairman of the Committee is an Independent Non-Executive Director. The composition of the Audit Committee is in line with the Regulation 18 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act, 2013. During the year ended 31st March, 2017, 5 (five) Meetings of the Audit Committee were held - on 20.05.2016, 04.08.2016, 08.11.2016, 20.12.2016 & 31.01.2017. 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. Ravi Ranjan Prasad	Chairman	Chartered Accountant	5	5
Mr. Ratan Lal Gagar	Member	Solicitor & Advocate	5	5
Mr. Indrajit Sen	Member	Engineer	5	5

The Company Secretary attends the Committee Meetings as Secretary to the Committee. The Statutory Auditors, Internal Auditors & Chief Financial Officer are invitees to the Audit Committee meetings.

The Audit Committee acts as a link between the management, statutory auditors, internal auditors and the Board of Directors. The terms of reference of the Audit Committee, inter-alia, include those specified under Regulation 18 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Part C of Schedule II to the said Regulations as well as under Section 177 of the Companies Act, 2013, such as :

- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors, Cost Auditors, Internal Auditors and Tax Auditors and fixation of their fees;
- Approval of payment for any other services rendered by Statutory Auditors;
- Reviewing the Quarterly/Half Yearly Financial Results and the Audited Financial Results before they are submitted to the Board for their approval;
- 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;

## REPORT ON CORPORATE GOVERNANCE (Contd.)

- Approval/ ratification of related party transactions on quarterly basis;
- Granting of omnibus approval to material related party transactions in accordance with the Related Party Transactions Policy of the Company;
- Scrutiny of inter-corporate loans and investments;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval;
- Reviewing, with the management, performance of statutory and internal auditors', adequacy of the internal control systems;
- Discussion with internal auditors of any significant findings and follow up there on;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate ;
- Review of the following information :-
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Internal Audit Reports.

### (ii) Share Transfer & Stakeholders' Relationship Committee

#### (a) Terms of reference

- Approval of transfers, transmission and transposition of shares or other securities, if any, including the power to disapprove the transfers in accordance with the provisions of the Companies Act, 2013, Securities Contracts (Regulation) Act, 1956, and the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- Issue of new share certificates on split/consolidation, issue of duplicate share certificates against lost/mutilated shares, etc.
- Redressal of shareholders' complaints including complaints related to non-receipt of Annual Reports, non-receipt of declared dividends, non-receipt of share certificates after transfer, transmission, split, consolidation, etc.

#### (b) Composition

As on 31st March, 2017, the Committee comprised of three Directors viz. Mr. Sanjay Bagaria, Non-Executive Director as Chairman of the Committee, Mr. Indrajit Sen, Managing Director and Mrs. (Prof.) Bharati Ray, Non-Executive Independent Director. During the year under review, this Committee met nine times – 11.05.2016, 25.05.2016, 14.06.2016, 05.08.2016, 26.08.2016, 16.11.2016, 03.01.2017, 15.02.2017 & 20.03.2017, which were attended to by all the members.

#### (c) Investors' Complaints

Mr. Suhas Chandra Saha, Company Secretary, is the Compliance Officer of the Company for, inter-alia, ensuring compliance with the requirements under the Securities & Exchange Board

## REPORT ON CORPORATE GOVERNANCE (Contd.)

of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 & Companies Act, 2013 and also for attending to the investor-related issues and grievances.

Investors' complaints which cannot be settled at the level of Compliance Officer and CB Management Services (P) Ltd. – Registrar and Share Transfer Agents of the Company, are forwarded to the Share Transfer & Stakeholders' Relationship Committee for final settlement. The Share Transfer & Stakeholders' Relationship Committee also reviews all complaints received through SCORES, the web-based investor grievance redressal portal launched by the Securities & Exchange Board of India.

Name, designation & address of Compliance Officer :

Name : Mr. Suhas Chandra Saha

Designation : Company Secretary

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

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

The number of shareholder's complaints received during the Financial Year 2016-17 was 3 (Three) which was duly redressed. No shareholder's complaint(s) were pending unresolved as at the end of the Financial Year 2016-17.

### (iii) Nomination & Remuneration Committee

As on 31st March, 2017, the Nomination & Remuneration Committee comprised of three Directors, viz. Mr. Ratan Lal Gaggar, Independent Director & Chairman of the Committee, Mr. Ravi Ranjan Prasad, Independent Director and Mr. Sanjay Bagaria, Non-Executive Director. The Committee has power to regulate its meetings and proceedings. In accordance with the requirement of Section 178 of the Companies Act, 2013, & Regulation 19 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Part D of Schedule II to the said Regulations, its terms of reference have also been expanded. Presently, the Committee is responsible, inter-alia, for :-

- Recommending to the Board the appointments/re-appointments of Directors and of other Key Managerial Personnel,
- Formulation of criteria for determining qualifications, positive attributes and independence of a Director,
- Recommending to the Board of Directors, the remuneration payable to the Managing Director, Executive Directors and other Key Managerial Personnel of the Company,
- Recommending to the Board, the Remuneration Policy of the Company,
- Devising a Policy on Board Diversity,
- Formulation of criteria for performance evaluation of all Directors and the Board as a whole.

During the Financial Year 2016-17, the Committee met twice – on 4th August, 2016 and on 31st January, 2017 – which were attended by all the members.

The Board, on 20th May, 2014, adopted a Remuneration Policy recommended by the Nomination & Remuneration Committee. The Policy ensures that the level of remuneration payable to the Executive Directors and Key Managerial Personnel is reasonable and sufficient to attract, retain & motivate them. For further details of the Remuneration Policy, please refer to the Directors' Report forming part of this Annual Report.

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

**D. Details of Directors' Remuneration for the year ended 31st March, 2017**

Name	Salary ₹	Perquisites & Allowances ₹	Retirement Benefits ₹	Commission ₹	Sitting Fees ₹	Total
a) Executive Directors :						
Mr. Indrajit Sen, Managing Director	74,58,500	74,45,425	18,64,626	—	—	1,67,68,551
b) Non-Executive Directors :						
Mr. Sanjay Bagaria	—	—	—	2,76,905	1,90,000	4,66,905
Mr. Ratan Lal Gagar	—	—	—	—	1,50,000	1,50,000
Mr. Ravi Ranjan Prasad	—	—	—	—	1,30,000	1,30,000
Mrs. (Prof.) Bharati Ray	—	—	—	—	1,70,000	1,70,000
					<b>6,40,000</b>	<b>1,76,85,456</b>

- The tenure of office of the Managing Director is for a period of three years with effect from 1st May, 2015. The MD's tenure of office can however be terminated by either party by giving six months' notice in writing or salary in lieu thereof. There is no separate provision for payment of severance fees to the MD.
- Pursuant to the Companies Act, 2013, now, all the Directors except the Independent Directors retire by rotation.
- There are no stock options available/ issued to any Director of the Company.
- The Chairman is paid a commission @ 1% of the net profits of the Company. However, it is now proposed to pay him commission @ 2% of the net profits of the Company for a period of five years with effect from the current Financial Year 2017-18, as recommended by the Nomination & Remuneration Committee and approved by the Board, subject to the approval of the shareholders and Central Government.
- Each Non-executive Director was paid a fee of ₹ 10,000/- for attending each meeting of the Board or Committee thereof.
- The Non-Executive Directors do not have any other pecuniary relationship or transactions vis-a-vis the Company.

**REPORT ON CORPORATE GOVERNANCE (Contd.)**
**E. General Body Meetings**

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

Financial Year	Date	Time	Location	No. of Special Resolutions Passed
2015-16	02.09.2016	2.00 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	—
2014-15	18.09.2015	2.00 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	2 (Two)*
2013-14	12.09.2014	2.00 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	1 (One)#

\* Special Resolutions relating to Re-appointment of Managing Director and Alteration of Articles of Association of the Company were passed through Remote Electronic-Voting & Poll at the 79th Annual General Meeting held on 18th September, 2015 with 53.12% participation. 99.95% of the votes polled were in favour of the resolution concerning Re-appointment of Managing Director and 99.99% of the votes polled were in favour of the resolution concerning Alteration of Articles of Association. Mr Arup Kumar Roy, Company Secretary in Practice, was Scrutinizer for the said Remote E-Voting & Poll. National Securities Depository Limited was appointed as the Remote E-Voting Agency for the same.

# A Special Resolutions authorising the Board of Directors to create charge on the assets of the Company was passed through Remote Electronic-Voting at the 78th Annual General meeting held on 12th September, 2014 with 53.90% participation and 99.99% of the votes polled in favour of the resolution. Mr Arup Kumar Roy, Company Secretary in Practice, was Scrutinizer for the said Remote E-Voting & Poll. National Securities Depository Limited was appointed as the Remote E-Voting Agency for the same.

- A Special resolution for approving payment of Commission to Non-Executive Chairman is proposed to be passed at the forthcoming 81st Annual General Meeting scheduled to be held on 20th September, 2017.

**F. Disclosures**
**(a) Related party transactions**

All related party transactions have been entered into in the ordinary course of business on an arm's length basis and are placed periodically before the Audit Committee in summary form. There are no significant related party transactions, which have conflict with the interests of the Company at large. The related party transactions have been disclosed in Note No. 32.06 of the Notes to the Financial Statements for the year ended 31st March, 2017 and also as an Annexure to the Board's Report for the said year.

The Board has adopted a Related Party Transactions Policy which has been posted on the website of the Company (weblink : [http://www.internationalcombustion.in/admin/uploadpdf/RPT\\_Policy.pdf](http://www.internationalcombustion.in/admin/uploadpdf/RPT_Policy.pdf)). The Audit Committee of the Board has been made responsible for monitoring the implementation of the said Policy and for ensuring compliance with the same.

**(b) Disclosure of accounting treatment**

The applicable Accounting Standards as issued by the Institute of Chartered Accountants of India and notified by the Central Government under the Companies Act have been followed in preparation of the financial statements of the Company and the same has been disclosed in the notes to the Annual Financial Statements.

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

**(c) Board Disclosures – Risk Management**

The Company has established a Risk Management Plan, covering the risk assessment/minimization procedures as approved by the Board. During the year ended 31st March, 2017, these procedures for risk assessment and minimization have been updated. These have been disclosed in the Management Discussion and Analysis Report forming a part of the Directors' Report. The Board has constituted a Risk Management Committee comprising of Mr. Sanjay Bagaria, Chairman of the Committee, Mr. Indrajit Sen, Managing Director & Mr. S. C. Saha, Company Secretary, which is responsible for implementing the Risk Management Plan framed by the Board.

**(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, as required under Regulation 34 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Schedule V to the said Regulations, is attached to and forms a part of the Directors' Report.

**(f) Code of Conduct**

The Company has laid down a Code of Conduct for all Board members and Senior Managerial Personnel of the Company. In accordance with the Companies Act, 2013, the Code of Conduct has been revised to include therein the Code for Independent Directors as specified in Schedule IV to the said Act. 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 Management Personnel affirm compliance with the Code of Conduct on an annual basis. A declaration to this effect duly signed by the Managing Director of the Company is annexed along with this Report.

**(g) Vigil Mechanism (Whistle Blower Policy)**

As required under the Companies Act, 2013 & Regulation 22 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, a Vigil Mechanism (Whistle Blower Policy) of the Company was adopted by the Board on 2nd May, 2014 and placed on the Company's website for the purpose of enabling the Directors and Employees to report unethical behaviour, actual or suspected fraud and violation of the Company's Code of Conduct or ethics policy. The Audit Committee of the Board has been made responsible for overseeing/monitoring the functioning and implementation of the said Vigil Mechanism. It is hereby affirmed that no personnel of the Company has been denied access to the Audit Committee or its Chairperson.

**(h) Compliance Certificate by CEO & CFO**

The Managing Director (CEO) and the Chief Financial Officer (CFO) have given a Compliance Certificate to the Board of Directors, as required under Regulation 17(8) of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Part B of Schedule II to the said Regulations, for the year ended 31st March, 2017, which is annexed at the end of this Report.

**(i) Means of Communication**

Quarterly/half yearly unaudited and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they are reviewed by the Audit Committee and approved



## REPORT ON CORPORATE GOVERNANCE (Contd.)

by the Board. An extract of quarterly (standalone) and annual (standalone/consolidated) financial results are normally published in leading English Daily newspaper ("Business Standard" - all editions) and a Bengali Daily ("Aaj Kal"). The same is also posted on the website of the Company – [www.internationalcombustion.in](http://www.internationalcombustion.in).

### (j) Independent Directors

In accordance with the Companies Act, 2013, the maximum tenure of the Independent Directors has now been fixed at five years from the date of their appointment or the commencement of the Act, whichever is later, subject, however, to the possibility of a second and final term of five years with the consent of the shareholders vide a Special Resolution. A formal letter of appointment is issued to Independent Directors and the same is placed on the website of the Company.

The performance evaluation of the Independent Directors is carried out on a yearly basis by the entire Board (excluding the Director being evaluated) on the basis of the following evaluation criteria formulated by the Nomination & Remuneration Committee of the Board :-

- i) Adequacy of Preparation by the Director for Board & Committee Meetings,
- ii) Effectiveness of Participation by the Director at Board & Committee Meetings,
- iii) Insight & Observations given/ made by the Director
- iv) Expression of Views by the Director,
- v) Amount of time provided by the Director even outside Board/ Committee Meetings,
- vi) Understanding by the Director of the sector and needs of the Company, and
- vii) Level of confidence and respect of the Board & Management enjoyed by the Director.

A separate meeting of Independent Directors is held once a year to review the performance of non-independent Directors & the Board as a whole and to assess the quality, quantity and timeliness of flow of information between the Company management and Board.

The details of familiarization programmes for Independent Directors has been posted on the website of the Company (weblink : [http://www.internationalcombustion.in/admin/uploadpdf/FAM\\_PROG\\_ID.pdf](http://www.internationalcombustion.in/admin/uploadpdf/FAM_PROG_ID.pdf)).

### (k) Quarterly Compliance Report on Corporate Governance

As required under Regulation 27 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, a Quarterly and Half-Yearly/Yearly Compliance Report(s) on Corporate Governance in the prescribed format signed by the Compliance Officer is submitted to the Stock Exchanges within fifteen days of the end of the quarter.

### (l) Certificate by Practising Company Secretary on Compliance of Conditions of Corporate Governance

As stipulated under Regulation 34 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Schedule V to the said Regulations, the Company has obtained a certificate from Mr. Arup Kumar Roy, Practising Company Secretary, confirming compliance of conditions of Corporate Governance by the Company during the Financial Year ended 31st March, 2017 and the same is annexed to the Directors' Report & being sent to the shareholders and Stock Exchanges as part of the Annual Report.

### (m) Compliance with Mandatory/ Non-Mandatory requirements of Corporate Governance

The Company has complied with all the mandatory requirements relating to corporate governance as specified in the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Company has complied with the following non-mandatory requirements relating to corporate governance as specified in Regulation 27(1) of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Part E of Schedule II to the said Regulations :

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

- The Company is maintaining an office for the Non-Executive Chairman at the Registered Office of the Company and the Non-Executive Chairman is also allowed reimbursement of expenses incurred by him in performance of his duties.
- Separate persons have been appointed to the posts of Chairman and Managing Director.
- There is no qualification/ reservation/ adverse remark in the Auditors' Report to the shareholders of the Company on the Financial Statements for the year ended 31st March, 2017.

**G. GENERAL SHAREHOLDERS' INFORMATION :**

**(a) Annual General Meeting :**

The 81st Annual General Meeting of the shareholders of the Company has been convened on Wednesday, the 20th September, 2017 at Kala Kunj, 48, Shakespeare Sarani, Kolkata – 700 017 at 2.00 P.M.

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

**(c) Financial Calendar :**

	Events	Tentative Date
1	Audited Annual Results for 2016-17	May 12, 2017
2	Mailing of Annual Reports 2016-17	By 21st August, 2017
3	First Quarter Results (30th June, 2017)	By 14th September, 2017
4	Annual General Meeting	September 20, 2017
5	Second Quarter Results (30th Sept., 2017)	By 14th of December, 2017
6	Third Quarter Results (31st Dec., 2017)	By 14th of February, 2018
7	Audited Annual Results for 2017-18	By 30th May, 2018

**(d) Book Closure :**

The Share Transfer Books and Register of Members of the Company will remain closed from Thursday, 14th September, 2017 to Wednesday, 20th September, 2017 (both days inclusive) for the purpose of AGM.

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

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and on the Calcutta Stock Exchange Limited, Kolkata (CSE), 7, Lyons Range, Kolkata 700 001. The Board of Directors of the Company have already resolved to voluntarily delist the equity shares of the Company from the CSE in compliance with the Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. However, the equity shares of the Company shall continue to be listed on the BSE. The Company is taking steps to comply with the procedural requirements of the CSE for effecting the said voluntary delisting and expects the CSE to respond favourably in the matter.

**(f) Listing Fees**

The Company has paid the listing fees for the Financial Year 2017-18 to BSE.

**(g) Custodial Fees to Depository**

The Company has paid the custodial fees upto the Financial Year 2017-18 to the National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL].

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

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

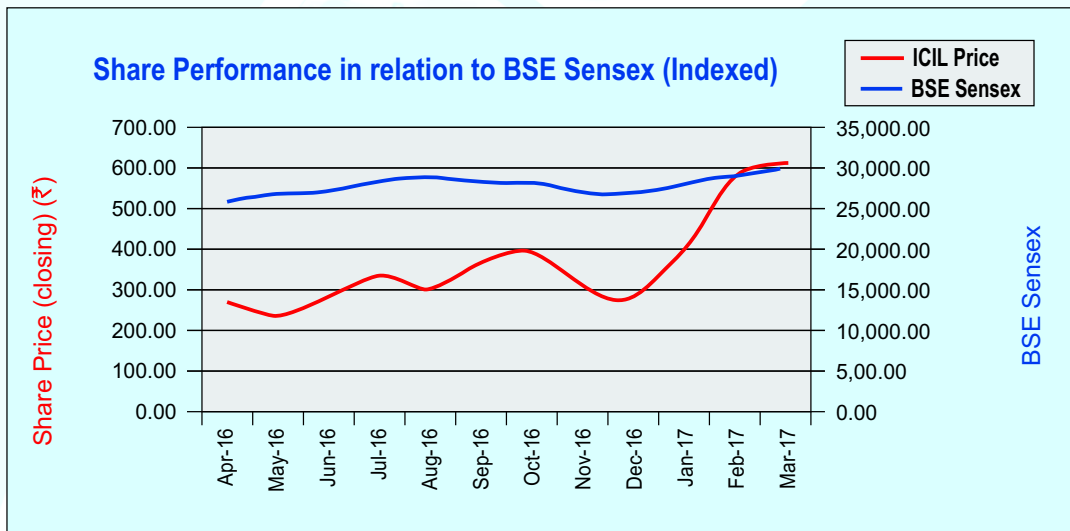
**REPORT ON CORPORATE GOVERNANCE (Contd.)**

**(j) (i) Stock Market price data : (1st April, 2016 to 31st March, 2017)**

Month/Year	Bombay Stock Exchange Ltd. (BSE)	
	High (₹)	Low (₹)
April 2016	295.00	262.40
May 2016	289.50	221.00
June 2016	284.80	230.70
July 2016	349.00	265.00
August 2016	340.00	270.00
September 2016	389.00	292.00
October 2016	396.00	357.00
November 2016	399.00	281.00
December 2016	320.90	268.00
January 2017	449.40	278.20
February 2017	615.00	377.00
March 2017	659.90	513.10

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

The performance of the Company's equity share scrip on the Bombay Stock Exchange Limited (BSE) in comparison to the BSE Sensex during 2016-17 is 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), SEBI registered Registrars & Share Transfer Agents, to carry out the share related activities, both physical and dematerialised.

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

**(l) Share Transfer System**

Transfers/ transmissions of shares in scrip/ physical form are processed and share certificates duly endorsed & delivered within a period of fifteen days from the date of receipt thereof, subject to the documents relating to the transfers being valid and complete in all respects. To improve and speed up the investor servicing, the Board has delegated the authority for approving transfers, transmissions, etc. to the Share Transfer & Stakeholders' Relationship Committee which approves the same within a fortnight of the lodgement thereof. The endorsements on the share certificates of the transfers are duly authenticated by the Company Secretary. The Company obtains a half-yearly certificate from a Practicing Company Secretary confirming timely completion of all activities in connection with the share transfers/ transmissions/ transpositions, splits/ consolidations/ issue of duplicate share certificates, rematerialisation of share certificates, etc. as required under Regulation 40(9) of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and submits a copy of the same to the Stock Exchanges.

**(m) Distribution of Shareholding as on 31st March, 2017:**

No. of Shares	Shareholders		Shareholding	
	Number	%	No. of Shares held	%
1 - 500	5591	93.61	436816	18.27
501 - 1000	214	3.58	159953	6.69
1001 - 2000	82	1.37	118480	4.96
2001 - 3000	36	0.60	91661	3.84
3001 - 4000	6	0.10	21463	0.90
4001 - 5000	8	0.14	36371	1.52
5001 - 10000	15	0.25	104274	4.36
10001 and above	21	0.35	1421258	59.46
<b>Total</b>	<b>5973</b>	<b>100.00</b>	<b>23,90,276</b>	<b>100.00</b>

**(n) Pattern of Shareholding as on 31st March, 2017 :**

Sl. No.	Category	No. of Shareholders	No. of Shares	Percentage of Shareholding
1.	Promoter & Promoter Group	14	12,66,931	53.00
2.	Banks/ Financial Institutions	4	251	0.01
3.	Foreign Institutional Investors/ Overseas Corporate Bodies	1	1,900	0.08
4.	Non-Resident Indians (NRIs)	62	25,314	1.06
5.	Bodies Corporate	106	87,414	3.66
6.	Resident Individuals	5754	10,05,207	42.06
7.	Clearing Members	30	2,706	0.11
8.	Trusts	2	553	0.02
	<b>Total</b>	<b>5973</b>	<b>23,90,276</b>	<b>100.00</b>

**(o) Dematerialisation of Shares :**

As on 31st March, 2017, 95.60% of the Company's total paid up capital representing 22,85,145 shares were held in dematerialized form and the balance 4.40% representing 1,05,131 shares were held in physical scrip form.

**(p) Liquidity :**

The average daily number of equity shares of the Company's scrip traded on the Bombay Stock Exchange Limited (BSE) during the Financial Year 2016-17 was 3,026 and the average daily turnover for the scrip on BSE during the Financial Year 2016-17 was ₹ 12.88 lac.

**REPORT ON CORPORATE GOVERNANCE** (Contd.)**(q) Outstanding Convertible Instruments :**

No securities/ instruments/ warrants convertible into equity shares of the Company are outstanding as on 31st March, 2017.

**(r) Share Capital Reconciliation Audit Report :**

As stipulated by the Securities and Exchange Board of India, a qualified Practising Company Secretary has been appointed to carry out the Share Capital Reconciliation Audit at quarterly intervals to reconcile the total admitted Capital held in dematerialised form in National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and in physical form with the total issued and listed Capital. The Audit is carried out every quarter and the Report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The Report, inter-alia, confirms that the total listed and paid up share capital of the Company is in agreement with the aggregate of the total dematerialized shares and those in the physical mode.

**(s) Foreign Exchange Exposure :**

The Company has limited exposure to foreign exchange rate fluctuations due to its low level of import and export activities and the absence of external commercial borrowings. The limited export and import activities of the Company act as a natural hedge against each other to a substantial extent. The Company does not have any direct exposure to commodity price changes/ risks.

**(t) Unclaimed Suspense Account :**

There are no shares issued by the Company which are required to be transferred to the Unclaimed Suspense Account/ Demat Suspense Account in terms of Regulation 39(4) of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Schedule VI to the said Regulations. However, as required under Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, which were notified on 7th September, 2016, general newspaper notice was published and specific notice by Registered Post was sent to those shareholders, whose dividend warrants for seven consecutive Financial Years from FY 2008-09 to FY 2014-15 were remaining unencashed, requesting them to claim the said dividends within a period of three months of the said notice, failing which their shares would have to be transferred to the Investor Education and Protection Fund Suspense Account. Although the said period of three months had expired on 10th March, 2017, the Company is still awaiting issue of final guidelines and procedural directions from the IEPF Authority for transfer of the said shares. The concerned shareholders may yet claim any of their dividends before actual transfer of the shares to the IEPF Suspense Account, whereupon the shares would not be so transferred.

**(u) Registered & Corporate Office :**

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

**(v) Factory Locations :****i) Mineral & Material Processing and Handling Equipment Division**

Baidyabati Works : 156 (371), G. T. Road, Baidyabati  
Dist. - Hooghly-712222, West Bengal

Nagpur Works : L-7, MIDC Industrial Estate, Hingna  
Nagpur - 440016, Maharashtra

**ii) Geared Motors & Gear Boxes Division**

Aurangabad Works : B-74/1, MIDC Waluj Industrial Area, P.O. Bajaj Nagar  
Aurangabad - 431136, Maharashtra

**iii) Building Material Division**

Ajmer Works : Plot No. B-300, Ajaymeru Palra, RIICO Industrial Area,  
Ajmer - 305025, Rajasthan

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

**(w) Regional / Branch Offices :**

Aurangabad	: B-74/1, MIDC Waluj Industrial Area, P.O. Bajaj Nagar, Aurangabad - 431136, Maharashtra
Bengaluru	: No. 548/51, 2nd Floor, Andal Temple Street, (Behind R. V. Teacher's College) R. V. Road, Basavanagudi, Bengaluru - 560 004
Chennai	: The Ploygon, 2nd Floor, Door No. 56/142, Anna Salai Saidapet, Chennai - 600032
Hyderabad	: Flat No.303, Bhanu Enclave, 7-1-638 to 643 Sundar Nagar, Hyderabad - 500038
Kolkata	: Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector - V, Salt Lake Electronics Complex, Kolkata - 700091
Mumbai	: 407, Acme Plaza, 4th Floor, B-Wing, Andheri Kurla Road, Opp. Sangam Theatre, Andheri (East), Mumbai - 400059
Nagpur	: L-7, MIDC Industrial Estate, Hingna, Nagpur - 440016, Maharashtra
New Delhi	: 2E/28, Jhandewalan Extn., New Delhi - 110055
Pune	: D 407, Business Court, Mukund Nagar, Pune - 411037
Vadodara	: 307, 3rd Floor, 'Opal Square Building', R.C. Dutta Road, Alkapuri, Vadodara - 390007
Jamshedpur	: 4th Floor, Office No. 4, H. No. 5, Line No. 2, S.B. Shop Area, Meghdeep Building, Q. Road, Bistupur, Jamshedpur - 831001, Jharkhand

**(x) Total number of employees as on 31.03.2017 : 479**

**(y) Address for Shareholders' Correspondence :**

- i) **For Shares held in Physical Form** – All correspondence regarding share transfers/ transmissions, 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 : (033) 40116700/6715/6717/6724/6742  
Fax : (033) 4011-6739  
E-mail : [rta@cbmsl.com](mailto:rta@cbmsl.com)
- ii) **Shares held in Dematerialized Form** – All correspondence regarding change of address, bank mandates, nomination, etc. should be addressed to their respective depository participants.
- iii) **For Shares held in Physical/ Dematerialized Form** – All correspondence regarding non-receipt of dividend, non-receipt of Annual Report or regarding any other general matter or regarding any difficulties, complaints or grievances, may be addressed to the Registrars and Share Transfer Agents of the Company at their address mentioned above or to Mr. S. C. Saha, Company Secretary (Compliance Officer) at the Registered Office at Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector - V, Salt Lake Electronics Complex, Kolkata 700 091 (Phone No. : 033-33153000/ 3013; Fax No. : 033-23576653) or sent by email at [sc.saha@internationalcombustion.in](mailto:sc.saha@internationalcombustion.in).

For & on behalf of the Board

Kolkata  
4th July, 2017

**Sanjay Bagaria**  
Chairman



## CEO AND CFO CERTIFICATION

To  
The Board of Directors  
International Combustion (India) Limited

### SUB : COMPLIANCE CERTIFICATE BY CEO / CFO

Dear Sirs,

We hereby certify that :-

- (a) We have reviewed Financial Statements (both Standalone & Consolidated) for the Financial Year 2016-17 i.e. the Balance Sheet (both Standalone & Consolidated) as at 31st March, 2017, the Statement of Profit & Loss (both Standalone & Consolidated) for the Financial Year ended 31st March, 2017 and the Cash Flow Statement (both Standalone & Consolidated) for the Financial Year ended 31st March, 2017 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

Yours sincerely,

Kolkata  
12th May, 2017

**Indrajit Sen**  
Managing Director  
(CEO)

**Asish Kumar Neogi**  
Chief Financial Officer CFO

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**DECLARATION BY THE MANAGING DIRECTOR  
PURSUANT TO SCHEDULE V OF THE SECURITIES & EXCHANGE BOARD OF INDIA  
(LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015  
READ WITH REGULATIONS 34(3) & 26(3) OF THE SAID REGULATIONS**

To  
The Shareholders of  
International Combustion (India) Limited

### **Sub : Compliance with Code of Conduct**

I hereby declare that all the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct of the Company (including the Code for Independent Directors applicable to Independent Directors as required under Schedule IV to the Companies Act, 2013), as adopted by the Board of Directors, for the Financial Year 2016-17

Kolkata  
July 4, 2017

**Indrajit Sen**  
Managing Director

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

CIN of the Company : L36912WB1936PLC008588

Nominal Capital : ₹ 2,39,02,760/-

To

The Members

International Combustion (India) Limited

Infinity Benchmark, 11th Floor,

Plot No. G-1, Block EP & GP, Sec V,

Salt Lake Electronics Complex

Kolkata – 700091.

I have examined all relevant records of International Combustion (India) Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and Regulation 46 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Schedules II & V to the said Regulations for the Financial Year ended 31st March, 2017. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of the certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced, explanations and information furnished, I certify that the Company has complied with –

- (a) all the mandatory conditions of Regulations 17 to 27 and Regulation 46 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Schedules II & V to the said Regulations, and
- (b) the following non-mandatory/ discretionary requirements specified in Regulation 27(1) of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Part E of Schedules II to the said Regulations :-
  - i) The Company is maintaining an office for the Non-Executive Chairman at the Registered Office of the Company and the Non-Executive Chairman is also allowed reimbursement of expenses incurred by him in performance of his duties.
  - ii) Separate persons have been appointed to the posts of Chairman and Managing Director.
  - iii) The Auditors' Report to the shareholders of the Company on the Financial Statements (both Standalone & Consolidated) of the Company for the Financial Year ended 31st March, 2017 is with unmodified audit opinion.

Place : Kolkata

Date : 4th July, 2017

**Arup Kumar Roy**  
*Practising Company Secretary*  
Membership No.: ACS-6784  
Certificate of Practice No.: 9597





## INDEPENDENT AUDITORS' REPORT

### To the Members of International Combustion (India) Limited

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of International Combustion (India) Limited ("the Company") which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss, and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other notes for the year ended on that date.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its Profit and its Cash Flows for the year ended on that date.

## INDEPENDENT AUDITORS' REPORT (Contd.)

### Report on Other legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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;
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and loss and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act;
- e) On the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" . Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. Impact of pending litigations (Other than those already recognised in the accounts) on the financial position of the Company have been disclosed in the financial statement as required in terms of the accounting standards and provisions of the Companies Act, 2013;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes (Bank notes of denominations of five hundred and one thousand rupees existing on November 08, 2016) (SBN's) during the period from November 08, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosure are in accordance with books of account maintained by the Company and as produced to us by the management. However, as stated in note 32.12 to the financial statements and also as represented to us by the Management, ₹ 0.30 lac have been utilized and ₹. 0.15 lac have been received from transactions which were not permitted

For **Lodha & Co.**  
Chartered Accountants  
Firm's ICAI Registration No.: 301051E  
H. K. Verma  
Partner  
Membership No.: 055104

Place : Kolkata  
Date : 12th May, 2017

**INDEPENDENT AUDITORS' REPORT (Contd.)****“Annexure A” to the Independent Auditors' Report of even date:**

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- b. During the year, fixed assets have been physically verified by the management according to a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verifications.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) a. As informed, the inventories of the Company except for materials in transit, those lying with third parties have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable.
- b. In our opinion, the procedure 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.
- iii) The Company has not granted any loans secured or unsecured to companies, firms or parties covered in the register maintained under Section 189 of the Act. Accordingly, provisions of clause 3 (iii) of the Order is not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v) The Company has not accepted any deposits from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. Accordingly, provisions of clause 3 (v) of the Order is not applicable to the Company.
- vi) 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 148 (1) of the Act 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 records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues as applicable to it.
- b. According to the information and explanations given to us, there were no disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, as at 31st March, 2017.
- viii) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks.
- ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments), however the term loans raised during the year have been utilised for the purposes for which they were raised.

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

- x) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act .
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, provisions of clause 3 (xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of clause 3 (xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions of clause 3 (xv) of the Order is not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, provisions of clause 3 (xvi) of the Order is not applicable to the Company.

Place : Kolkata  
Date : 12th May, 2017

For **Lodha & Co.**  
Chartered Accountants  
Firm's ICAI Registration No.: 301051E

**H. K. Verma**  
Partner  
Membership No.: 055104

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

### **“Annexure B” to the Independent Auditor’s Report**

**(Referred to in paragraph (f) under 'Report on Other legal and Regulatory Requirements' of our report of even date)**

#### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of International Combustion (India) Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

## INDEPENDENT AUDITORS' REPORT (Contd.)

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Kolkata  
Date : 12th May, 2017

For **Lodha & Co.**  
Chartered Accountants  
Firm's ICAI Registration No.: 301051E  
**H. K. Verma**  
Partner  
Membership No.: 055104

**BALANCE SHEET AS AT 31ST MARCH, 2017**

Particulars	Note No.	(₹ in lac)	
		As at 31st March, 2017	As at 31st March, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	2	239.03	239.03
(b) Reserves and Surplus	3	9023.81	8942.96
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	4	1971.38	2407.27
(b) Deferred Tax liabilities (net)	5	157.78	132.18
(c) Other Long-term liabilities	6	0.00	81.44
(d) Long-term provisions	7	101.65	72.15
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	8	954.95	735.45
(b) Trade payables	9		
(i) Total outstanding dues of Micro & Small Enterprises		45.66	28.17
(ii) Total outstanding dues other than Micro & Small Enterprises		1824.75	1261.96
(c) Other current liabilities	10	1548.34	1163.84
(d) Short-term provisions	11	157.05	106.11
<b>TOTAL</b>		<b>16024.40</b>	<b>15170.56</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets	12		
(i) Tangible assets		4988.81	3847.92
(ii) Intangible assets		60.41	14.63
(iii) Capital work-in-progress		70.23	577.64
(b) Non-Current investments	13	1550.00	1850.00
(c) Long-term loans and advances	14	153.08	236.41
(d) Other non-current assets	15	531.56	168.98
<b>(2) Current assets</b>			
(a) Current investments	16	950.00	650.00
(b) Inventories	17	3038.43	2964.15
(c) Trade receivables	18	3916.44	4149.99
(d) Cash and Bank Balances	19	254.49	267.42
(e) Short-term loans and advances	20	494.93	426.67
(f) Other current assets	21	16.02	16.75
<b>TOTAL</b>		<b>16024.40</b>	<b>15170.56</b>
Summary of Significant Accounting Policies	1		
Notes on Financial Statements	2-32.13		

The notes are an integral part of the Financial Statements

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

**H.K. Verma**  
Partner  
Kolkata, 12th May, 2017

**S.C. Saha**  
Company Secretary  
**A.K. Neogi**  
Chief Financial Officer

On behalf of the Board

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

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**

		(₹ in lac)	
Particulars	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<i>Revenue:</i>			
I. Revenue from operations	22	9842.15	9332.67
II. Other Income	23	699.68	156.86
<b>III. Total Revenue (I + II)</b>		<b>10541.83</b>	<b>9489.53</b>
<i>Expenses:</i>			
Cost of materials consumed	24	4293.31	4306.57
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	8.84	109.69
Employee benefit expenses	26	3094.07	2825.81
Finance cost	27	380.94	88.70
Depreciation and amortization expense	28	506.90	388.34
Other expenses	29	2151.32	1948.52
<b>Total Expenses</b>		<b>10435.38</b>	<b>9667.63</b>
V. Profit/(Loss) before tax (III - IV)		106.45	(178.10)
<i>Tax expense:</i>			
(1) Current tax	30	—	1.06
(2) Deferred tax / (reversed)	5	25.60	(127.91)
<b>Total Tax Expenses</b>		<b>25.60</b>	<b>(126.85)</b>
VII. Profit/(Loss) for the year (V-VI)		80.85	(51.25)
<i>Earning per equity share:</i>			
(1) Basic	31	3.38	(2.14)
(2) Diluted	31	3.38	(2.14)
Summary of Significant Accounting Policies	1		
Notes on Financial Statements	2-32.13		

The notes are an integral part of the Financial Statements

As per our report of even date

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

**H.K. Verma**  
Partner  
Kolkata, 12th May, 2017

**S.C. Saha**  
Company Secretary  
**A.K. Neogi**  
Chief Financial Officer

On behalf of the Board

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



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**

(₹ in lac)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit / (Loss) before Tax and extraordinary items</b>	<b>106.45</b>	<b>(178.10)</b>
Adjustments for :		
Depreciation & Amortisation expenses	506.90	388.34
(Profit)/loss on sale of fixed asset (net)	(1.56)	(5.50)
Irrecoverable Debts written off	75.31	71.49
Interest Income	(15.22)	(33.60)
Profit on maturity/redemption of current investments	(118.56)	(99.75)
Finance Costs	380.94	88.70
Liabilities no longer required written back	(50.48)	(69.48)
Surrender value of Keyman Insurance	(497.62)	—
Difference in Exchange Rate	1.33	(0.39)
<b>Operating profit before Working Capital changes</b>	<b>387.49</b>	<b>161.71</b>
<b>Movement in working capital:</b>		
Increase/ (decrease) in trade Payables	631.02	(236.10)
Increase/ (decrease) in long-term provisions	29.50	11.16
Increase/ (decrease) in short-term provisions	19.07	14.70
Increase/ (decrease) in other current liabilities	121.18	(413.63)
Decrease/ (increase) in trade receivables	156.65	(297.87)
Decrease/ (increase) in inventories	(74.28)	231.52
Decrease/ (increase) in long-term loans and advances	105.04	(107.34)
Decrease/ (increase) in short-term loans and advances	(68.26)	18.32
Decrease/ (increase) in other current assets	0.73	7.72
<b>Cash generated from/(used in) operations</b>	<b>1308.14</b>	<b>(609.81)</b>
Direct Taxes Paid(net of refunds)	10.16	55.40
<b>Net Cash from /(used in) operating activities ...(A)</b>	<b>1318.30</b>	<b>(554.41)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of fixed asset	2.04	5.63
Purchase of Fixed Assets including intangible assets, CWIP and capital advances	(1236.59)	(1721.87)
Proceeds from Redemption/ Maturity of current investments	718.56	499.75
Purchase of Investments	(600.00)	(300.00)
Maturity of bank deposits (having original maturity of more than three months)	104.13	(5.03)
Interest Received	15.22	33.60
<b>Net Cash from /(used in) investing activities ...(B)</b>	<b>(996.64)</b>	<b>(1487.92)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/ (Repayment) of long-term borrowings	(201.73)	2103.00
Proceeds/ (Repayment) of short-term borrowings	219.50	127.32
Interest Paid	(380.94)	(88.70)
Dividends Paid (including corporate tax on dividend)	(2.33)	(44.63)
<b>Net Cash flow from/(used in) Financing activities ...(C)</b>	<b>(365.50)</b>	<b>2096.99</b>
<b>Net increase/(decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(43.84)</b>	<b>54.66</b>
Cash and Cash equivalents at the beginning of the year	188.37	133.71
Cash and Cash equivalents at the close of the year (Refer Note 19)	144.53	188.37

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

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

(iii) Cash and Cash Equivalent represents Cash in hand and Balances with Banks in Current Account

As per our report of even date

For **Lodha & Co.,**

Chartered Accountants,

**H.K. Verma**

Partner

Kolkata, 12th May, 2017

**S.C. Saha**

Company Secretary

**A.K. Neogi**

Chief Financial Officer

On behalf of the Board

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

### 1. ACCOUNTING POLICIES

#### (A) Significant Accounting Policies

##### (i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention except in respect of certain fixed assets which are stated at revalued amount in accordance with the provisions of the Companies Act, 2013 and accounting standards as prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

##### (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 as at the Balance Sheet date and the reported amounts of revenue and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and the estimates are recognized in the year in which the results are known / materialized.

##### (iii) FIXED ASSETS

###### **Tangible**

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

###### **Intangible**

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

###### **Capital Work-in-progress**

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

##### (iv) DEPRECIATION & AMORTIZATION

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

- (a) Nagpur, Aurangabad and Ajmer Units - on straight line method in respect of assets acquired/installed based on the useful life as specified in Schedule II to the Companies Act, 2013.
- (b) Other Units - on written down value method based on the useful life as specified in Schedule II to the Companies Act, 2013.
- (c) Leasehold Land being perpetuity in nature and having 99 years of lease with an option of renewal has not been amortised.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)****(v) IMPAIRMENT**

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

**(vi) INVESTMENTS**

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

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

**(vii) INVENTORIES**

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

**(viii) FOREIGN CURRENCY TRANSACTIONS**

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

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

**(ix) BORROWING COSTS**

Borrowing costs that are attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily take substantial period of time to set ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss.

**(x) 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.

**(xi) 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/

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

Government. Contributions are recognized in the Statement of Profit and Loss on accrual basis. The Company contributes to Superannuation Fund administered through its Trustees for certain category of employees and also contributes to the Employees' Pension Scheme, 1995 for certain group of employees. Short term employee benefits are however recognized as an expense in the Statement of Profit and Loss for the year in which the related services are rendered.

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

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

**(xii) INCOME TAX**

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

**(xiii) 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.

**(xiv) FINANCE LEASE**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

	As at 31st March, 2017	(₹ in lac) As at 31st March, 2016
<b>2. SHARE CAPITAL</b>		
(a) <b>Authorised Shares</b>		
5000000 (2015-16 5000000) Equity Shares of ₹ 10 each	<u>500.00</u>	<u>500.00</u>
(b) <b>Issued, Subscribed and fully paid-up shares</b>		
2390276 Equity Shares of ₹ 10 each fully paid-up (2014-15 - 2390276)	<u>239.03</u>	<u>239.03</u>

- (c) The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled for one vote per share.
- (d) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts in proportion of their shareholding.
- (e) There is no movement in the number of shares outstanding at the beginning and at the end of the year.
- (f) Details of Shareholders holding more than 5% of the shares alongwith number of shares held :

Name of the Shareholder	As at 31st March, 2017 No. of shares	As at 31st March, 2016 No. of shares
Tradelink Securities Limited	343703	343703
Stephen Court Limited	279088	279088
Woolworth Merchandise Private Limited	170609	170609

	As at 31st March, 2017	(₹ in lac) As at 31st March, 2016
<b>3. RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	605.34	605.34
<b>Securities Premium Account</b>		
As per last Balance Sheet	890.41	890.41
<b>General Reserve</b>		
As per last Balance Sheet	7301.82	7301.82
<b>Surplus as per Statement of Profit and Loss</b>		
As per last Balance Sheet	145.39	196.64
Add: Net profit/(Loss) after Tax transferred from Statement of Profit and Loss	<u>80.85</u>	<u>(51.25)</u>
Closing Balance	<u>226.24</u>	<u>145.39</u>
<b>TOTAL</b>	<b>9023.81</b>	<b>8942.96</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

		(₹ in lac)	
	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>4. LONG TERM BORROWINGS</b>			
<b>Secured</b>			
Term Loan from Bank	4(a), 4(b), 4(c) & 4(d)	1966.62	2398.17
Vehicle Finance loan from Bank	4(e), 4(f) & 4(g)	4.76	9.10
		<u>1971.38</u>	<u>2407.27</u>
(a) Term Loan from Kotak Bank is secured by way of lien on investments in units of mutual fund held by the Company and is repayable in 60 monthly instalments starting from January, 2016	13 & 16		
(b) Term Loan from Axis Bank is secured by way of exclusive hypothecation charge over movable fixed assets at Ajmer unit, equitable mortgage over Company's leasehold land and building thereon situated at Ajmer and second charge as collateral securities by way of equitable mortgage on immovable assets located at Nagpur and Aurangabad units on which first charge is held for working capital facilities for Nagpur and Aurangabad units			
(c) Repayment details of Term loan are given below:			
2017-18 (included under Current Maturities of Term loan)		619.49	
2018-19		638.11	
2019-20		678.69	
2020-21		620.63	
2021-22		29.19	
		<u>1966.62</u>	
(d) Interest Rate of Term Loan - Axis (Base Rate + 2.50%)		12.00%	
- Kotak - (Base Rate + 1.85%)		11.35%	
(e) Finance lease obligation is secured against car taken on two finance lease and are repayable in 60 and 36 monthly instalments starting from July, 2014 and March, 2016 respectively			
(f) Repayment details of Vehicle Finance loan are given below:			
2017-18 (included under Current Maturities of Vehicle Finance Lease)		4.34	
2018-19		4.47	
2019-20		0.29	
		<u>4.76</u>	
(g) Interest Rate of Vehicle Finance loan		10.51% & 9.4%	

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**
**5. DEFERRED TAX LIABILITIES (Net)**

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

(₹ in lac)

	Opening as on 1st April, 2016	Charge/(Credit) during the year	Closing as on 31st March, 2017
<b>Deferred Tax Assets:</b>			
Expenses Allowable on Payment Basis	31.53	(9.36)	40.89
Unabsorbed Depreciation	95.78	(60.86)	156.64
Gross Deferred Tax Assets	127.31	(70.22)	197.53
<b>Deferred Tax Liabilities:</b>			
Timing Difference with respect to Fixed Assets	259.49	95.82	355.31
Gross Deferred Tax Liabilities	259.49	95.82	355.31
Net Deferred Tax Liabilities	132.18	25.60	157.78

	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>6. OTHER LONG TERM LIABILITIES</b>			
Capital Vendors		—	81.44
<b>7. LONG TERM PROVISIONS</b>			
Provision for Employee Benefits	32.03	101.65	72.15
<b>8. SHORT TERM BORROWINGS</b>			
(a) Secured Loans			
Working Capital Facilities from Banks (repayable on demand)	8(b) & 8(c)	777.65	543.51
Buyer's Credit	8(d)	177.30	191.94
		954.95	735.45

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

(c) Cash Credit from Kotak Mahindra Bank is secured by way of lien on investments in units of mutual funds held by the Company.

(d) Buyer's Credit is secured against hypothecation of the plant and equipment purchased there against.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

	Note No.	As at 31st March, 2017	As at 31st March, 2016
(₹ in lac)			
<b>9. TRADE PAYABLES</b>			
Dues to Micro, Small and Medium Enterprises	9(a)	45.66	28.17
Dues to Others		1824.75	1261.96
		<u>1870.41</u>	<u>1290.13</u>
(a) Disclosures of these dues is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" (the Act):			
(i) <b>The principal amount and the interest due remaining unpaid to any supplier as at the end of the year</b>			
Principal amount unpaid		45.66	28.17
Interest due		—	—
(ii) <b>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:</b>			
Payment made beyond the Appointed Date		154.12	191.67
Interest paid beyond the Appointed Date		—	—
(iii) <b>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".</b>		—	—
(iv) <b>The amount of interest accrued and remaining unpaid at the end of the year and</b>		—	—
(v) <b>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".</b>		—	—
<b>10. OTHER CURRENT LIABILITIES</b>			
Current Maturities of Long Term Loan - Secured	4	619.49	385.73
Current Maturities of Vehicle Finance Lease - Secured	4	4.34	3.94
Unclaimed Dividends *		10.60	12.93
Capital Vendor		181.30	149.81
Advances from Customers		470.74	387.42
Interest Accrued but not due on Loans		—	9.52
Other Payables			
Statutory deductions/payable - P.F, ESI, Sales tax, VAT etc		149.42	105.45
Excise duty on Closing Stock		112.45	109.04
		<u>1548.34</u>	<u>1163.84</u>
* Not due for payment to Investor Education and Protection Fund			
<b>11. SHORT TERM PROVISIONS</b>			
Provision for Employee Benefits	32.03	88.78	69.71
Provision for Taxation		68.27	36.40
(net of Advance Tax- ₹ 277.72 lac, 2015-16 - ₹ 300.87 lac)		<u>157.05</u>	<u>106.11</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**
**12. FIXED ASSETS**

Assets	GROSS BLOCK (Cost / on revaluation)			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 1st April, 2016	Additions/ Adjustments during the year	Deletion during the year	As at 31st March, 2017	Upto 31st March, 2016	During the year	Deletion during the year	Upto 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
<b>A. Tangible Assets</b>										
Land -										
Freehold	3.04	—	—	3.04	—	—	—	—	3.04	3.04
Leasehold	545.09	—	—	545.09	0.01	—	—	0.01	545.08	545.08
Buildings	1127.13	633.98	—	1761.11	594.73	61.50	—	656.23	1104.88	532.40
Buildings - Leasehold	789.88	—	—	789.88	211.53	43.29	—	254.82	535.06	578.35
Plant and Equipment	4920.92	876.87	6.45	5791.34	2967.62	326.59	6.01	3288.20	2503.14	1953.30
Furniture and Fixtures	262.58	22.26	0.57	284.27	211.48	21.17	0.57	232.08	52.19	51.10
Vehicles										
Freehold	33.60	—	4.77	28.83	33.12	2.77	9.62	26.27	2.56	0.48
Leasehold	51.56	—	—	51.56	28.52	8.12	(4.89)	41.53	10.03	23.04
Office Equipment	24.16	3.05	0.08	27.13	23.86	0.88	0.08	24.66	2.47	0.30
Electrical Installation	309.09	97.41	—	406.50	148.26	27.88	—	176.14	230.36	160.83
	8067.05	1633.57	11.87	9688.75	4219.13	492.20	11.39	4699.94	4988.81	3847.92
<b>B. Intangible Assets</b>										
Technical Knowhow fees	328.13	36.86	—	364.99	320.28	9.36	—	329.64	35.35	7.85
ERP Software	36.20	23.62	—	59.82	36.18	3.60	—	39.78	20.04	0.02
Autocad Software	19.47	—	—	19.47	12.71	1.74	—	14.45	5.02	6.76
Patent	105.53	—	—	105.53	105.53	—	—	105.53	—	—
	489.33	60.48	0.00	549.81	474.70	14.70	—	489.40	60.41	14.63
Total (A+B)	8556.38	1694.05	11.87	10238.56	4693.83	506.90	11.39	5189.34	5049.22	3862.55
Previous year	7110.67	1470.99	25.28	8556.38	4330.64	388.34	25.15	4693.83	3862.55	

Notes :

- (a) The Building Material Division of the Company for the manufacture of dry mix product has been commissioned on 31st March, 2016
- (b) Certain Buildings and Plant and Equipments had been revalued on 31st October, 1991 by an approved valuer on market value basis, resulting in an increase in value of such assets by ₹ 437.37 lac. Such assets had been fully depreciated in earlier years.
- (c) Refer Notes 4(b), 4(e) and 8(b)
- (d) Capital Work-in-Progress includes ₹ 70.23 lac (2015-16- ₹ 529.00 lac) for cost of equipment, construction including material and other costs, which has been allocated to respective fixed assets on the completion of the project.

	₹ in lac	
	As on 31st March, 2017	As on 31st March, 2016
Amount brought forward	48.64	—
Addition during the year :		
Consultancy charges	—	1.75
Interest on Term Loan	—	162.88
Miscellaneous Expenses	—	0.04
Less : Capitalised during the year	(48.64)	(116.03)
Total pre-operative expenses carried forward pending allocation	—	48.64

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

		(₹ in lac)	
	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>13. NON CURRENT INVESTMENTS</b>			
<b>Long term</b>			
<b>Equity Shares –</b>			
<b>Unquoted</b>			
<b>Joint Venture</b>			
Mozer Process Technology Pvt Ltd – 500000 shares of Face value of ₹ 10 each (2015-16 – 500000)		50.00	50.00
		<u>50.00</u>	<u>50.00</u>
<b>Unquoted-Other than Trade</b>			
<b>Investment in Mutual Funds</b>			
i. BOI AXA Corporate Credit Spectrum Fund 1000000 units of ₹ 10 each (2015-16 – NIL)		100.00	—
ii. Reliance Fixed Horizon Fund XXVII Sr-3 NIL units of ₹ 10 each (2015-16 – 2000000)	13.4	—	200.00
iii. ICICI Prudential Fixed Maturity Plan Series 75 Plan U Regular Plan Cumulative 3000000 units of ₹ 10 each (2015-16 – 3000000)		300.00	300.00
iv. HDFC FMP 1184 D January 2015 (I) Series 33 2000000 units of ₹10 each (2015-16 – 2000000)		200.00	200.00
v. Kotak FMP Series 172-Growth (Regular Plan) 1500000 units of ₹ 10 each (2015-16 – 1500000)		150.00	150.00
vi. HDFC FMP 1213 D Mar 2017(1) Reg Gr 3000000 units of ₹ 10 each (2015-16 – NIL)		300.00	—
vii. ICICI Prudential FMP Series 73 – 1140 days Plan E Regular Plan Cumulative NIL units of face value of ₹ 10 each (2015-16 – 2000000)	13.4	—	200.00
viii. Birla Sunlife Fixed Term Plan - Corporate Bond Series A nil units of ₹ 10 each (2015-16 – 3000000)	13.4	—	300.00
ix. UTI-FTIF- Series VI 3000000 units of ₹ 10 each (2015-16 – 3000000)		300.00	300.00
x. Kotak FMP Series 127- Growth (Regular Plan) 1500000 units of ₹ 10 each (2015-16 – 1500000)		150.00	150.00
		<u>1500.00</u>	<u>1800.00</u>
<b>TOTAL INVESTMENTS</b>		<u>1500.00</u>	<u>1800.00</u>
Aggregate book value of Quoted Investments: in Mutual Funds		—	—
Aggregate book value of Unquoted Investments: in Mutual Funds		1500.00	1800.00
in Shares		50.00	50.00
Aggregate NAV of Unquoted Investments: in Mutual Funds		1775.21	2078.53

13.1 Refer Note No.4(a) and 8(c)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

(₹ in lac)

**13.2 Interest in Joint Venture:**

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

Name of Entity	Country of Incorporation	Proportion of ownership interest as at	
		31st March, 2017	31st March, 2016
Mozer Process Technology Pvt Ltd	India	50%	50%
The Company's interest in this Joint Venture is reported as Long-term Investments and stated at cost. However, aggregate amount of the Company's share of each of the assets, liabilities, income and expenses related to its interest in this jointly controlled entity is given below:			
Income		112.30	1.69
Expenses		114.68	7.13
Assets		116.32	130.03
Liabilities		96.56	99.28

**13.3 Refer Note No 16.3 for particulars of investments**
**13.4 Current maturities of Long Term Investments have been shown under "Current Investments"**

(₹ in lac)

	Note No.	As at	
		31st March, 2017	31st March, 2016
<b>14 LONG TERM LOANS AND ADVANCES</b>			
Unsecured-Considered good			
Capital Advances		—	113.02
Security Deposits		75.96	67.98
Mat Credit Entitlement		77.12	55.41
		<u>153.08</u>	<u>236.41</u>
14.1 The Company is entitled to MAT credit and accordingly based on evidences MAT credit of ₹ 77.12 lac (2015-16 - ₹ 55.41 lac) has been carried forward in these financial statements.			
<b>15. OTHER NON-CURRENT ASSETS</b>			
Unsecured, considered good			
Deposits with banks with more than twelve months maturity (including interest accrued thereon)	19.1	33.94	168.98
Surrender value of Keyman Insurance	23.1	497.62	—
		<u>531.56</u>	<u>168.98</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

		(₹ in lac)	
	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>16. CURRENT INVESTMENTS - at cost</b>			
(fully paid-up unless otherwise stated)			
<b>Unquoted - Other than Trade</b>			
<b>Investment in Mutual Funds</b>	16.1		
i. Reliance Fixed Horizon Fund XXVII Sr-3 2000000 units of ₹ 10 each (2015-16 – Nil)		200.00	—
ii. DHFL Pramerica Fixed Fund Maturity Plan-Series 68 2500000 units of ₹ 10 each (2015-16 – 2500000)		250.00	250.00
iii. Reliance Fixed Horizon Fund - XXIII Series 11 NIL units of ₹ 10 each (2015-16 – 3000000)		—	300.00
iv. ICICI Prudential FMP Series 73-1140 Days Plan E Regular Plan Cumulative 2000000 units of face value of ₹ 10 each (2015-16 – NIL)		200.00	—
v. Birla Sunlife Fixed Term Plan - Corporate Bond Series A 3000000 units of ₹ 10 each (2015-16 – NIL)		300.00	—
vi. Birla Sunlife Fixed Term Plan Series JJ NIL units of ₹ 10 each (2015-16 – 1000000)		—	100.00
<b>TOTAL INVESTMENTS</b>		<b>950.00</b>	<b>650.00</b>
Aggregate book value of Unquoted Investments: in Mutual Funds		950.00	650.00
Aggregate NAV of Unquoted Investments: in Mutual Funds		1236.29	785.37

16.1 Current portion of long term investments

16.2 Refer Note No.4(a) and 8(c)

16.3 Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed in Note 13 &amp; 16

		(₹ in lac)	
	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>17. INVENTORIES</b>	8(b)		
(As taken, valued and certified by the management)			
Raw Materials and Components		1150.81	1106.34
Work-in-progress	32.08 (c)	636.18	672.60
Finished Goods	32.08 (c)	1012.36	981.33
Stores		221.40	184.67
Packing Materials		17.68	19.21
		<b>3038.43</b>	<b>2964.15</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

	Note No.	As at 31st March, 2017	(₹ in lac) As at 31st March, 2016
<b>18. TRADE RECEIVABLES</b>	8(b)		
Unsecured, considered good			
Trade receivables outstanding for period exceeding six months		809.76	785.17
Others		3106.68	3364.82
		<b>3916.44</b>	<b>4149.99</b>
<b>19. CASH AND BANK BALANCES</b>			
(As certified by the management)			
Cash and Cash Equivalents			
Balances with Banks:			
- Current Accounts		130.86	172.65
- Unclaimed Dividends Accounts		10.60	12.93
Cash in hand		3.07	2.79
		<b>144.53</b>	<b>188.37</b>
Other Bank Balances			
- Fixed Deposit Accounts - (including interest accrued thereon)			
with original maturity of more than twelve months		8.07	—
with original maturity of more than three months but less than twelve months		—	0.54
- Margin money with banks (including interest accrued thereon) with original maturity of more than twelve months	19.1	101.89	78.51
		<b>109.96</b>	<b>79.05</b>
		<b>254.49</b>	<b>267.42</b>
<b>19.1</b> Fixed Deposits receipts of ₹ 135.82 lac (2015-16- ₹ 239.98 lac) have been deposited with banks against guarantees issued by them			
<b>20. SHORT TERM LOANS AND ADVANCES</b>			
Unsecured-Considered good	8(b)		
Advance to Related Party		—	0.54
Advances to suppliers		20.41	43.09
Advance to Employees		6.60	9.71
Advance for Fringe Benefit Tax (net of Provision for Tax - ₹ Nil; 2015-16 - ₹ Nil)		0.34	0.34
Balances with statutory / government authorities		424.54	314.14
Prepaid Expenses		39.82	28.77
Others		3.22	30.08
		<b>494.93</b>	<b>426.67</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

		(₹ in lac)	
	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>21. OTHER CURRENT ASSETS</b>			
Export Incentive Receivable	8(b)	16.02	16.75
		<u>16.02</u>	<u>16.75</u>
		(₹ in lac)	
		For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>22. REVENUE FROM OPERATIONS</b>			
Sale of products	32.08(b)	10694.14	10091.36
Sale of services		37.70	31.36
Other operating revenue			
Scrap Sales		53.67	78.19
Liability no longer required written back		50.48	69.48
Duty Drawback		21.92	21.20
Less : Excise duty		<u>(1015.76)</u>	<u>(958.92)</u>
Revenue from Operations (net)		<u>9842.15</u>	<u>9332.67</u>
<b>23. OTHER INCOME</b>			
Interest on deposits, overdue debts etc		15.22	33.60
Profit on sale/redemption of current investments (net)		118.56	99.75
Profit/ (Loss) on sale of Fixed Asset (Net)		1.56	5.50
Net gain/(loss) on foreign currency translation and transaction		10.92	17.53
Surrender Value of Keyman Insurance	23.1	497.62	-
Miscellaneous Income		55.80	0.48
		<u>699.68</u>	<u>156.86</u>
<b>23.1</b> The Company has recognised the surrender value of Keyman insurance policy considering the expected accrual of proceeds thereof on maturity in favour of the Company.			
<b>24. COST OF MATERIALS CONSUMED</b>			
Raw Materials Consumed	32.09(a)	4293.31	4306.57

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(₹ in lac)			
<b>25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>			
Finished Goods:			
Opening stock		981.33	1169.01
Add/(Less): Provision for Excise duty on finished goods lying at the factories		3.45	(20.85)
Less: Closing Stock		<u>(1012.36)</u>	<u>(981.33)</u>
		(27.58)	166.83
Work-in-progress:			
Opening stock		672.60	615.46
Less: Closing Stock		<u>(636.18)</u>	<u>(672.60)</u>
		36.42	(57.14)
(Increase) / decrease		<u>8.84</u>	<u>(109.69)</u>
<b>26. EMPLOYEE BENEFIT EXPENSES</b>			
Salaries and Wages		2380.72	2130.33
Contribution to Provident and Other Funds		244.55	282.91
Workmen and Staff Welfare Expenses		111.96	111.43
Travelling and Conveyance		<u>356.84</u>	<u>301.14</u>
		<b><u>3094.07</u></b>	<b><u>2825.81</u></b>
<b>27. FINANCE COST</b>			
Interest on Term Loan		306.72	—
Interest on others		73.75	226.11
Other Borrowing Cost		0.47	25.47
Less : Capitalised	12(d)	—	<u>(162.88)</u>
		<b><u>380.94</u></b>	<b><u>88.70</u></b>
27.1 Borrowing costs amounting to ₹ NIL (2015-16-₹ 162.88 lac) attributable to the cost of the fixed assets have been capitalised and the same was adjusted from the finance cost			
<b>28. DEPRECIATION AND AMORTIZATION EXPENSE</b>			
Depreciation on tangible assets	12	492.20	358.86
Amortisation of intangible assets	12	<u>14.70</u>	<u>29.48</u>
		<b><u>506.90</u></b>	<b><u>388.34</u></b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

		(₹ in lac)	
	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>29. OTHER EXPENSES</b>			
Consumable Stores		239.16	272.74
Rent		22.52	15.69
Rates and Taxes		22.50	19.10
Power and Fuel		195.49	180.72
Repairs to			
- Buildings		38.43	9.14
- Machinery		8.31	10.34
- Others		57.27	62.34
Insurance		13.26	9.29
Selling and Distribution Expenses	29(b)	505.97	513.76
Royalty		198.78	166.00
Directors' Commission		2.77	-
Auditors' Remuneration	29(c)	4.42	4.50
Irrecoverable Debts/Advances written off		75.31	71.49
Communication Expenses		30.98	22.09
Consultancy		41.95	20.49
Packing Materials consumed and packing charges (net)		169.11	145.72
Freight Charges (net)		108.45	56.94
Miscellaneous Expenses	29(d)	416.64	368.17
		<u>2151.32</u>	<u>1948.52</u>
(a) Expenditure in Foreign Currency			
Technical Knowhow fees		3.35	28.05
Royalty		160.39	163.59
Other matters		52.00	31.67
(b) Selling and Distribution Expenses comprise of-			
Travelling Expenses		421.99	391.92
Commission on Sales		61.98	108.16
Other Expenses		22.00	13.68
(c) Auditors' Remuneration:			
Audit Fees		3.25	2.75
Certification		1.17	1.75
(d) Includes expenditure towards activities for Corporate Social Responsibilities - ₹ 4.15 lac (2015-16 - ₹ 2.80 lac)			
<b>30. TAX EXPENSE</b>			
Current Tax		21.71	-
Minimum Alternate Tax Credit Entitlement	14.1	(21.71)	-
Earlier years' short/excess provision		-	1.06
		<u>-</u>	<u>1.06</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

(₹ in lac)

**31. EARNINGS PER EQUITY SHARE (EPS)**

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
I. Profit /(Loss) after tax.....(a)	80.85	(51.25)
II. Shares		
Number of Equity Shares as on 31st March	2390276	2390276
Weighted average number of Equity shares outstanding during the year (for EPS) .....(b)	2390276	2390276
III. EPS (Face value of ₹ 10 each)		
Basic EPS (a/b) in Rupees	3.38	(2.14)
Diluted EPS (a/b) in Rupees	3.38	(2.14)

**32.01 CONTINGENT LIABILITIES AND COMMITMENTS**

**Contingent Liabilities**

Outstanding Bank Guarantees

75.86

75.13

**Commitments**

Estimated amount of contracts remaining to be  
executed on capital account

—

1151.86

**32.02 UNHEDGED FOREIGN CURRENCY EXPOSURES ARE AS FOLLOWS :**

Nature	Currency	As at 31st March, 2017	As at 31st March, 2016
Import	Euro	17631	8329
Advance for Import	Euro	11784	12338
Export	USD	9129	149321
Export	Euro	111288	139830
Advance received against Export	USD	10552	628
Advance received against Export	Euro	56	171
Buyer's Credit	Euro	251424	251424

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

**32.03 EMPLOYEE BENEFITS**

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

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

	2016-17	2015-16
Employer's Contribution to Provident Fund	103.73	87.92
Employer's Contribution to Pension Fund	59.17	55.83
Employer's Contribution to Superannuation Fund	9.95	10.15

(₹ in lac)

**Defined Benefit Scheme**

The Employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligations is determined based on actuarial valuation using the projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

- b) Disclosures for defined benefit plans based on actuarial reports as follows

(₹ in lac)

(i) Gratuity (Funded)	Year Ended 31st March	
	2017	2016
<b>A. Change in Defined Benefit Obligations:</b>		
Present Value of Defined Benefit Obligations as at the beginning of the year	642.43	606.40
Current Service Cost	50.26	40.51
Interest Cost	51.43	50.09
Benefits Paid	(33.62)	(74.95)
Actuarial (Gains)/ Losses	18.44	20.38
<b>Present Value of Defined Benefit Obligations as at the end of the year</b>	<b>728.94</b>	<b>642.43</b>
<b>B. Change in the Fair Value of Assets:</b>		
Fair value of Plan Assets at the beginning of the year	656.12	660.25
Expected Return on Plan Assets	50.60	52.65
Contributions by the Company	25.99	19.86
Benefits paid	(33.62)	(74.95)
Actuarial Gains/ (Losses)	(3.41)	(1.69)
<b>Fair value of Plan Assets at the end of the year</b>	<b>695.68</b>	<b>656.12</b>
Total Actuarial (gain)/loss to be recognised	(21.85)	(22.07)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**
**32.03 EMPLOYEE BENEFITS (Contd.)**

(₹ in lac)

						Year Ended 31st March				
						2017	2016			
C. Actual Return on Plan Assets										
Expected Return on Plan Assets						50.60	52.65			
Actuarial gain/(loss) on Plan assets						(3.41)	(1.69)			
<b>Actual Return on Plan Assets</b>						<b>47.19</b>	<b>50.96</b>			
D. Amount Recognised in Balance Sheet and the Fair Value of Assets:										
Present Value of Defined Benefit Obligations as at the end of the year						728.94	642.43			
Fair value of Plan Assets at the end of the year						695.68	656.12			
<b>Liability /(Assets) recognized in the Balance Sheet</b>						<b>33.26</b>	<b>(13.69)</b>			
E. Expenses recognized in the Statement of Profit & Loss										
Current Service Cost						50.26	40.51			
Interest Cost						51.43	50.09			
Expected Return on Plan Assets						(50.60)	(52.65)			
Net Actuarial (Gain)/ Loss						21.85	22.07			
<b>Total Expenses recognized in the Statement of Profit &amp; Loss *</b>						<b>72.94</b>	<b>60.02</b>			
F. Principal Actuarial Assumptions used:										
Discounted Rate (per annum) Compound						7.50%	8.00%			
Expected Rate of return on Plan Assets						7.50%	8.00%			
Rate of Salary increase (per annum)						6.00%	6.00%			
						2016-17	2015-16	2014-15	2013-14	2012-13
Defined Benefit Obligations as at the end						728.94	642.43	606.40	571.83	557.54
Fair value of Plan Assets at the end of the year						695.68	656.12	660.25	664.28	638.35
Funded Status						33.26	(13.69)	(53.85)	(92.45)	(80.81)
<b>Experience Adjustments</b>										
Experience gain/(loss) adjustment on plan liabilities						(18.44)	(20.38)	(17.22)	2.45	31.67
Experience gain/(loss) adjustment on plan assets						(3.41)	(1.69)	2.47	(2.97)	(2.02)
<b>(ii) Leave Encashment (Non Funded)</b>						Year Ended 31st March				
						2017	2016			
The obligation for compensated absence is recognised in the same manner as gratuity. The actuarial liability of compensated absence (unfunded) of accumulated leaves of the employees of the Company as at 31.3.2017 is given below :										
Particulars										
Leaves						108.71	101.17			

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

## 32.03 EMPLOYEE BENEFITS (Contd.)

(₹ in lac)

(iii) Provident Fund (Funded)	Year Ended 31st March	
	2017	2016
A. Change in Defined Benefit Obligations:		
Present Value of Defined Benefit Obligations as at the beginning of the year	4.50	4.06
Current Service Cost	—	0.59
Interest Cost	0.40	0.35
Benefits Paid	—	—
Actuarial (Gains)/ Losses	(1.77)	(0.50)
<b>Present Value of Defined Benefit Obligations as at the end of the year</b>	<b>3.13</b>	<b>4.50</b>
B. Change in the Fair Value of Assets:		
Fair value of Plan Assets at the beginning of the year	0.23	—
Expected Return on Plan Assets	—	—
Contributions by the Employer	—	—
Benefits paid	—	—
Actuarial Gains/ (Losses)	(0.23)	0.23
<b>Fair value of Plan Assets at the end of the year</b>	<b>0.00</b>	<b>0.23</b>
C. Reconciliation of Present value of Defined Benefit Obligation and the Fair Value of Assets:		
Present Value of Defined Benefit Obligations as at the end of the year	3.13	4.50
Fair value of Plan Assets at the end of the year	0.00	0.23
<b>Liability/ (Assets) recognized in the Balance Sheet</b>	<b>3.13</b>	<b>4.27</b>
D. Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	—	0.59
Interest Cost	0.40	0.35
Expected Return on Plan Assets	—	—
Actuarial (Gain)/ Loss	(1.54)	(0.73)
<b>Total Expenses recognized in the Statement of Profit &amp; Loss *</b>	<b>(1.14)</b>	<b>0.21</b>
E. Principal Actuarial Assumptions used:		
Discounted Rate (per annum) Compound	7.50%	7.80%
Return on EPFO	8.65%	8.80%

\*Included in "Salaries and Wages" and "Contribution to Provident and Other Funds" under "EMPLOYEE BENEFIT EXPENSES" on Note 26.

Note:

- 1) Assumptions relating to future salary increases, attrition, interest rate for discount and overall expected rate of return on assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.
- 2) The contributions expected to be made by the Company for the year 2017-18 is yet to be determined.
- 3) The guidance on implementing Accounting Standard (AS-15) (Revised 2005) on Employees' Benefits issued by Accounting Standard Board (ASB) states that provident fund trustees set up by the employers which require the interest shortfall to be met by the employers need to be treated as "Defined Benefit Plan". Accordingly the actuary in consultation with the management, has carried out the actuarial valuation of such provident fund liability on account of shortfall of interest on the basis of the guidelines issued by Actuarial Society of India. Such liability as determined by the actuary amounts to ₹ 3.13 lac (Previous Year- ₹ 4.27 lac) which has been provided in the Accounts for the year ended 31st March, 2017.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**
**32.04 SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2017**

Primary segment reporting - Business Segments

(₹ in lac)

Particulars	Mineral & Material Processing And Handling Equipment		Gear Box and Geared Motor Drive System		Building Material Division		Unallocated / Corporate {Ref Note (b)}		Eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>REVENUE</b>												
External Sales / Revenue	5982.38	6350.08	3762.63	2982.31	97.14	0.28					9842.15	9332.67
Inter-Segment Sales	32.05	33.14	165.04	184.10					(197.09)	(217.24)		
Total Revenue	6014.43	6383.22	3927.67	3166.41	97.14	0.28	0.00	0.00	(197.09)	(217.24)	9842.15	9332.67
<b>RESULT</b>												
PROFIT BEFORE INTEREST, DEPRECIATION and TAXATION (Less): Depreciation & Amortisation expenses	2061.21	1973.22	236.01	(110.36)	(413.30)	(211.58)					1883.92	1651.28
PROFIT AFTER DEPRECIATION AND AMORTISATION EXPENSE (Less): Finance Costs	(72.28)	(74.53)	(206.61)	(219.96)	(140.74)	(0.85)	(87.27)	(93.00)			(506.90)	(388.34)
Add: Other unallocable expenditure (net of unallocable revenue)	1988.93	1898.69	29.40	(330.32)	(554.04)	(212.43)	(87.27)	(93.00)			1377.02	1262.94
PROFIT BEFORE INCOME TAX (Less): Provision for income tax - Deferred							(889.63)	(1352.34)			(889.63)	(1352.34)
- Earlier year											106.45	(178.10)
<b>NET PROFIT</b>											25.60	(127.91)
<b>OTHER INFORMATION</b>											—	1.06
Segment Assets											80.85	(51.25)
Unallocated Corporate assets	5261.02	5535.85	3321.82	3338.16	3408.78	2584.60	4032.78	3711.95	0.00	0.00	11991.62	11458.61
<b>Total Assets</b>	1428.64	1035.21	978.11	799.40	959.11	252.29					16024.40	15170.56
Segment liabilities											3365.86	2086.90
Unallocated Corporate liabilities	1428.64	1035.21	978.11	799.40	959.11	252.29	311.60	237.12			311.60	237.12
<b>Total Liabilities</b>	147.45	65.50	44.20	47.10	833.56	1802.86	22.25	39.20	0.00	0.00	3677.46	2324.02
Capital Expenditure	72.28	74.53	206.61	219.96	140.74	0.85	87.27	93.00			1047.46	1954.66
Depreciation / Amortisation											506.90	388.34

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

Handling Equipment include Mineral, material processing and other handling equipment. Geared motors include Gear Box, Geared Motor Drive system and Building Material Division includes Dry Mix Products.

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

(c) Secondary segment information - Geographical  
 Out of total Sales of ₹ 9678.38 lac (2015-16 - ₹ 9132.44 lac), Sales outside India is ₹ 987.77 lac (2015-16 - ₹ 1047.67 lac)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

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

**32.06** Related Party disclosures as identified by the management in accordance with the Accounting Standard 18 on "Related Party Disclosures":

a) Key Management Personnel:

Mr. I. Sen - Managing Director

b) Joint Venture Company -

Mozer Process Technology Pvt.Ltd

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

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

	2016-17	2015-16
(i) Key Management Personnel:(a)		(₹ in lac)
(a) Managing Director	167.68	156.65
(b) Executive Director	—	5.56
Executive Director has retired on expiry of his term on 30th April, 2015		

	During the year 2016-17	During the year 2015-16
(ii) Joint Venture Company (b)		(₹ in lac)
Recovery of Expenses:		
Sale of Stock-in-trade	224.36	169.67
Rent	0.36	0.36
Selling & Distribution Expenses	—	0.14
Miscellaneous Expenses	1.74	0.40
	226.46	170.57
Advance Received	—	(27.18)
	226.46	143.39
Receivable / (payable) as at 31st March, 2017	—	0.54
(iii) Commission and / or Sitting fees payable to Mr. Sanjay Bagaria, Chairman & Non-Executive Director (c)	4.67	2.30

**32.07 LEASES**

a) The Company had certain non-cancellable operating lease arrangements for residential and office premises which are renewable by mutual consent and mutually agreed terms.

b) The aggregate lease rentals payable are charged as "Rent" in Note 29

The future minimum lease payments under non-cancellable operating leases is ₹ Nil (2015-16 – ₹ Nil)

c) The future obligation for vehicle taken on finance lease is given below: (Refer Note-4)

	31st March, 2017	31st March, 2016
Not later than one year	4.34	3.94
Later than one year and not later than 5 years	4.76	9.10
Present value of minimum lease rentals	9.10	13.04

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

	31st March, 2017	(₹ in lac) 31st March, 2016
<b>32.08 (a) Earnings in Foreign Exchange</b>		
F.O.B.value of exports	987.77	1047.67
Others	3.93	5.19
<b>(b) Details of product sold</b>		
Mechanical Vibratory Screens/Feeders/Bulk Material Handling Equipment	1828.44	2047.98
Mogensen Sizer	765.27	782.09
Gear Box & Geared Motor	3138.55	2440.49
Others (none of which individually exceeds 10% of total turnover)	3946.12	3861.88
<b>Sale of product (net of excise duty)</b>	<b>9678.38</b>	<b>9132.44</b>
<b>(c) Details of inventory</b>		
(i) Work-in-progress		
Mechanical Vibratory Screens/feeders/Bulk Material Handling Equipment	239.39	120.57
Mogensen Sizer	100.23	84.05
Others	296.56	467.98
	<u>636.18</u>	<u>672.60</u>
(ii) Finished Goods		
Crusher	134.26	134.26
Gear Box & Geared Motor	217.34	275.46
Others	660.76	571.61
	<u>1012.36</u>	<u>981.33</u>
<b>32.09 (a) Raw Materials consumed</b>		
Steel	885.72	941.36
Castings	827.52	719.50
Components and Spares*	2580.07	2645.71
	<u>4293.31</u>	<u>4306.57</u>
*(none of which individually exceeds 10% of total consumption)		
<b>(b) Details of Purchase of raw materials and components</b>		
Steel	911.91	900.04
Castings	852.54	698.90
Components and Spares*	2462.87	2530.74
Carriage Inward	110.46	91.14
	<u>4337.78</u>	<u>4220.82</u>
*(none of which individually exceeds 10% of total consumption)		
<b>32.10 Value of Imports (C.I.F.basis)</b>		
Components & Spares	416.74	197.00
Capital Goods	5.56	246.25

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

**32.11 Value of Indigenous and Imported Raw Materials**

	2016-17		2015-16	
	% of total consumption	Value ₹ in lac	% of total consumption	Value ₹ in lac
<b>RAW MATERIALS CONSUMED</b>				
Imported	10.28	441.27	5.12	220.29
Indigenous	89.72	3852.03	94.88	4086.28
	<u>100.00</u>	<u>4293.30</u>	<u>100.00</u>	<u>4306.57</u>
<b>STORES AND SPARES CONSUMED</b>				
Imported	—	—	—	—
Indigenous	100.00	239.16	100.00	272.74
	<u>100.00</u>	<u>239.16</u>	<u>100.00</u>	<u>272.74</u>

**32.12** During the year, the Company had Specified Bank Notes (SBN's) or Other Denomination Notes (ODN's) as defined in the MCA Notification G.S.R 308(E) dated 31st March, 2017. Details of SBN's and ODN's held and transacted during the period from 8th November, 2016 to 30th December, 2016, as required in terms of the said notification are given below:

Particulars	SBN's	ODN's	Total
Closing Cash in hand as on 8th November, 2016	131500	287908	419408
Add:			
Non-Permitted Receipts	14500	—	14500
Permitted Receipts	—	4684018	4684018
Less:			
Permitted Payments	—	4294039	4294039
Non-Permitted payments	30000	—	30000
Amount deposited in Bank Accounts	116000	—	116000
Closing Cash in hand as on 30th December, 2016	—	677887	677887

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

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

**H.K. Verma**  
Partner  
Kolkata, 12th May, 2017

**S.C. Saha**  
Company Secretary  
**A.K. Neogi**  
Chief Financial Officer

On behalf of the Board

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



**Form AOC-I**

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

**Part "A": Subsidiaries - NIL****Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1. Name of Joint Venture Company	Mozer Process Technology Private Limited
2. Latest audited Balance Sheet Date	31st March, 2017
3. Date on which the Joint Venture Company was acquired	22nd May, 2013
4. Shares of Joint Venture Company held by the Company on the year end :- No. Amount of Investment in the Joint Venture Company Extent of Holding (in percentage)	5,00,000 (Five Lac) ₹ 50,00,000 (Fifty Lac) 50%
5. Description of how there is significant influence	50% Equity Shareholding in the Joint Venture Company and joint control of its Board of Directors together with the Joint Venture Partner, M/s. Allgaier Werke, GmbH, Germany, in terms of the agreement dated 23rd July, 2012 for creation of the Joint Venture Company.
6. Reason why the associate / joint venture is not consolidated	Not Applicable as the Consolidated Financial Statements have been prepared for the Financial Year ended 31st March, 2017.
7. Networth attributable to Shareholding as per latest audited Balance Sheet	₹ 19.77 Lac*
8. Profit / (Loss) for the year i. Considered in Consolidation ii. Not Considered in Consolidation	(₹ 10.98 Lac)* —

\* The figures as given above are as per the Standalone Financial Statements of the Joint Venture Company and hence, effect of inter-company and other adjustments carried out on consolidation have not been considered for the purpose of the above disclosure.

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

**H. K. Verma**  
Partner  
Kolkata, 12th May, 2017

On behalf of the Board

**S. C. Saha**  
Company Secretary

**A. K. Neogi**  
Chief Financial Officer

**S. Bagaria**  
Chairman

**I. Sen**  
Managing Director

**TEN YEARS' FINANCIAL STATISTICS**

(₹ in lac)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
<b>OPERATING RESULTS</b>										
Sales	9519	9819	9699	10556	10587	11843	9661	8727	9132	9678
Other Income	158	154	339	274	374	224	439	349	357	864
Exceptional Income	—	—	—	—	989*	—	—	—	—	—
<b>Total Income</b>	<b>9677</b>	<b>9973</b>	<b>10038</b>	<b>10830</b>	<b>11950</b>	<b>12067</b>	<b>10100</b>	<b>9076</b>	<b>9489</b>	<b>10542</b>
<b>Profit before Interest, Depreciation &amp; Tax (PBIDT)</b>										
Interest	42	63	33	66	84	122	76	86	89	381
Depreciation	301	315	351	281	364	403	414	451	388	507
Profit before Tax / (Loss)	1802	1516	1745	1478	2320	731	66	62	(178)	106
<b>Profit after Tax / (Loss)</b>	<b>1173</b>	<b>991</b>	<b>1196</b>	<b>1003</b>	<b>1646</b>	<b>448</b>	<b>80</b>	<b>98</b>	<b>(51)</b>	<b>81</b>
Dividends	120	120	120	120	120	120	36	36	—	—
Tax on Dividend	20	20	20	20	19	20	6	7	—	—
Retained Profit	1033	851	1056	863	1507	308	38	55	(51)	81
<b>NET ASSETS EMPLOYED</b>										
Net Fixed Assets	1987	1899	1920	2770	3560	3235	2951	2876	4440	5119
Net Current Assets	3083	3841	5499	5593	6332	6770	6677	7632	7885	7070
<b>Net Assets Employed</b>	<b>5070</b>	<b>5740</b>	<b>7419</b>	<b>8363</b>	<b>9892</b>	<b>10005</b>	<b>9628</b>	<b>10508</b>	<b>12325</b>	<b>12189</b>
Financed by –										
Shareholders' Fund	4808	5645	6687	7537	9031	9335	9368	9233	9182	9263
Borrowings	262	95	732	826	861	670	260	1275	3143	2926
<b>Funds Employed</b>	<b>5070</b>	<b>5740</b>	<b>7419</b>	<b>8363</b>	<b>9892</b>	<b>10005</b>	<b>9628</b>	<b>10508</b>	<b>12325</b>	<b>12189</b>
<b>RATIOS</b>										
PBIDT to Sales (%)	22.5	19.3	22.0	17.3	26.1	10.6	5.76	6.86	3.27	10.27
Debt : Equity	0.05	0.02	0.11	0.11	0.10	0.07	0.03	0.14	0.34	0.32
Earnings per Share (Basic) (₹)	49.09	41.46	50.03	41.94	68.86	18.74	3.34	4.09	(2.14)	3.38
Dividend per Equity Share (₹)	5.00	5.00	5.00	5.00	5.00	5.00	1.50	1.50	—	—
Book value per Share (₹)	201.15	236.17	279.76	315.32	377.82	390.54	391.92	386.27	384.14	387.53

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

\*\* includes short term investments

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

## INDEPENDENT AUDITORS' REPORT

### To the Members of International Combustion (India) Limited

#### Report on the Consolidated Financial Statements.

We have audited the accompanying consolidated financial statements of International Combustion (India) Limited ("hereinafter referred to as the Holding Company") and its jointly controlled entity comprising of the Consolidated Balance Sheet as at March 31, 2017, and the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and, other notes for the year ended on that date (hereinafter referred to as the Consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows including its Jointly Controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Consolidated Financial Statements is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditor's in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs as at 31st March, 2017 and jointly controlled entities as at 3rd March, 2017, and their consolidated Profit and their consolidated Cash Flows for the year ended on that date.

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### Other Matters

- a) We did not audit the financial statements of one joint venture, whose financial statements reflect total assets of ₹ 116.32 lac as at 31st March, 2017, total revenue of ₹ 112.30 lac and Net cash flows amounting to ₹ 10.84 lac for the year ended as on that date, as considered in the consolidated financial statements. The aforesaid financial statements have been audited by other auditor whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of the joint venture, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid joint venture, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b) In our opinion proper books of accounts, as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and the report of the other auditors;
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the Consolidated Balance Sheet, Consolidated Statement of Profit and loss and Consolidated Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act;
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017, taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditor of its jointly controlled entity, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company and jointly controlled company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and Jointly Controlled Company's incorporated in India.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. Pending litigations (Other than those already recognised in the consolidated financial statements) on the consolidated financial position of the Holding Company and its jointly controlled entity have been disclosed in the consolidated financial statement as required in terms of the accounting standards and provisions of the Companies Act, 2013;
  - ii. The Holding Company and its jointly controlled entity did not have long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes (Bank notes of denominations of five hundred and one thousand rupees existing on November 08, 2016) (SBN's) during the period from November 08, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosure are in accordance with books of account maintained

**INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

by the Company and as produced to us by the management. However, as stated in note 32.09 to the financial statements and also as represented to us by the Management, ₹ 0.30 lac have been utilized and ₹ 0.15 lac have been received from transactions which were not permitted

- iv. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

For **Lodha & Co.**  
Chartered Accountants  
Firm's ICAI Registration No.: 301051E

**H. K. Verma**  
Partner  
Membership No.: 055104

Place : Kolkata

Date : 12th May, 2017

**Annexure "A" to the Independent Auditor's Report on Consolidated Financial Statements**

(Referred to in paragraph (f) under 'Report on Other legal and Regulatory Requirements' of our report of even date).

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of International Combustion (India) Limited (hereinafter referred to as lithe Holding Company) and its jointly controlled company, which are company incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and jointly controlled company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the joint controlled company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and jointly controlled company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one Jointly Controlled Company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Place : Kolkata  
Date : 12th May, 2017

For **Lodha & Co.**  
Chartered Accountants  
Firm's ICAI Registration No.: 301051E  
**H. K. Verma**  
Partner  
Membership No.: 055104

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017**

Particulars	Note No.	(₹ in lac)	
		As at 31st March, 2017	As at 31st March, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	2	239.03	239.03
(b) Reserves and Surplus	3	8993.56	8879.66
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	4	1971.38	2407.27
(b) Deferred Tax liabilities (net)	5	157.78	132.18
(c) Other Long-term liabilities	6	—	81.44
(d) Long-term provisions	7	101.65	72.15
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	8	954.95	735.45
(b) Trade payables	9		
(i) Total outstanding dues of Micro & Small Enterprises		45.66	28.17
(ii) Total outstanding dues other than Micro & Small Enterprises		1824.93	1263.13
(c) Other current liabilities	10	1548.42	1177.43
(d) Short-term provisions	11	156.95	105.94
<b>TOTAL</b>		<b>15994.31</b>	<b>15121.85</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets	12		
(i) Tangible assets		4988.81	3847.92
(ii) Intangible assets		60.44	14.68
(iii) Capital work-in-progress		70.23	577.64
(b) Non-Current Investments	13	1500.00	1800.00
(c) Long-term loans and advances	14	153.08	236.41
(d) Other non-current assets	15	531.56	168.98
<b>(2) Current assets</b>			
(a) Current investments	16	950.00	650.00
(b) Inventories	17	3038.43	3013.55
(c) Trade receivables	18	3918.58	4065.48
(d) Cash and Bank Balances	19	267.88	290.38
(e) Short-term loans and advances	20	499.28	440.06
(f) Other current assets	21	16.02	16.75
<b>TOTAL</b>		<b>15994.31</b>	<b>15121.85</b>
Summary of Significant Accounting Policies	1		
Notes on Consolidated Financial Statements	2-32.10		

The notes are an integral part of the Consolidated Financial Statements

AAs per our report of even date

For **Lodha & Co.,**

Chartered Accountants,

**H.K. Verma**

Partner

Kolkata, 12th May, 2017

**S.C. Saha**

Company Secretary

**A.K. Neogi**

Chief Financial Officer

On behalf of the Board

**S. Bagaria, Chairman**

**I. Sen, Managing Director**

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**

		(₹ in lac)	
Particulars	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<i>Revenue:</i>			
I. Revenue from operations	22	9942.41	9247.83
II. Other Income	23	700.29	158.35
<b>III. Total Revenue (I +II)</b>		<b>10642.70</b>	<b>9406.18</b>
IV. Expenses:			
Cost of materials consumed			
Purchase of Stock-in-Trade	24	4293.31	4306.57
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	58.24	60.29
Employee benefit expenses	26	3102.77	2830.65
Finance cost	27	380.94	88.70
Depreciation and amortization expense	28	506.92	388.35
Other expenses	29	2161.02	1950.60
<b>Total Expenses</b>		<b>10503.20</b>	<b>9625.16</b>
V. Profit /(Loss) before tax (III - IV)		139.50	(218.98)
VI. Tax expense:			
(1) Current tax	30	—	1.06
(2) Deferred tax / (reversed)	5	25.60	(120.98)
Total Tax Expenses		25.60	(119.92)
VII. Profit/(Loss) for the year (V-VI)		113.90	(99.06)
VIII. Earning per equity share:			
(1) Basic	31	4.77	(4.14)
(2) Diluted	31	4.77	(4.14)
Summary of Significant Accounting Policies	1		
Notes on Consolidated Financial Statements	2-32.10		

The notes are an integral part of the Consolidated Financial Statements

AAs per our report of even date

For **Lodha & Co.,**

Chartered Accountants,

**H.K. Verma**

Partner

Kolkata, 12th May, 2017

**S.C. Saha**

Company Secretary

**A.K. Neogi**

Chief Financial Officer

On behalf of the Board

**S. Bagaria, Chairman**

**I. Sen, Managing Director**



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**

	(₹ in lac)	
	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit / (Loss) before Tax and extraordinary items</b>	<b>139.50</b>	<b>(218.98)</b>
Adjustments for :		
Depreciation & Amortisation expenses	506.92	388.35
(Profit)/loss on sale of fixed asset (net)	(1.56)	(5.50)
Irrecoverable Debts written off	75.31	71.49
Interest Income	(16.04)	(35.28)
Profit on maturity/redemption of current investments	(118.56)	(99.75)
Finance Costs	380.94	88.70
Liabilities no longer required written back	(50.48)	(69.48)
Surrender value of Keyman Insurance	(497.62)	—
Difference in Exchange Rate	1.33	(0.39)
<b>Operating profit before Working Capital changes</b>	<b>419.74</b>	<b>119.16</b>
<b>Movement in working capital:</b>		
Increase/ (decrease) in trade Payables	630.03	(235.14)
Increase/ (decrease) in long-term provisions	29.50	11.16
Increase/ (decrease) in short-term provisions	19.07	14.70
Increase/ (decrease) in other current liabilities	107.67	(400.04)
Decrease/ (increase) in trade receivables	70.00	(213.36)
Decrease/ (increase) in inventories	(24.88)	182.12
Decrease/ (increase) in long-term loans and advances	105.04	(107.35)
Decrease/ (increase) in short-term loans and advances	(59.22)	5.06
Decrease/ (increase) in other current assets	0.73	7.72
<b>Cash generated from/(used in) operations</b>	<b>1297.68</b>	<b>(615.97)</b>
Direct Taxes Paid(net of refunds)	10.23	55.23
<b>Net Cash from /(used in) operating activities ...(A)</b>	<b>1307.91</b>	<b>(560.74)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of fixed asset	2.04	5.63
Purchase of Fixed Assets including intangible assets, CWIP and capital advances	(1236.59)	(1721.87)
Proceeds from Redemption/ Maturity of current investments	718.56	499.75
Purchase of Investments	(600.00)	(300.00)
Investment in bank deposits (having original maturity of more than three months)	124.54	(5.09)
Interest Received	16.04	35.28
<b>Net Cash from /(used in) investing activities ...(B)</b>	<b>(975.41)</b>	<b>(1486.30)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/ (Repayment) of long-term borrowings	(201.73)	2103.00
Proceeds/ (Repayment) of short term borrowings	219.50	127.32
Interest Paid	(380.94)	(88.70)
Dividends Paid (including corporate tax on dividend)	(2.33)	(44.63)
<b>Net Cash flow from/(used in) Financing activities ...(C)</b>	<b>(365.50)</b>	<b>2096.99</b>
<b>Net increase/(decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(33.00)</b>	<b>49.95</b>
Cash and Cash equivalents at the beginning of the year	190.92	140.97
Cash and Cash equivalents at the close of the year. (Refer Note 19)	157.92	190.92

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

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

(iii) Cash and cash equivalent represents cash in hand and balance with Banks in Current Account.

As per our report of even date

For **Lodha & Co.,**

Chartered Accountants,

**H.K. Verma**

Partner

Kolkata, 12th May, 2017

**S.C. Saha**

Company Secretary

**A.K. Neogi**

Chief Financial Officer

On behalf of the Board

**S. Bagaria, Chairman**

**I. Sen, Managing Director**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

### 1. 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard (AS) – 21 on “Consolidated Financial Statements” and AS – 27 on “Financial Reporting of Interest in Joint Ventures” notified vide Companies (Accounting Standards) Rules, 2006.
- 1.2 The Consolidated Financial Statements relate to International Combustion (India) Limited (the Company) and its joint ventures, Mozer Process Technology Pvt.Ltd., a company incorporated in India having ownership interest of 50%.

### 1.3 CONSOLIDATION PROCEDURE:

- i. The financial statements of the parent Company and its subsidiaries have been prepared based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra group balances, intra group transactions and the unrealised profits on stocks arising out of intra group transaction have been eliminated.
  - ii. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.
  - iii. The difference between the costs of investment in the Joint Venture, over the net assets at the time of acquisition of shares in the Joint Venture is recognised in the consolidated financial statements as Goodwill or Capital reserve as the case may be.
  - iv. The group’s interest in the jointly controlled entity is accounted using proportionate consolidation.
- 1.4 Investments other than in subsidiaries, joint ventures and associates have been accounted as per AS-13 on “Accounting for Investments.”

### 1.5 OTHER SIGNIFICANT ACCOUNTING POLICIES:

#### (i) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared under the historical cost convention except in respect of certain fixed assets which are stated at revalued amount in accordance with the provisions of the Companies Act, 2013 and accounting standards as prescribed under section 133 of the Companies Act, 2013 and other recognized accounting practices. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

#### ii) USE OF ESTIMATES

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

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

#### (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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)****Intangible**

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

**Capital Work-in –progress**

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

**(iv) DEPRECIATION & AMORTIZATION**

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

- (a) Nagpur and Aurangabad Units - on straight line method in respect of assets acquired/installed based on the useful life as specified in Schedule II to the Companies Act, 2013.
- (b) Other Units - on written down value method based on the useful life as specified in Schedule II to the Companies Act, 2013.
- (c) Leasehold Land being perpetuity in nature and having 99 years of lease with an option of renewal has not been amortised. Intangible assets are amortized on straight line method over a period of six years.

**(v) IMPAIRMENT**

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

**(vi) INVESTMENTS**

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

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

**(vii) INVENTORIES**

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

**(viii) FOREIGN CURRENCY TRANSACTIONS**

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

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

**(ix) BORROWING COSTS**

Borrowing costs that are attributable to acquisition or construction of qualifying assets are

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

capitalized as part of the cost of such assets. A qualifying asset is one that necessarily take substantial period of time to set ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss.

### (x) 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.

### (xi) EMPLOYEE BENEFITS

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

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

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

### (xii) INCOME TAX

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

### (xiii) 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.

### (xiv) FINANCE LEASE

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

		(₹ in lac)	
	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>2. SHARE CAPITAL</b>			
<b>(a) Authorised Shares</b>			
5000000 (2015-16 - 5000000)			
Equity Shares of ₹ 10 each		500.00	500.00
<b>(b) Issued, Subscribed and fully paid-up shares</b>			
2390276 Equity Shares of ₹ 10 each			
fully paid up (2015-16 - 2390276)		239.03	239.03
<b>(c)</b> The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled for one vote per share.			
<b>(d)</b> In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts in proportion of their shareholding.			
<b>(e)</b> There is no movement in the number of shares outstanding at the beginning and at the end of the year.			
<b>3. RESERVES &amp; SURPLUS</b>			
(₹ in lac)			
<b>Capital Reserve</b>			
As per last Balance Sheet		605.34	605.34
<b>Securities Premium Account</b>			
As per last Balance Sheet		890.41	890.41
<b>General Reserve</b>			
As per last Balance Sheet		7301.82	7301.82
<b>Surplus as per Statement of Profit and Loss</b>			
As per last Balance Sheet		82.09	196.64
Add: Transitional Provision of Joint Venture Share of Loss	3.1	—	(15.49)
Add: Net profit/(loss) after Tax transferred from Statement of Profit and Loss		113.90	(99.06)
Closing Balance		195.99	82.09
<b>TOTAL</b>		<b>8993.56</b>	<b>8879.66</b>
<b>4. LONG TERM BORROWINGS</b>			
(₹ in lac)			
<b>Secured</b>			
Term Loan from Bank	4(a), 4(b), 4(c) & 4(d)	1966.62	2398.17
Vehicle Finance loan from Bank	4(e), 4(f) & 4(g)	4.76	9.10
		1971.38	2407.27
<b>(a)</b> Term Loan from Kotak Bank is secured by way of lien on investments in units of mutual fund held by the Company and is repayable in 60 monthly instalments starting from January, 2016			

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

		(₹ in lac)	
4. LONG TERM BORROWINGS (Contd.)	Note No.	As at 31st March, 2017	As at 31st March, 2016
(b)			
Term Loan from Axis Bank is secured by way of exclusive hypothecation charge over movable fixed assets at Ajmer unit, equitable mortgage over Company's leasehold land and building thereon situated at Ajmer and second charge as collateral securities by way of equitable mortgage on immovable assets located at Nagpur and Aurangabad units on which first charge is held for working capital facilities for Nagpur and Aurangabad units.			
(c)			
Repayment details of Term loan are given below:			
		619.49	
(included under Current Maturities of Term loan)			
		638.11	
		678.69	
		620.63	
		29.19	
		<u>1966.62</u>	
(d)		12.00%	
		- Kotak-(Base Rate + 1.85%)	11.35%
(e)			
Finance lease obligation is secured against car taken on two finance lease and are repayable in 60 and 36 monthly instalments starting from July, 2014 and March, 2016 respectively			
(f)			
Repayment details of Vehicle Finance loan are given below:			
		4.34	
2017-18 (included under Current Maturities of Vehicle Finance Lease) 10			
		4.47	
		0.29	
		<u>4.76</u>	
(g)		10.51% & 9.4%	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**
**5. DEFERRED TAX LIABILITIES (Net)**

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

(₹ in lac)

	Opening as on 1st April, 2016	Charge/(Credit) during the year	Closing as on 31st March, 2017
Deferred Tax Assets:			
Expenses Allowable on Payment Basis	31.53	(9.36)	40.89
Unabsorbed Depreciation	95.78	(60.86)	156.64
Gross Deferred Tax Assets	127.31	(70.22)	197.53
Deferred Tax Liabilities:			
Timing Difference with respect to Fixed Assets	259.49	95.82	355.31
Gross Deferred Tax Liabilities	259.49	95.82	355.31
Net Deferred Tax Liabilities	132.18	25.60	157.78

(₹ in lac)

	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>6. OTHER LONG TERM LIABILITIES</b>			
Capital Vendors		—	81.44
<b>7. LONG TERM PROVISIONS</b>			
Provision for Employee Benefits	32.03	101.65	72.15
<b>8. SHORT TERM BORROWINGS</b>			
(a) Secured Loans			
Working Capital Facilities from Banks (Repayable on demand)	8(b) & 8(c)	777.65	543.51
Buyer's Credit	8(d)	177.30	191.94
		954.95	735.45

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

(c) Cash Credit from Kotak Mahindra Bank is secured by way of lien on investments in units of mutual funds held by the Company.

(d) Buyer's Credit is secured against hypothecation of the plant and equipment purchased there against.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

		(₹ in lac)	
	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>9. TRADE PAYABLES</b>			
Dues to Micro, Small and Medium Enterprises	9(a)	45.66	28.17
Dues to Others*		<u>1824.93</u>	<u>1263.13</u>
		<u>1870.59</u>	<u>1291.30</u>
* Includes share of Joint Venture- ₹ 0.18 lac (2015-16 - ₹ 1.17 lac)			
(a) Disclosures of these dues is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" (the Act):			
<b>(i) The principal amount and the interest due remaining unpaid to any supplier as at the end of the year</b>			
Principal amount unpaid		45.66	28.17
Interest due		—	—
<b>(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:</b>			
Payment made beyond the Appointed Date		154.12	191.67
Interest paid beyond the Appointed Date		—	—
<b>(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".</b>			
		—	—
<b>(iv) The amount of interest accrued and remaining unpaid at the end of the year and</b>			
		—	—
<b>(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".</b>			
		—	—



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

		(₹ in lac)	
	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>10. OTHER CURRENT LIABILITIES</b>			
Current Maturities of Long Term Loan - Secured	4	619.49	385.73
Current Maturities of Vehicle Finance Lease - Secured	4	4.34	3.94
Unclaimed Dividends *		10.60	12.93
Capital Vendor		181.30	149.81
Interest Accrued but not due on Loans		—	9.52
Advances from Customers**		470.74	401.01
Other Payables :			
Statutory deductions/payable - P.F., ESI, Sales tax, VAT etc.***		149.50	105.45
Excise duty on Closing Stock		112.45	109.04
		<u>1548.42</u>	<u>1177.43</u>
* Not due for payment to Investor Education and Protection Fund			
** Includes share of Joint Venture - ₹ Nil (2015-16 - ₹ 13.59 lac)			
*** Includes share of Joint Venture - ₹ 0.08 lac (2015-16 - ₹ Nil)			
<b>11. SHORT TERM PROVISIONS</b>			
Provision for Employee Benefits	32.03	88.78	69.71
Provision for Taxation* [net of Advance Tax - ₹ 277.82 lac (2015-16 - ₹ 301.04 lac)]		68.17	36.23
		<u>156.95</u>	<u>105.94</u>
* Net of share of Joint Venture - Tax Deducted At Source - ₹ 0.10 lac (2015-16 - ₹ 0.17 lac)			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

12. FIXED ASSETS

Assets	GROSS BLOCK (Cost / on revaluation)			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 1st April, 2016	Additions/ Adjustments during the year	Deletion during the year	As at 31st March, 2017	Upto 31st March, 2016	During the year	Deletion during the year	Upto 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
<b>A. Tangible Assets</b>										
Land -										
Freehold	3.04	—	—	3.04	—	—	—	—	3.04	3.04
Leasehold	545.09	—	—	545.09	0.01	—	—	0.01	545.08	545.08
Buildings	1127.13	633.98	—	1761.11	594.73	61.50	—	656.23	1104.88	532.40
Buildings - Leasehold	789.88	—	—	789.88	211.53	43.29	—	254.82	535.06	578.35
Plant and Equipments	4920.92	876.87	6.45	5791.34	2967.62	326.59	6.01	3288.20	2503.14	1953.30
Furniture and Fixtures	262.58	22.26	0.57	284.27	211.48	21.17	0.57	232.08	52.19	51.10
Vehicles										
Freehold	33.60	—	4.77	28.83	33.12	2.77	9.62	26.27	2.56	0.48
Leasehold	51.56	—	—	51.56	28.52	8.12	(4.89)	41.53	10.03	23.04
Office Equipment	24.16	3.05	0.08	27.13	23.86	0.88	0.08	24.66	2.47	0.30
Electrical Installation	309.09	97.41	—	406.50	148.26	27.88	—	176.14	230.36	160.83
	8067.05	1633.57	11.87	9688.75	4219.13	492.20	11.39	4699.94	4988.81	3847.92
<b>B. Intangible Assets</b>										
Technical Knowhow fees	328.13	36.86	—	364.99	320.28	9.36	—	329.64	35.35	7.85
ERP Software	36.20	23.62	—	59.82	36.18	3.60	—	39.78	20.04	0.02
Autocad Software	19.47	—	—	19.47	12.71	1.74	—	14.45	5.02	6.76
Patent	105.53	—	—	105.53	105.53	—	—	105.53	—	—
Tally Accounting Package *	489.42	—	—	489.42	0.04	0.02	—	0.06	0.03	0.05
	489.42	60.48	—	549.90	474.74	14.72	—	489.46	60.44	14.68
<b>Total (A+B)</b>	8556.47	1694.05	11.87	10238.65	4693.87	506.92	11.39	5189.40	5049.25	3862.60
Previous year	7110.76	1470.99	25.28	8556.47	4330.67	388.35	25.15	4693.87	3862.60	

\* Share of Joint Venture

Notes :

- (a) The Building Material Division of the Company for the manufacture of dry mix product has been commissioned on 31st March, 2016
- (b) Certain Buildings and Plant and Equipments had been revalued on 31st October, 1991 by an approved valuer on market value basis, resulting in an increase in value of such assets by ₹ 437.37 lac. Such asset had been duly depreciated in earlier years.
- (c) Refer Notes 4(b), 4(e) and 8(b)
- (d) Capital Work-in-Progress includes ₹ 7.23 lac (2015-16 - ₹ 529.00 lac) for cost of equipments, construction including material and other costs which has been allocated to respective fixed assets on the completion of the project.

	₹ in lac	
	As on 31st March, 2017	As on 31st March, 2016
Amount brought forward	48.64	—
Addition during the year:		
Consultancy charges	—	1.75
Interest on Term Loan	—	162.88
Miscellaneous Expenses	—	0.04
Less : Capitalised during the year	(48.64)	(116.03)
Total pre-operative expenses carried forward pending allocation	—	48.64

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

		(₹ in lac)	
	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>13. NON CURRENT INVESTMENTS</b>			
<b>Long term</b>			
<b>Unquoted - Other than Trade</b>			
<b>Investment in Mutual Funds</b>			
i.	13.4	—	200.00
Reliance Fixed Horizon Fund XXVII Sr-3 Nil units of ₹ 10 each (2015-16 - 2000000)			
ii.		300.00	300.00
ICICI Prudential Fixed Maturity Plan Series 75 Plan U Regular Plan Cumulative 3000000 units of ₹ 10 each (2015-16 - 3000000)			
iii.		200.00	200.00
HDFC FMP 1184 D January 2015 (I) Series 33 2000000 units of ₹ 10 each (2015-16 - 2000000)			
iv.		150.00	150.00
Kotak FMP Series 172-Growth (Regular Plan) 1500000 units of ₹ 10 each (2015-16 - 1500000)			
v.	13.4	—	200.00
ICICI Prudential FMP Series 73-1140 days Plan E Regular Plan Cumulative Nil units of face value of ₹ 10 each (2015-16 - 2000000)			
vi.	13.4	—	300.00
Birla Sunlife Fixed Term Plan - Corporate Bond Series A Nil units of ₹ 10 each (2015-16 - 3000000)			
vii.		300.00	300.00
UTI-FTIF- Series VI 3000000 units of ₹ 10 each (2015-16 - 3000000)			
viii.		150.00	150.00
Kotak FMP Series 127- Growth (Regular Plan) 1500000 units of ₹ 10 each (2015-16 - 1500000)			
ix.		100.00	—
BOI AXA Corporate Credit Spectrum Fund 1000000 units of ₹ 10 each (2015-16 - Nil)			
x.		300.00	—
HDFC FMP 1213 D Mar 2017(1) Reg Gr 3000000 units of ₹ 10 each (2015-16 - Nil)			
<b>TOTAL INVESTMENTS</b>		<b>1500.00</b>	<b>1800.00</b>
Aggregate book value of Quoted Investments: in Mutual Funds		1500.00	180.00
Aggregate NAV of Unquoted Investments: in Mutual Funds		1775.21	2078.53

**13.1** Refer Note No.4(a) & 8(c)

**13.2** Interest in Joint Venture:

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

Name of Entity	Country of Incorporation	Proportion of ownership interest as at	
		31st March, 2017	31st March, 2016
Mozer Process Technology Pvt Ltd	India	50%	50%
The Company's interest in this Joint Venture is reported as Long-term Investments and stated at cost. However, aggregate amount of the Company's share of each of the assets, liabilities, income and expenses related to its interest in this jointly controlled entity is given below:			
Income		112.30	1.69
Expenses		114.68	7.13
Assets		116.32	130.03
Liabilities		96.56	99.28

Figures as given above are as per standalone financial statements of Joint Venture and hence effect of inter company and other adjustments carried out on consolidation has not been considered for the purpose of above disclosure.

**13.3** Refer Note No 16.3 for particulars of investments

**13.4** Current maturities of Long Term Investments have been shown under "Current Investments".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

		(₹ in lac)	
	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>14. LONG TERM LOANS AND ADVANCES</b>			
Unsecured - Considered good			
Capital Advances		—	113.02
Security Deposits		75.96	67.98
Mat Credit Entitlement		77.12	55.41
		<u>153.08</u>	<u>236.41</u>
14.1 The Company is entitled to MAT credit and accordingly based on evidences MAT credit of ₹ 77.12 lac (2015-16 - 55.41 lac) has been carried forward in these financial statements.			
<b>15. OTHER NON-CURRENT ASSETS</b>			
Unsecured, considered good			
Deposits with banks with more than twelve months maturity (including interest accrued thereon)	19.1	33.94	168.98
Surrender value of Keyman Insurance	23.1	497.62	—
		<u>531.56</u>	<u>168.98</u>
<b>16. CURRENT INVESTMENTS - at cost</b> (fully paid-up unless otherwise stated)			
<b>Unquoted - Other than Trade</b>			
<b>Investment in Mutual Funds</b>			
	16.1		
i. DHFL Pramerica Fixed Fund Maturity Plan-Series 68 2500000 units of ₹ 10 each (2015-16 - 2500000)		250.00	250.00
ii. Reliance Fixed Horizon Fund - XXVII Sr -3 2000000 units of ₹ 10 each (2015-16 - Nil)		200.00	—
iii. ICICI Prudential FMP Series 73-1140 days Plan E Regular Cumulative 2000000 Units of ₹ 10 each (2015-16 -Nil)		200.00	—
iv. Birla Sunlife Fixed Term Plan - Corporate Bond Seriesm A 3000000 units of ₹ 10 each (2015-16 - Nil)		300.00	—
v. Reliance Fixed Horizon Fund - XXIII Series 11 Nil units of ₹ 10 each (2015-16 - 3000000)		—	300.00
vi. Birla Sunlife Fixed Term Plan Series JJ Nil units of ₹ 10 each (2015-16 - 1000000)		—	100.00
<b>TOTAL INVESTMENTS</b>		<u>950.00</u>	<u>650.00</u>
Aggregate book value of Unquoted Investments: in Mutual Funds		950.00	650.00
Aggregate NAV of Unquoted Investments: in Mutual Funds		1236.29	785.37
16.1 Current portion of long term investments			
16.2 Refer Note No.4(a) & 8(c)			
16.3 Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed in Note 13 & 16			

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

	Note No.	As at 31st March, 2017	(₹ in lac) As at 31st March, 2016
<b>17. INVENTORIES</b>	8(b)		
(As taken, valued and certified by the management)			
Raw Materials and Components		1150.81	1106.34
Work-in-progress		636.18	672.60
Finished Goods		1012.36	981.33
Stock-in-Trade*		—	49.40
Stores		221.40	184.67
Packing Materials		17.68	19.21
		<u>3038.43</u>	<u>3013.55</u>
<b>17.1</b> *Includes Share of Joint Venture - ₹ Nil (2015-16 - ₹ 49.40 lac)			
<b>18. TRADE RECEIVABLES</b>	8(b)		
Unsecured, considered good			
Trade receivables outstanding for period exceeding six months		809.76	785.17
Others*		3108.82	3280.31
		<u>3918.58</u>	<u>4065.48</u>
<b>18.1</b> *Includes Share of Joint Venture - ₹ 2.14 lac (2015-16 - ₹ Nil)			
<b>19. CASH AND BANK BALANCES</b>			
(As certified by the management)			
Cash and Cash Equivalents			
Balances with Banks:			
- Current Accounts*		144.19	175.17
- Unclaimed Dividends Accounts		10.60	12.93
Cash in hand*		3.13	2.82
		<u>157.92</u>	<u>190.92</u>
Other Bank Balances			
- Fixed Deposit Accounts - (including interest thereon)			
with original maturity of more than twelve months		8.07	—
with original maturity of more than three months but less than twelve months*		—	20.95
- Margin money with banks (including interest accrued thereon) with original maturity of more than twelve months	19.1	101.89	78.51
		<u>109.96</u>	<u>99.46</u>
		<u>267.88</u>	<u>290.38</u>

**19.1** Fixed Deposits receipts of ₹ 135.82 lac (2015-16 - ₹ 239.98 lac) have been deposited with banks against guarantees issued by them

**19.2** \* Includes share of Joint Venture - Bank Balances - ₹ 13.33 lac (2015-16 - ₹ 2.52 lac)  
Cash in hand - ₹ 0.06 lac (2015-16 - ₹ 0.03 lac)  
Fixed Deposit - ₹ Nil (2015-16 - ₹ 20.41 lac)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

		(₹ in lac)	
	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>20. SHORT TERM LOANS AND ADVANCES</b>			
Unsecured-Considered good	8(b)		
Advances to Suppliers*		20.88	43.76
Advance to Employees		6.60	9.71
Advance for Fringe Benefit Tax (net of Provision for Tax - ₹ Nil; 2015-16 - ₹ Nil)		0.34	0.34
Balances with statutory / government authorities*		428.31	327.40
Prepaid Expenses		39.82	28.77
Others*		3.33	30.08
		<u>499.28</u>	<u>440.06</u>
* Includes share of Joint Venture - Advance to Suppliers - ₹ 0.47 lac (2015-16 - ₹ 0.13 lac) Balances with statutory / government authorities - ₹ 3.77 lac (2015-16 - ₹ 13.26 lac) Others - ₹ 0.11 lac (2015-16 - ₹ Nil)			
<b>21. OTHER CURRENT ASSETS</b>			
Export Incentive Receivable	8(b)	16.02	16.75
		<u>16.02</u>	<u>16.75</u>

		(₹ in lac)	
		For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>22. REVENUE FROM OPERATIONS</b>			
Sale of products*		10794.40	9995.20
Sale of services		37.70	31.36
Other operating revenue			
Scrap Sales		53.67	78.19
Liability no longer required written back		50.48	69.48
Duty Drawback		21.92	21.20
Less : Excise duty		(1015.76)	(947.60)
Revenue from Operations (net)		<u>9942.41</u>	<u>9247.83</u>
* Includes share of Joint Venture - Sale of products - ₹ 100.26 lac (2015-16 - ₹ Nil)			
<b>23. OTHER INCOME</b>			
Interest on deposits, overdue debts etc*		16.04	35.28
Profit on sale/redemption of current investments (net)		118.56	99.75
Profit/ (Loss) on sale of Fixed Asset (Net)		1.56	5.50
Net gain/(loss) on foreign currency translation and transaction*		10.89	17.52
Surrender Value of Keyman Insurance	23.1	497.62	—
Miscellaneous Income		55.62	0.30
		<u>700.29</u>	<u>158.35</u>
* Includes share of Joint Venture - Interest on Deposits - ₹ 0.82 lac (2015-16 - ₹ 1.68 lac) Loss on foreign currency translation and transaction - ₹ 0.03 lac (2015-16 - ₹ 0.01 lac)			

23.1 The Company has recognised the surrender value of Keyman Insurance policy considering the expected accrual of proceeds thereof on maturity in favour of the Company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(₹ in lac)			
<b>24. COST OF MATERIALS CONSUMED</b>			
Raw Materials Consumed		4293.31	4306.57
<b>25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>			
Finished Goods:			
Opening stock		981.33	1169.01
Add/(Less) : Provision for Excise duty on finished goods lying at the factories		3.45	(20.85)
Less: Closing Stock		(1012.36)	(981.33)
		(27.58)	166.83
Stock-in-Trade			
Opening stock*		49.40	—
Less: Closing Stock*		—	(49.40)
		49.40	(49.40)
Work-in-progress:			
Opening stock		672.60	615.46
Less: Closing Stock		(636.18)	(672.60)
		36.42	(57.14)
(Increase) / decrease		58.24	60.29
* Includes share of Joint Venture - Opening stock ₹ 49.40 lac (2015-16 - ₹ Nil) Closing stock ₹ Nil (2015-16 - ₹ 49.40 lac)			
<b>26. EMPLOYEE BENEFIT EXPENSES</b>			
Salaries and Wages*		2387.16	2134.22
Contribution to Provident and Other Funds		244.90	282.91
Workmen and Staff Welfare Expenses*		112.07	111.53
Travelling and Conveyance*		358.64	301.99
		3102.77	2830.65
* Includes share of Joint Venture - Salaries and Wages - ₹ 6.44 lac (2015-16 - ₹ 3.89 lac) Contribution to provident and other Funds - ₹ 0.35 lac (2015-16 - ₹ Nil) Workmen and Staff Welfare Expenses - ₹ 0.11 lac (2015-16 - ₹ 0.10 lac) Travelling and Conveyance - ₹ 1.80 lac (2015-16 - ₹ 0.85 lac)			
<b>27. FINANCE COST</b>			
Term Loan		306.72	—
Interest Expense		73.75	226.11
Other Borrowing Cost		0.47	25.47
Less : Capitalised	12(d)	—	(162.88)
		380.94	88.70

27.1 Borrowing costs amounting to ₹ Nil (2015-16- ₹ 162.88 lac) attributable to the cost of the fixed assets have been capitalised and the same has been adjusted from the finance cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

		(₹ in lac)	
	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>28. DEPRECIATION AND AMORTIZATION EXPENSE</b>			
Depreciation on tangible assets	12	492.20	358.86
Amortisation of intangible assets*	12	14.72	29.49
		<u>506.92</u>	<u>388.35</u>
* Includes share of Joint Venture - ₹ 0.02 lac (2015-16 - ₹ 0.01 lac)			
<b>29. OTHER EXPENSES</b>			
Consumable Stores		239.16	272.74
Rent		22.52	15.69
Rates and Taxes*		22.56	19.16
Power and Fuel		195.49	180.72
Repairs to			
- Buildings		38.43	9.14
- Machinery		8.31	10.34
- Others		57.27	62.34
Insurance		13.26	9.29
Selling and Distribution Expenses*	29(b)	512.83	515.37
Royalty		198.78	166.00
Directors' Commission		2.77	—
Auditors' Remuneration*	29(c)	4.52	4.60
Irrecoverable Debts/Advances written off		75.31	71.49
Communication Expenses*		31.07	22.11
Consultancy		41.95	20.49
Packing Materials consumed and packing charges (net)		169.11	145.72
Freight Charges (net)		108.45	56.94
Miscellaneous Expenses*	29(d)	419.23	368.46
		<u>2161.02</u>	<u>1950.60</u>
* Includes share of Joint Venture			
Rates & Taxes -		₹ 0.06 lac (2015-16 - ₹ 0.06 lac)	
Selling and Distribution Expenses -		₹ 6.66 lac (2015-16 - ₹ 1.61 lac)	
Auditors' Remuneration -		₹ 0.10 lac (2015-16 - ₹ 0.10 lac)	
Communication Expenses -		₹ 0.09 lac (2015-16 - ₹ 0.02 lac)	
Miscellaneous Expenses -		₹ 2.59 lac (2015-16 - ₹ 0.29 lac)	
(a) Expenditure in Foreign Currency			
Technical Knowhow fees		3.35	28.05
Royalty		160.39	163.59
Other matters		52.00	31.67
(b) Selling and Distribution Expenses comprise of-			
Travelling Expenses		428.85	393.53
Commission on Sales		61.98	108.16
Other Expenses		22.00	13.68
(c) Auditors' Remuneration:			
Audit Fees		3.35	2.85
Certification		1.17	1.75
(d) Includes expenditure towards activities for Corporate Social Responsibilities - ₹ 4.15 lac (2015-16 - ₹ 2.80 lac)			



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

(₹ in lac)

	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>30. TAX EXPENSE</b>			
Current Tax		21.71	—
Minimum Alternate Tax Credit Entitlement		(21.71)	—
Earlier years' short/excess provision		—	1.06
		0.00	1.06
<b>31. EARNINGS PER EQUITY SHARE (EPS)</b>			
I. Profit /(Loss) after tax..... (a)		113.90	(99.06)
II. Shares			
Number of Equity Shares as on 31st March		2390276	2390276
Weighted average number of Equity shares outstanding during the year (for EPS) ..... (b)		2390276	2390276
III. EPS (Face value of ₹ 10 each)			
Basic EPS (a/b) in Rupees		4.77	(4.14)
Diluted EPS (a/b) in Rupees		4.77	(4.14)
<b>32.01 CONTINGENT LIABILITIES AND COMMITMENTS</b>			
<b>Contingent Liabilities</b>			
Outstanding Bank Guarantees		75.86	75.13
<b>Commitments</b>			
Estimated amount of contracts remaining to be executed on capital account		—	1151.86

**32.02 UNHEDGED FOREIGN CURRENCY EXPOSURES  
ARE AS FOLLOWS:**

Nature	Currency	As at 31st March, 2017	As at 31st March, 2016
Import	Euro	17631	8329
Advance for Import	Euro	11784	12338
Export	USD	9129	149321
Export	Euro	111288	139830
Advance received against Export	USD	10552	628
Advance received against Export	Euro	56	171
Buyer's Credit	Euro	251424	251424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

32.03 EMPLOYEE BENEFITS

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

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

	(₹ in lac)	
	2016-17	2015-16
Employer's Contribution to Provident Fund	104.08	87.92
Employer's Contribution to Pension Fund	59.17	55.83
Employer's Contribution to Superannuation Fund	9.95	10.15
Employer's Contribution to Employee State Insurance Scheme	15.75	18.76

Defined Benefit Scheme

The Employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligations is determined based on actuarial valuation using the projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

- b) Disclosures for defined benefit plans based on actuarial reports are as follows:

	(₹ in lac)	
(i) Gratuity (Funded)	Year Ended 31st March	
	2017	2016
<b>A. Change in Defined Benefit Obligations:</b>		
Present Value of Defined Benefit Obligations as at the beginning of the year	642.43	606.40
Current Service Cost	50.26	40.51
Interest Cost	51.43	50.09
Benefits Paid	(33.62)	(74.95)
Actuarial (Gains)/ Losses	18.44	20.38
<b>Present Value of Defined Benefit Obligations as at the end of the year</b>	<b>728.94</b>	<b>642.43</b>
<b>B. Change in the Fair Value of Assets:</b>		
Fair value of Plan Assets at the beginning of the year	656.12	660.25
Expected Return on Plan Assets	50.60	52.65
Contributions by the Company	25.99	19.86
Benefits paid	(33.62)	(74.95)
Actuarial Gains/ (Losses)	(3.41)	(1.69)
<b>Fair value of Plan Assets at the end of the year</b>	<b>695.68</b>	<b>656.12</b>
Total Actuarial (gain)/loss to be recognised	21.85	(22.07)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**
**32.03 EMPLOYEE BENEFITS (Contd.)**

(₹ in lac)

		Year Ended 31st March				
		2017	2016			
C. Actual Return on Plan Assets						
	Expected Return on Plan Assets	50.60	52.65			
	Actuarial gain/(loss) on Plan assets	(3.41)	(1.69)			
	<b>Actual Return on Plan Assets</b>	<b>47.19</b>	<b>50.96</b>			
D. Amount Recognised in Balance Sheet and the Fair Value of Assets:						
	Present Value of Defined Benefit Obligations as at the end of the year	728.94	642.43			
	Fair value of Plan Assets at the end of the year	695.68	656.12			
	<b>Liability /(Assets) recognized in the Balance Sheet</b>	<b>33.26</b>	<b>(13.69)</b>			
E. Expenses recognized in the Statement of Profit & Loss						
	Current Service Cost	50.26	40.51			
	Interest Cost	51.43	50.09			
	Expected Return on Plan Assets	(50.60)	(52.65)			
	Net Actuarial (Gain)/ Loss	21.85	22.07			
	<b>Total Expenses recognized in the Statement of Profit &amp; Loss *</b>	<b>72.94</b>	<b>60.02</b>			
F. Principal Actuarial Assumptions used :						
	Discounted Rate (per annum) Compound	7.50%	8.00%			
	Expected Rate of return on Plan Assets	7.50%	8.00%			
	Rate of Salary increase (per annum)	6.00%	6.00%			
		2016-17	2015-16	2014-15	2013-14	2012-13
	Defined Benefit Obligations as at the end	728.94	642.43	606.40	571.83	557.54
	Fair value of Plan Assets at the end of the year	695.68	656.12	660.25	664.28	638.35
	Funded Status	33.26	(13.69)	(53.85)	(92.45)	(80.81)
<b>Experience Adjustments</b>						
	Experience gain/(loss) adjustment on plan liabilities	(18.44)	(20.38)	(17.22)	2.45	31.67
	Experience gain/(loss) adjustment on plan assets	(3.41)	(1.69)	2.47	(2.97)	(2.02)

(₹ in lac)

(ii) Leave Encashment (Non Funded)		Year Ended 31st March	
		2017	2016
The obligation for compensated absence is recognised in the same manner as gratuity. The actuarial liability of compensated absence (unfunded) of accumulated leaves of the employees of the Company as at 31.3.2017 is given below :			
Particulars			
Leaves		108.71	101.17

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

## 32.03 EMPLOYEE BENEFITS (Contd.)

(₹ in lac)

(iii) Provident Fund (Funded)	Year Ended 31st March	
	2017	2016
A. Change in Defined Benefit Obligations:		
Present Value of Defined Benefit Obligations as at the beginning of the year	4.50	4.06
Current Service Cost	—	0.59
Interest Cost	0.40	0.35
Benefits Paid	—	—
Actuarial (Gains)/ Losses	(1.77)	(0.50)
<b>Present Value of Defined Benefit Obligations as at the end of the year</b>	<b>3.13</b>	<b>4.50</b>
B. Change in the Fair Value of Assets:		
Fair value of Plan Assets at the beginning of the year	0.23	—
Expected Return on Plan Assets	—	—
Contributions by the Employer	—	—
Benefits paid	—	—
Actuarial Gains/ (Losses)	(0.23)	0.23
<b>Fair value of Plan Assets at the end of the year</b>	<b>0.00</b>	<b>0.23</b>
C. Reconciliation of Present value of Defined Benefit Obligation and the Fair Value of Assets:		
Present Value of Defined Benefit Obligations as at the end of the year	3.13	4.50
Fair value of Plan Assets at the end of the year	0.00	0.23
<b>Liability /( Assets) recognized in the Balance Sheet</b>	<b>3.13</b>	<b>4.27</b>
D. Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	—	0.59
Interest Cost	0.40	0.35
Expected Return on Plan Assets	—	—
Actuarial (Gain)/ Loss	(1.54)	(0.73)
<b>Total Expenses recognized in the Statement of Profit &amp; Loss *</b>	<b>(1.14)</b>	<b>0.21</b>
E. Principal Actuarial Assumptions used:		
Discounted Rate (per annum) Compound	7.50%	7.80%
Return on EPFO	8.65%	8.80%

\*Included in "Salaries and Wages" and "Contribution to Provident and Other Funds" under "EMPLOYEE BENEFIT EXPENSES" on Note 26

Note:

- 1) Assumptions relating to future salary increases, attrition, interest rate for discount and overall expected rate of return on assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.
- 2) The contributions expected to be made by the Company for the year 2016-17 is yet to be determined.
- 3) The guidance on implementing Accounting Standard (AS-15) (Revised 2005) on Employees' Benefits issued by Accounting Standard Board (ASB) states that provident fund trustees set up by the employers which require the interest shortfall to be met by the employers need to be treated as "Defined Benefit Plan". Accordingly the actuary in consultation with the management, has carried out the actuarial valuation of such provident fund liability on account of shortfall of interest on the basis of the guidelines issued by Actuarial Society of India. Such liability as determined by the actuary amounts to ₹ 3.13 lac (Previous Year ₹ 4.27 lac) which has been provided in the Accounts for the year ended 31st March, 2017.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

## 32.04 SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2017

Primary segment reporting - Business Segments

(₹ in lac)

Particulars	Mineral & Material Processing And Handling Equipment		Gear Box and Geared Motor Drive System		Building Material Division		Unallocated / Corporate (Ref Note (b))		Eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>REVENUE</b>												
External Sales / Revenue	6082.64	6265.24	3762.63	2982.31	97.14	0.28	—	—	—	—	9942.41	9247.83
Inter-Segment Sales	32.05	33.14	165.04	184.10	—	—	—	—	(197.09)	(217.24)	—	—
Total Revenue	6114.69	6298.38	3927.67	3166.41	97.14	0.28	00.00	00.00	(197.09)	(217.24)	9942.41	9247.83
<b>RESULT</b>												
PROFIT BEFORE INTEREST, DEPRECIATION and TAXATION	2094.61	1932.53	236.02	(110.36)	(413.30)	(211.58)	—	—	—	—	1917.33	1610.59
(Less): Depreciation & Amortisation expenses	(72.30)	(74.54)	(206.61)	(219.96)	(140.74)	(0.85)	(87.27)	(93.00)	—	—	(506.92)	(388.35)
PROFIT AFTER DEPRECIATION AND AMORTISATION EXPENSE	2022.31	1857.99	29.41	(330.32)	(554.04)	(212.43)	(87.27)	(93.00)	—	—	1410.41	1222.24
(Less): Finance Costs	—	—	—	—	—	—	—	—	—	—	(380.94)	(88.70)
Add: Other unallocable expenditure (net of unallocable revenue)	—	—	—	—	—	—	(889.97)	(1352.52)	—	—	(889.97)	(1352.52)
PROFIT BEFORE INCOME TAX	—	—	—	—	—	—	—	—	—	—	139.50	(218.98)
(Less): Provision for income tax	—	—	—	—	—	—	—	—	—	—	—	—
- Deferred	—	—	—	—	—	—	—	—	—	—	—	—
- Earlier year	—	—	—	—	—	—	—	—	—	—	25.60	(120.98)
<b>NET PROFIT</b>	—	—	—	—	—	—	—	—	—	—	—	1.06
<b>OTHER INFORMATION</b>												
Segment Assets	5230.95	5487.14	3321.81	3338.16	3408.78	2584.60	—	—	—	—	11961.54	11409.90
Unallocated Corporate assets	—	—	—	—	—	—	4032.77	3711.95	—	—	4032.77	3711.95
<b>Total Assets</b>	5230.95	5487.14	3321.81	3338.16	3408.78	2584.60	4032.77	3711.95	—	—	15994.31	15121.85
Segment liabilities	1428.79	1049.80	978.11	799.40	959.11	252.29	—	—	—	—	3366.01	2101.49
Unallocated Corporate liabilities	—	—	—	—	—	—	311.63	237.12	—	—	311.63	237.12
<b>Total Liabilities</b>	1428.79	1049.80	978.11	799.40	959.11	252.29	311.63	237.12	—	—	3677.64	2338.61
Capital Expenditure	147.45	65.50	44.20	47.10	833.56	1802.86	22.25	39.20	—	—	1047.46	1954.66
Depreciation / Amortisation	72.30	74.54	206.61	219.96	140.74	0.85	87.27	93.00	—	—	506.92	388.35

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

Handling Equipment include Mineral, material processing and other handling equipment. Geared motors include Gear Box, Geared Motor Drive system and Building Material Division includes Dry Mix Products.

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

(c) Secondary segment information - Geographical

Out of total Sales of ₹ 9778.64 lac (2015-16 - ₹ 9047.60 lac), Sales outside India is ₹ 987.77 lac (2015-16 - ₹ 1047.57 lac)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**

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

**32.06** Related Party disclosures as identified by the management in accordance with the Accounting Standard 18 on "Related Party Disclosures".

a) Key Management Personnel:

Mr. I. Sen - Managing Director

b) Joint Venture Company - Mozer Process Technology Pvt.Ltd

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

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

	2016-17	(₹ in lac) 2015-16
(i) Key Management Personnel:(a)		
(a) Managing Director	167.68	156.65
(b) Executive Director	—	5.56
(ii) Sitting fees payable to Mr. Sanjay Bagaria, Chairman & Non-Executive Director (c)	4.67	2.30

**32.07 LEASES**

a) The Company had certain non-cancellable operating lease arrangements for residential and office premises which are renewable by mutual consent and mutually agreed terms.

b) The aggregate lease rentals payable are charged as "Rent" in Note 29

The future minimum lease payments under non-cancellable operating leases is ₹ Nil (2015-16 - ₹ Nil)

c) The future obligation for vehicle taken on finance lease is given below: (Refer Note-4)

	31st March, 2017	(₹ in lac) 31st March, 2016
Not later than one year	4.34	3.94
Later than one year and not later than 5 years	4.76	9.10
Present value of minimum lease rentals	9.10	13.04

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)**
**32.08 Additional Information as required under Schedule III of the Companies Act, 2013 of enterprises consolidated as Subsidiary/ Associate/ Joint Venture**

(₹ in lac)

Name of the entity	Net Assets i.e. total assets minus total liabilities				Share in Profit or Loss			
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or loss	Amount	As % of Consolidated Profit or loss	Amount
	2016-17		2015-16		2016-17		2015-16	
1	2	3	4	5	6	7	8	9
<b>Parent</b> International Combustion (India) Limited	100.33	926.84	100.69	9181.99	70.98	80.85	51.74	(51.25)
<b>Joint Venture</b> (as per proportionate consolidation/ investment as per equity method)								
<b>Indian</b> Mozer Process Technology Private Limited	0.21	19.77	0.34	30.75	(9.64)	(10.98)	3.79	(3.76)
<b>Grand Total</b>		<b>9232.59</b>		<b>9,118.70</b>		<b>113.90</b>		<b>(99.06)</b>

Figure as given above are as per standalone financial statements of the respective company and hence effect of inter company and other adjustments carried out on consolidation has not been considered for the purpose of above disclosure.

**32.09** During the year, the Company had Specified Bank Notes (SBN's) or Other Denomination Notes (ODN's) as defined in the MCA Notification G.S.R 308(E) dated 31st March, 2017. Details of SBN's and ODN's held and transacted during the period from 8th November, 2016 to 30th December, 2016, as required in terms of the said notification are given below:

Particulars	SBN's	ODN's	Total
Closing Cash in hand as on 8th November, 2016	131500	287908	419408
Add:			
Non-Permitted Receipts	14500	—	14500
Permitted Receipts	—	4684018	4684018
Less:			
Permitted Payments	—	4294039	4294039
Non-Permitted payments	30000	—	30000
Amount deposited in Bank Accounts	116000	—	116000
Closing Cash in hand as on 30th December, 2016	—	677887	677887

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

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

**H.K. Verma**  
Partner  
Kolkata, 12th May, 2017

**S.C. Saha**  
Company Secretary  
**A.K. Neogi**  
Chief Financial Officer

On behalf of the Board

**S. Bagaria**, Chairman

**I. Sen**, Managing Director





