



**ANNUAL REPORT
2009 - 2010**

International Combustion (India) Limited

CORPORATE INFORMATION

Board of Directors

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

Board Committees

Audit Committee

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

Share Transfer/Shareholders' Grievance Committee

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

Remuneration Committee

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

Vice President (Finance) & Secretary/ Compliance Officer

S. C. Saha

Auditors

Lodha & Co.
Chartered Accountants

Bankers

UCO Bank
 Axis Bank
 IDBI Bank

Registered Office

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

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NOTICE

Notice is hereby given that the SEVENTY-FOURTH ANNUAL GENERAL MEETING of International Combustion (India) Limited will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700017 on Friday, the 20th August, 2010 at 3.30 PM to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2010, the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Sanjay Bagaria who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. R. L. Gaggar who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 198, 309, 310 and other applicable provisions of the Companies Act 1956 (hereinafter referred to as the 'Act') read with Schedule XIII of the Act, the Company hereby accords its approval for payment to Mr. I. Sen during the tenure of his office as Managing Director for a period of three years with effect from 1st May, 2009 a remuneration by way of salary, perquisites and commission on net profits of the Company, as set out in the Explanatory Statement annexed to the Notice and also in an Agreement to be entered into between the Company and Mr. I. Sen, Managing Director, a draft of which is submitted to the Meeting and initialled by the Chairman for the purpose of identification, with a liberty to vary and modify the terms and conditions of the said reappointment and/or remuneration referred to above in such manner as may be agreed between the Board of Directors and Mr. I. Sen – within the ceiling limits laid down under Section 309 of the Act."

The Register of Members and the Share Transfer Books of the Company will remain closed from 13th August, 2010 to 20th August, 2010 (both days inclusive).

By Order of the Board

Kolkata
The 21st May, 2010

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

NOTES :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company.**
Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the meeting is annexed hereto and forms a part of this Notice.
3. The dividend, if declared at the Meeting, will be paid to those members/beneficial owners whose names appear on the Company's Register of Members on 12th August, 2010 or to their mandatees. The payments will be made to them **on and from 30th August, 2010.**

NOTICE (Contd.)

4. Copy of the Agreement with the Managing Director as referred in Item No. 6 are available for inspection at the Registered Office of the Company during the business hours on working days.
5. In order to provide better services to the shareholders, the Company has already introduced National Electronic Clearing Services (NECS) mode for payment of dividend directly to the credit of the members' Bank Accounts. Shareholders who are not availing the NECS facility, may provide the required information to the Company's Registrar & Share Transfer Agents – C. B. Management Services (P) Ltd., P-22, Bondel Road, Kolkata 700019.
6.
 - a) In order to provide protection against fraudulent encashment of the dividend warrants, shareholders holding shares in physical form, are requested to intimate their Bank particulars, giving the name of the Bank and the Branch with address, the type of Account with Bank Account No. and also any change of address, to the Company's Registrar & Share Transfer Agent at their address given under Item No. 5 above.
 - b) Shareholders holding shares in electronic form, may kindly note that their Bank Account details as furnished by their Depositories to the Company, will be printed on their Dividend Warrants. Any change in Bank particulars and/or change of address may please be furnished immediately to their respective Depository participants.
 - c) Shareholders are hereby intimated that under instructions from SEBI furnishing of Bank particulars by the shareholders has become mandatory.
7. There is no amount required to be transferred to Investors' Education and Protection Fund (IEPF) pursuant to the provisions of Section 205A read with 205C of The Companies Act, 1956 (the Act) as on 31st March, 2010. The shareholders who have not encashed their dividend warrants for the years 2003-04 to 2008-09, are requested to claim immediately the dividend in writing to the Company's Registrar & Share Transfer Agents at the address given under Item No. 5 above. It may please be noted that once the unclaimed dividend is transferred to IEPF, on expiry of 7 years from the date they first became due for payment, no claim shall lie against the Company or IEPF in respect of such unclaimed dividends.
8. Shareholders holding shares in physical form are requested to notify immediately to the Registrar & Share Transfer Agents any change of address and/or "Pin Code" in case the mailing address mentioned on this Annual Report is without Pin Code/incorrect Pin Code.
9. In terms of the provisions of Section 109A of the Act, individual shareholders holding shares in physical form, may make nomination in Form 2B which can be obtained from the Registrar & Share Transfer Agents of the Company. However, in case of demat holdings, the shareholders should approach to their respective depository participants for making nominations.
10. Members, who have multiple accounts in identical names or joint names in same order are requested to intimate the Registrar & Share Transfer Agents – C.B. Management Services (P) Ltd., the Ledger Folios of such accounts to enable the Company to consolidate all such shareholders into one account.
11. Members are requested to fill in the Attendance Slips in all respect including Folio No. or DP ID, Client ID as the case may be and sign the same before presenting to registration desk at the venue of AGM.
12. As a measure of economy, additional copies of Annual Report will not be available at the Annual General Meeting. Members are, therefore, requested to bring their copies of Annual Report at the Meeting.

NOTICE (Contd.)

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

Name of the Director :	Mr. Sanjay Bagaria	Mr. R. L. Gaggar
Age :	48 years	77 years
Qualification :	B.Com	B.A.(Hons.), LLB
Expertise in specific functional area :	22 years experience in Corporate Management.	Solicitor & Advocate
List of other Companies in which Directorship held :	<ul style="list-style-type: none"> ● Mahadeo Jute & Inds.Ltd. ● Jagatdal Jute & Inds.Ltd. ● Odyssey Travels Ltd. ● Bagaria More Co. Ltd. ● Stephen Court Ltd. 	<ul style="list-style-type: none"> ● Somani Ceramics Ltd. (Formerly SPL Ltd.) ● Sarda Plywood Inds. Ltd ● TIL Ltd. ● Peria Karmalal Tea & Produce Co. Ltd. ● Paharpur Cooling Towers Ltd. ● Subhas Projects & Mktg. Ltd. ● Machino Plastics Ltd. ● Sumedha Fiscal Services Ltd. ● Shree Cement Ltd. ● Financial & Management Services Ltd. ● Machino Bassel India Ltd. ● Eastern Silk Industries Ltd. ● Bhaskar Silicon Ltd.
Member of the Committees of the Board of the other Companies on which he is a Director as on 31st March, 2010 :	Nil	Audit Comittee <ul style="list-style-type: none"> ● TIL Ltd. ● Somani Ceramics Ltd. (formerly SPL Ltd.) ● Shree Cement Ltd. ● Paharpur Cooling Towers Ltd. ● Sarda Plywood Inds.Ltd. Shareholders' /Investors' Grievance Committee <ul style="list-style-type: none"> ● TIL Ltd. ● Somani Ceramics Ltd. ● Shree Cement Ltd. ● Sarda Plywood Inds.Ltd.

EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS TO BE INCORPORATED IN THE NOTICE CONVENING THE ENSUING ANNUAL GENERAL MEETING TO BE HELD ON 20TH AUGUST 2010

Mr. I. Sen was reappointed as Managing Director of the Company for a period of three years with effect from 1st May, 2009, with the approval of the Members of the Company, obtained at the Annual General Meeting held on 14th August, 2009.

The proposed remuneration of the Managing Director being in excess of the ceiling limit laid down under Section 309 of the Companies Act 1956 (hereinafter referred to as the 'Act'), an application was made to the Central Government to obtain its approval under Section 269 of the Act for the reappointment of and the remuneration payable to Mr. I. Sen during the tenure of his office as Managing Director for a period of three years with effect from 1st May, 2009.

The Ministry of Corporate Affairs while approving the reappointment of Mr. I. Sen as Managing Director for a period of three years with effect from 1st May, 2009 – did not approve the quantum of the remuneration proposed to be paid to Mr. I. Sen, Managing Director.

The Remuneration Committee at its meeting held on 26th March, 2010, having decided to refix the remuneration of the Managing Director, recommended to the Board a revised remuneration for the Managing Director – within the limits specified under Section 198 and 309 of the Act.

The Board of Directors subsequently at its meeting held on 29th March, 2010 approved the revised remuneration recommended by the Remuneration Committee for Mr. I. Sen for a period of three years with effect from 1st May, 2009. Accordingly, a fresh Agreement was entered into between the Company and Mr. I. Sen, specifying the remuneration effective 1st May, 2009 and also the terms and conditions of his remuneration as Managing Director, a draft of which will be available for inspection by the Members at the Registered Office of the Company on any working day during the usual business hours and also be available at the Meeting. An extract of the revised remuneration effective 1st May, 2009 as well as the terms and conditions of the reappointment of Mr. I. Sen contained in the aforesaid Agreement as set out below for consideration of Members.

Subject to the provisions of Section 198,309,310 and other applicable provisions of the Companies Act 1956 (hereinafter to as the 'Act'), Mr. I Sen during the currency of his tenure as Managing Director for a period of three years from 1st May, 2009 shall be entitled to the following remuneration:

PART 'A'

I. SALARY AND PERQUISITES

1. SALARY : Rs. 36,00,000/- per annum
2. PERQUISITES :

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

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

II. RETIREMENT BENEFITS

The Managing Director shall also be entitled to the following retirement benefits :

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

III. COMMISSION

The Managing Director shall be entitled to a commission @ 1% of the net profit of the Company, to be calculated in the manner set out under Section 349 & 350 of the Act, subject to a ceiling of the annual salary payable to Mr. I. Sen during a financial year or part thereof as may be applicable, with effect from 1st May, 2009 till the expiry of his term on 30th April, 2012, provided that the total remuneration payable to Mr. I. Sen during a financial year, including the commission as aforesaid, should not exceed the limits laid down under Section 309 of the Act.

PART 'B'

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

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

The proposed remuneration of Mr. I. Sen, Managing Director being within the limits laid down under Section 309 read with Section I of Part II of Schedule XIII of the Act, it would not call for Central Government's approval. However, the remuneration payable to him require the approval of the Shareholders at the ensuing Annual General Meeting under Section 269 and 309 read with Schedule XIII of the Act.

The Resolution set out in the convening Notice is intended for the purpose.

Mr. I. Sen may be deemed to be interested in the said Resolution.

No other Directors are interested in this Resolution.

The Board recommends that the Resolution set out in the accompanying Notice convening the Meeting, be approved by the Members.

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

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the Seventy-fourth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2010 :

FINANCIAL HIGHLIGHTS

	(Rs. in lac)	
	2009-10	2008-09
Profit before depreciation, interest and tax (PBDIT)	2128.44	1894.74
Less : Interest	32.52	63.36
Depreciation	351.03	314.96
Profit before Tax	1744.89	1516.42
Less : Provision for Income Tax —		
Current Tax	563.20	560.39
Earlier years' provision/(write back)	0.16	(7.34)
Deferred Tax (reversal)/charge	(14.26)	(52.98)
Fringe Benefit Tax	—	25.39
Profit after Tax	1195.79	990.96
Profit brought forward from last year	139.90	143.76
Profit available for appropriations	1335.69	1134.72
Appropriation :		
General Reserve	1055.00	855.00
Proposed Dividend	119.51	119.51
Tax on Proposed Dividend	20.31	20.31
Balance carried over to Balance Sheet	140.87	139.90
	1335.69	1134.72

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.5.00 per equity share of Rs.10/- each for the financial year ended 31st March, 2010. The total outgo on account of dividend, if declared, at the ensuing Annual General Meeting will be Rs.119.51 lac excluding tax on dividend of Rs.20.31 lac.

OPERATIONS

For the year under review the turnover of the Company was Rs.9699 lac against Rs.9819 lac for the previous year. The profit before tax for the year increased to Rs.1745 lac, up from Rs.1516 lac for the previous year. As reported earlier the market remained depressed for the first six months of the year and recovered slowly in the later part of the year. The situation has improved considerably since the beginning of this year and a number of clients' projects kept in abeyance were cleared for execution. Your Directors view the prospects for the current year with optimism with concomitant improvement in the overall performance of your Company.



DIRECTORS' REPORT *(Contd.)*

FUTURE OUTLOOK

As a part of sustained efforts to expand the product portfolio, the Company entered into a license agreement with Advance Engineering Ltd., Brazil for manufacture of a range of Jaw Crushers, Cone Crushers and Roll Crushers. The crushers are synergic with the screens manufactured by the Company and would enable the Company to offer Crushing & Screening Plants and Systems for mining, cement and various other industrial applications. The Company also entered into a license agreement with Danfoss Bauer for manufacture of energy-efficient motors, currently a mandatory requirement in Europe and also expected to be applicable in India in the near future.

HUMAN RESOURCE MANAGEMENT

The initiative towards human resource development through training at various levels is continuing both in India and at the premises of the license partners. The Company has also requested the license partners to send their specialists for providing extensive training for upgrading the manufacturing standards to the current international level. This initiative is expected to result in major long-term benefits.

FIXED DEPOSIT

Total deposits with the Company as on 31st March, 2010 amounting to Rs.119.25 lac did not include any unclaimed matured deposit. All deposits matured during the year were either repaid or renewed.

INDUSTRIAL RELATIONS

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

PARTICULARS OF EMPLOYEES

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

CAPITAL EXPENDITURE

During the year under review the Company incurred capital expenditure of Rs.500.32 lac. This includes payments made for acquiring the patents rights of Omni Screens. The investment for plant and machinery was limited to balancing the capacity.

The current market trend indicates strong growth potential in the future years and to meet this demand, the Company plans to make substantial investments in the current year, in technology, plant and machinery to enhance and upgrade the manufacturing capability of all units.

CONSERVATION OF ENERGY

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

TECHNOLOGY AND FOREIGN EXCHANGE

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

DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company, along with proper explanation relating to material departures, if any ;
- ii) appropriate accounting policies have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

DIRECTORS

Mr. Sanjay Bagaria and Mr. R. L. Gaggar retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation for the dedication and commitment of the employees at all levels in achieving and sustaining excellence in all areas of the operation of the Company. Your Directors also take this opportunity to thank the shareholders, customers and bankers for the continuous support extended to the Company.

For & on behalf of the Board

Kolkata
21st May, 2010

I. Sen, *Managing Director*
R. L. Gaggar, *Director*

Sukhendu Ray, *Director*
P. K. Mallik, *Director*
S. Saha, *Executive Director*

ANNEXURE TO DIRECTORS' REPORT - I

TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

A. TECHNOLOGY ABSORPTION

I. Research & Development (R&D)

i) Specific Areas:

The Company continues its Research & Development activities in the area of product development and quality upgradation.

ii) Benefits derived:

Successful implementation of quality upgradation programme and better control on input cost.

iii) Future plan of action:

The Company plans to continue its programme of upgradation of its products through advanced technology available with its collaborators.

iv) Expenditure on R&D

Expense heads	(Rs. in lac)
a) Capital	—
b) Recurring	46.41
c) Total	46.41
d) Total R&D expenditure as a percentage of total turnover	0.48%

II. Technology Absorption, Adaptation and Innovation

i) Efforts made:

The Company has successfully absorbed the technology received from its foreign partners for manufacture of its various equipments.

ii) Benefits derived:

Benefits are derived through successful technology absorption in the area of product development and product quality improvement leading to customer satisfaction.

iii) Imported Technology:

Technology imported	Year of Import	Has technology been fully absorbed?	If not absorbed, areas where this has not taken place, reasons thereof & future plans of action
B-2000 Series of Gear Box & Geared Motor	2005	Yes	N. A.
Air Classifier for fine products ALPHA 300	2009	No	Under process of absorption
BM Ball Mill for fine grinding	2009	No	Under process of absorption
Cone Crushers, Jaw Crushers & Roll Crushers	2010	No	Under process of absorption

B. FOREIGN EXCHANGE EARNINGS & OUTGO

During the year foreign exchange earnings was Rs. 870.79 lac against outgo of Rs. 539.29 lac.

For & on behalf of the Board

Kolkata
21st May, 2010

I. Sen, *Managing Director*

R. L. Gaggar, *Director*

Sukhendu Ray, *Director*

P. K. Mallik, *Director*

S. Saha, *Executive Director*

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

Employed throughout the year

Name	Age Last Birthday (Years)	Designation & Nature of Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment
Banerjee R.N.*	64	Director - Engineering	31,97,294	B.E. (Mech), M.I. Inst. (Welding)	41	02.11.1982	Indian Oxygen Ltd.
Mukherjee Soumitra	51	Sr.General Manager (Mktg.) -Engg. Divn.	24,27,885	B.E.(Mech)	28	16.03.2009	Tractors India Ltd.
Saha S.	65	Executive Director (Wholetime Director)	43,82,004	B.E.(Met.)	43	15.02.1967	First Employment
Sen I.	70	Managing Director	96,38,003	B.E.(Mech)	48	14.12.1971	Hooghly Docking & Engg. Co.Ltd.
Supe S. N.	49	Sr.General Manager Operations – Bauer Divn.	24,45,260	B.E.(Mech)	28	28.07.2008	Kirloskar Pneumatics Co. Ltd.

* Not a member of the Board of Directors

Notes :

1. Gross remuneration comprises of salaries, commission, allowances, leave travel assistance, reimbursement of medical expenses, Company's contribution to Provident & Superannuation Funds. In addition to the above remuneration, the employees are entitled to gratuity & leave encashment in accordance with the Company's Rules.
2. The appointments of the Managing Director and Wholetime Director are contractual. The terms and conditions for appointment of other employees are as per Rules of the Company.
3. No employee who receives remuneration exceeding Rs.2,00,000/- per month was in the employment of the Company for a part of the year.

For & on behalf of the Board

Kolkata
21st May, 2010I. Sen, *Managing Director*R. L. Gaggar, *Director*S. Saha, *Executive Director*Sukhendu Ray, *Director*P. K. Mallik, *Director*

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

The Company's Report on Corporate Governance for the year ended 31st March, 2010 as required under Clause 49 of the Listing Agreement, is furnished below :

A. Company's Philosophy on Corporate Governance

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

B. Board of Directors

(i) Composition

The Board of Directors of the Company as on 31st March, 2010 comprised of 6 (six) members with two Executive Directors – Managing Director and Executive Director (Wholetime Director) and four Non-Executive Directors. The Chairman of the Board is a Non-Executive Director. The Non-Executive Directors with specialization in their respective fields are bringing in a wide range of skill and experience.

(ii) Attendance of the Directors at the Board Meetings of the Company held during the year ended 31st March, 2010 and the last Annual General Meeting (AGM). No. of Other Directorship(s) and other Committee Membership(s) along with the Directors' shareholding as on 31st March, 2010 are given below :-

Sl. No.	Name of Director	Nature of Category	No. of Board Meetings attended	Attendance at last AGM held on 14.08.09	No. of Other Directorship	Other Membership of Committees		Shares held (Nos.)
						Chairman	Member	
1.	Mr. S. Bagaria	Chairman & Non-Executive Director – Promoter	7	Yes	6	—	—	43,900
2.	Mr. I. Sen	Managing Director	8	Yes	1	—	2	625
3.	Mr. S. Saha	Executive Director (Wholetime Director)	8	Yes	—	—	—	44
4.	Mr. R. L. Gagar	Non-Executive Independent Director	8	Yes	13	—	9	—
5.	Mr. Sukhendu Ray	Non-Executive Independent Director	6	No	5	3	2	—
6.	Mr. P. K. Mallik	Non-Executive Independent Director	8	Yes	4	2	3	—

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

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

The meetings of the Board are held at the Registered Office of the Company at 107/1, Park Street, Kolkata 700016. During the year under review 8 (eight) Board Meetings were held on 29.04.2009, 25.05.2009, 03.07.2009, 31.07.2009, 14.08.2009, 27.10.2009, 29.01.2010 and 29.03.2010. The Company Secretary prepares the Agenda in consultation with the Chairman of the Board, for each meeting and circulate the same in advance to the Directors. The Board meets at least once in every quarter to review the Quarterly Results and other items on the Agenda. The information as required under Annexure 1A to Clause 49 of the Listing Agreement are made available periodically to the Board. Details of Directors seeking reappointment in the 74th Annual General Meeting are being circulated with the Notice convening the Annual General Meeting. The Board periodically reviews the compliance reports to various laws applicable to the Company and takes steps to rectify instances of non-compliance, if any. Copies of Minutes of the Board Meetings are circulated among the members of the Board for their comments, if any.

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

The Audit Committee of the Company comprises of three Directors – all of whom are Independent and Non-Executive. All of them are experts in Corporate Finances, Accounts and Corporate Law. The Chairman of the Committee is an Independent Non-Executive Director, nominated by the Board. The composition of the Audit Committee is in line with the Clause 49 of the Listing Agreement and provisions of the Companies Act, 1956. During the year ended 31st March, 2010, the Meetings of the Audit Committee were held on 14.04.2009, 25.05.2009, 26.06.2009, 31.07.2009, 12.09.2009, 27.10.2009, 02.11.2009, 29.01.2010 and 17.03.2010. The composition of the Audit Committee along with the attendance of the each member are given below :-

Name of Director	Designation	Profession	Committee Meetings	
			Held	Attended
Mr. Sukhendu Ray	Chairman	Chartered Accountant	9	8
Mr. R. L. Gaggar	Member	Solicitor & Advocate	9	8
Mr. P. K. Mallik	Member	Chartered Accountant	9	9

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

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

- The adequacy of the Internal Audit function and observations of the Internal Auditors.
- Compliance with Accounting Standards.
- Compliance with the Listing Agreement and other legal requirements concerning financial statements and related party transactions.
- The appointment and removal of internal auditors, fixation of audit fees and also approval of payment for any other services.
- Quarterly/half yearly results and the Audited Financial Results before they are submitted to the Board.

REPORT ON CORPORATE GOVERNANCE (Contd.)

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Disclosure of contingent liability, if any.

(ii) Share Transfer/Shareholders' Grievance Committee

(a) Terms of reference

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

(b) Composition

The Committee comprises of three Directors viz. Mr. S. Bagaria, Non-Executive Director as Chairman of the Committee, Mr. I. Sen, Managing Director and Mr. Sukhendu Ray, Non-Executive Director. During the year under review, this Committee met eleven times – 15.05.2009, 20.05.2009, 23.06.2009, 13.08.2009, 09.10.2009, 11.11.2009, 02.12.2009, 30.12.09, 27.01.2010, 23.02.2010 and 23.03.2010. All the meetings of Share Transfer/Shareholders' Grievance Committee were attended by all members excepting Mr. S. Ray and Mr. S. Bagaria, who did not attend one meeting each held on 23.06.09 and on 23.03.2010 respectively.

The Committee confirms that there was no share transfer pending as on 31st March, 2010 and all requests for dematerialization of shares as on that date were either confirmed or rejected in the NSDL/CDSL system.

(c) Investors' Complaints

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

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

Name, designation & address of Compliance Officer :

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

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

(iii) Remuneration Committee

The Remuneration Committee of the Company was constituted on 20th May 2004. The Remuneration Committee recommends to the Board of Directors regarding the remuneration payable to the Managing Director & Executive Director of the Company. The Remuneration Committee comprises of three Directors, all of whom are Non-Executive Independent Directors. The members of the Committee are Mr. R. L. Gaggar, Mr. Sukhendu Ray and Mr. P. K. Mallik. Mr. R. L. Gaggar is the Chairman of the Committee. The Committee has power to regulate its meetings and proceedings.

During the year ended 31st March, 2010, two meetings of the Committee were held on 03.07.09 and 26.03.2010.

REPORT ON CORPORATE GOVERNANCE (Contd.)**D. Details of Directors' Remuneration for the year ended 31st March, 2010 :**

Name	Salary Rs.	Perquisites Rs.	Retirement Benefits Rs.	Commission Rs.	Sitting Fees Rs.	Total Rs.
a) Executive Directors :						
Mr. I. Sen Managing Director	34,50,000	34,42,714	8,62,500	18,82,789	—	96,38,003*
Mr. S. Saha Executive Director (Wholetime Director)	15,51,663	15,18,823	3,87,916	9,23,642	—	43,82,044
b) Non-Executive Directors :						
Mr. S. Bagaria	—	—	—	38,55,201	85,000	39,40,201
Mr. R. L. Gaggar	—	—	—	—	90,000	90,000
Mr. S. Ray	—	—	—	—	1,25,000	1,25,000
Mr. P. K. Mallik	—	—	—	—	95,000	95,000
						1,82,70,248

* Includes Rs.91,91,527/- paid/payable to the Managing Director for the period from 1st May, 2009 to 31st March, 2010, which is awaiting Shareholders' approval at the ensuing Annual General Meeting.

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

E. General Body Meetings :

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

Financial Year	Date	Time	Location	No. of Special Resolution Passed
2008-09	14.08.2009	3.30 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	One
2007-08	05.09.2008	3.30 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	—
2006-07	24.08.2007	3.30 P.M.	Kala Kunj 48, Shakespeare Sarani Kolkata 700017	One

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



REPORT ON CORPORATE GOVERNANCE (Contd.)

F. Disclosures

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

All related party transactions have been entered into in the ordinary course of business and are placed periodically before the Audit Committee in summary form. There are no significant related party transactions, which have conflict with the interest of the Company at large. The related party transactions have been disclosed in Item No. 15, Schedule 17(B) of the Notes on Accounts for the year ended 31st March, 2010.

(b) Disclosure of accounting treatment

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

(c) Board Disclosures – Risk Management

The Company has established risk assessment/minimisation procedures. During the year ended 31st March, 2010 these procedures for risk assessment and minimisation have been updated/formalised. These have been disclosed in the Management Discussion and Analysis Report forming a part of the Directors' Report.

(d) Matters related to capital market

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

(e) Management Discussion & Analysis Report

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

(f) Code of Conduct

The Company has laid down a Code of Conduct for all Board members and Senior Managerial Personnel of the Company. The Code of Conduct is available on the website of the Company at www.internationalcombustion.in. All Board members and Senior Managerial Personnel affirm compliance with the Code of Conduct on an annual basis. A declaration to this effect duly signed by the Managing Director of the Company is annexed along with this Report.

(g) Compliance with Non-Mandatory requirements

The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure 1(D) to Clause 49 of the Listing Agreement with the Stock Exchanges :

- The Company is maintaining an office for the Non-Executive Chairman at the Registered Office of the Company.
- The Company has a Remuneration Committee as has already been mentioned in Item No. C(iii) above of this Report.
- There is no qualification in the Auditors' Report to the shareholders of the Company on the Financial Statements for the year ended 31st March, 2010.

(h) CEO & CFO's Certification

The Managing Director (CEO) & the Vice President (Finance) & Secretary (CFO) have given a

REPORT ON CORPORATE GOVERNANCE (Contd.)

Certificate to the Board of Directors as per Clause 49(V) of the Listing Agreement for the year ended 31st March, 2010, which is enclosed at the end of this Report.

(i) Means of Communication

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

G. General Shareholders' Information

(a) Annual General Meeting :

The Annual General Meeting of the Company has been convened on Friday the 20th August, 2010 at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017 at 3.30 PM.

(b) Financial Calendar :

	Events	Period
1	Audited Annual Results for 2009-10	May 21, 2010
2	Mailing of Annual Reports 2009-10	By 23rd July 2010
3	First Quarter Results (30th June 2010)	End of July 2010
4	Annual General Meeting	August 20, 2010
5	Second Quarter Results (30th Sept. 2010)	End of October 2010
6	Third Quarter Results (31st Dec. 2010)	End of January 2011
7	Fourth Quarter Results (31st March 2011) (audited)	By 30th May 2011

(c) Book Closure :

The Share Transfer Book and Register of Members of the Company will remain closed from 13th August, 2010 to 20th August, 2010 (both days inclusive).

(d) Dividend Payment :

Dividend, if declared at the Annual General Meeting, will be paid on and from 30th August, 2010, to those members/beneficial owners whose names appear in the Register of Members as at the close of business on 12th August, 2010.

(e) Listing of Equity Shares on Stock Exchange :

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

(f) Listing Fees :

The Company has paid the listing fees for the year 2010-11 to BSE and CSE.

(g) Custodial Fees to Depository :

The Company has paid custodial fees for the year 2010-11 to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on the basis of number of beneficial accounts maintained by them as on March 31, 2010.

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

(i) Demat ISIN Number : INE403C01014.

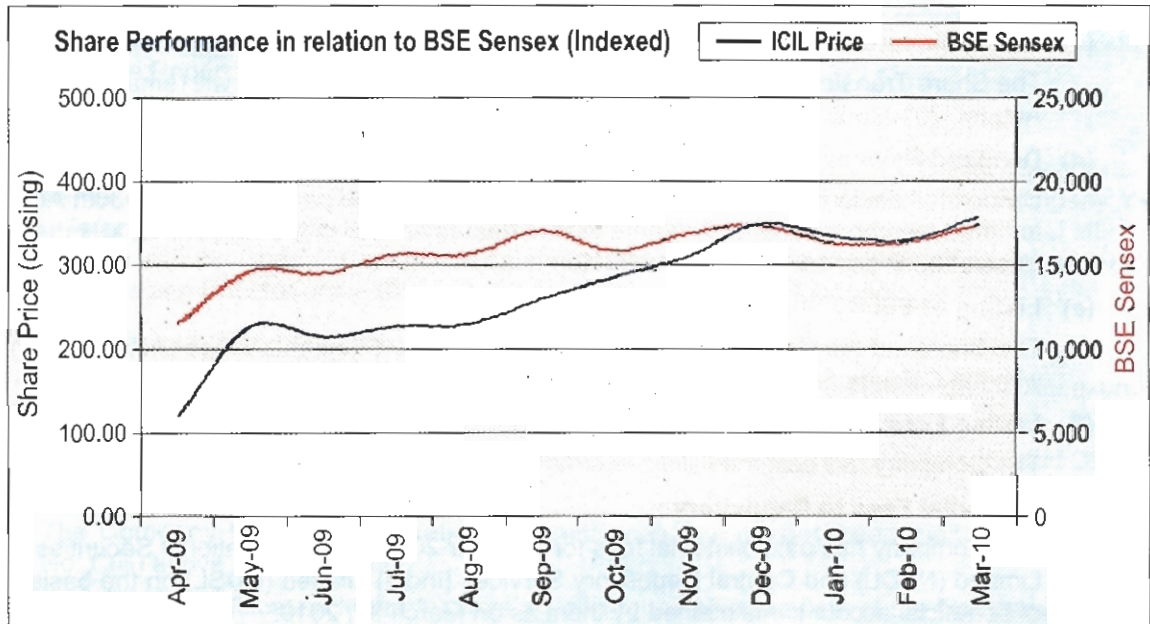
REPORT ON CORPORATE GOVERNANCE (Contd.)

(j) (a) **Stock Market price data :**
(1st April, 2009 to 31st March, 2010)

Month/Year	Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)
April 2009	152.00	89.20
May 2009	249.90	119.05
June 2009	257.00	195.30
July 2009	237.40	192.00
August 2009	248.00	200.25
September 2009	274.00	220.00
October 2009	344.00	236.10
November 2009	323.75	260.00
December 2009	359.90	308.05
January 2010	411.00	315.00
February 2010	358.80	270.05
March 2010	388.00	311.05

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

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



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

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

REPORT ON CORPORATE GOVERNANCE (Contd.)**(l) Share Transfer System**

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

(m) Distribution of Shareholding as on 31st March, 2010 :

No. of Shares	Shareholders		Shareholding	
	Number	%	No. of Shares held	%
1 - 500	7302	95.56	6,01,656	25.17
501 - 1000	203	2.66	1,50,657	6.30
1001 - 2000	88	1.15	1,27,207	5.32
2001 - 3000	10	0.13	23,881	1.00
3001 - 4000	6	0.08	21,366	0.89
4001 - 5000	6	0.08	27,247	1.14
5001 - 10000	10	0.13	79,239	3.32
10001 and above	16	0.21	13,59,023	56.86
Total	7641	100.00	23,90,276	100.00

(n) Pattern of Shareholding as on 31st March, 2010 :

Sl. No.	Category	No. of Shares	Percentage of Shareholding
1.	Promoter & Promoter Group	12,66,931	53.00
2.	Financial Institutions/ Insurance Companies	44,426	1.86
3.	Bank/Trust Fund	501	0.02
4.	Foreign Institutional Investors/OCB	1,900	0.08
5.	Non-Resident Indians (NRI)	21,733	0.91
6.	Bodies Corporate	1,20,796	5.05
7.	Indian Public	9,22,073	38.58
8.	Others (Demat transit/clearing member)	11,916	0.50
	Total	23,90,276	100.00

(o) Dematerialisation of Shares

As on 31st March, 2010, 94.04% of the Company's total paid up capital representing 22,47,756 shares were held in dematerialized form and the balance 5.96% representing 1,42,520 shares were held in scrip form.

(p) Secretarial Audit Report

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



REPORT ON CORPORATE GOVERNANCE (Contd.)

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

(q) Factory Locations :

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

(r) Regional Offices :

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

(s) Total number of employees as on 31st March, 2010 : 485

(t) Shareholders' Correspondence :

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

C. B. Management Services (P) Limited
Unit : International Combustion (India) Limited
P-22, Bondel Road, Kolkata – 700019
Telephone : 40116700/6711/6718; Fax : (033) 2287-0263
E-mail : rta@cbmsl.com

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

For & on behalf of the Board

Kolkata
21st May, 2010

I. Sen, Managing Director
R. L. Gaggar, Director

Sukhendu Ray, Director
P. K. Mallik, Director
S. Saha, Executive Director

CEO AND CFO CERTIFICATION

To
The Board of Directors
International Combustion (India) Limited

Dear Sirs,

Sub : CEO & CFO Certificate

We have reviewed the financial statements read with the cash flow statement of International Combustion (India) Limited for the year ended March 31, 2010 and that to the best of our knowledge and belief, we state that:

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

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

Yours sincerely,

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

I. Sen
Chief Executive Officer
Managing Director

Kolkata, May 21, 2010

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

To
The Shareholders of
International Combustion (India) Limited

Sub : Compliance with Code of Conduct

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

Kolkata
21.05.2010

I. Sen
Managing Director



AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To
The Members of
International Combustion (India) Limited

We have examined the compliance of conditions of corporate governance by **International Combustion (India) Limited** for the year ended March 31, 2010 as stipulated in clause 49 of the Listing Agreement entered into by the Company with the stock Exchanges.

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

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

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

Kolkata, 21st May, 2010

For **Lodha & Co.**
Chartered Accountants
Firms ICAI Registration Number: 301051E

H.K. Verma
Partner
Membership No. 55104

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Overview

The global slowdown observed last year is still continuing and the situation still remains uncertain in various parts including Europe and USA. In India there were signs of slow recovery since September/October 2009. In the current year, the Indian market is expected to recover at a faster pace in view of the national policy of the Govt. of India to make substantial investment in various infrastructure projects and core sector industry.

2. Opportunity

As mentioned in the 'Industry Overview', the Government's decision to continue investment in the infrastructure projects and core sector industry will have a positive impact on the growth of the manufacturing sector. The induction of new products will also open new markets for your Company. Moreover, the investments in sugar industry, where your Company is very active, have been slow in the last few years. Substantial investment in this segment is expected during the current year.

3. Threats

The Company has been facing aggressive competition in the market due to the presence of suppliers from Asian countries, particularly from China.

Low cost manufacturers from the Asian countries continue to be a threat to the Indian industry. To meet this challenge, the Company has adopted a policy of upgrading the technology through in-house development and also by partnering with some leading global manufacturers. The rapid growth in the demand for Company's products requires the Company to expand the manufacturing infrastructure urgently. The Company has taken necessary steps to meet these challenges.

4. Risk & Concerns

Risk & Concerns identified by the Company as significant along with the frame work devised and mechanism developed for managing as well as mitigating those risks, are detailed below:-

- (a) Competition - As reported last year, increasing number of global players have started operating in India both on account of low costs of production as well as large domestic market. This has increased the competition and requires the Company to upgrade the technology and manufacturing capability to the corresponding international standard.
- (b) Costs - Sharp increase in the cost of input materials such as of steel, copper and related material over the preceding few months is a matter of serious concern. A major part of the business of the Company is supply of machinery for various projects which also have long lead time. Uncontrolled increase in the price of the input materials therefore may adversely affect the manufacturing cost and profit margin.
- (c) Exports - The Company exports a substantial volume to the license partners in Europe. Sharp devaluation of Euro, therefore, may have an unfavourable impact on this segment of business.
- (d) Quality - The Company has adopted new production methods to bring the quality level of its products to the international standards.
- (e) Receivables - To facilitate smooth recovery of sale proceeds, the Company has adopted various recovery measures and the debtor management system which have resulted in improvement in the liquidity position of the Company.
- (f) Financial - The comfortable liquidity position has helped the Company to meet the major part of its capital expenditure out of its internal generation. The surplus of retained earnings remaining after meeting the capital expenditure has been kept invested for short period in Fixed Maturity Plan (F.M.P.) and also in the Fixed Deposit Schemes (FDS) with various Banks.



MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

5. Internal Control System

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

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

Financial Performance

(Rs. in lac)

Particulars	2009-2010	2008-2009
Sales	9699	9819
Operating Profit	2129	1894
Profit after Tax	1196	991
Net Cash Flow from Operation	845	1480
Operating Profit to Sales (%)	22	19
Basic E.P.S. (Rs.)	50.03	41.46

7. Cautionary Statement

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

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

For & on behalf of the Board

Kolkata
May 21, 2010I. Sen, *Managing Director*
R. L. Gaggar, *Director*Sukhendu Ray, *Director*
P. K. Mallik, *Director*S. Saha, *Executive Director*

AUDITORS' REPORT

To the Members,

We have audited the attached Balance Sheet of **International Combustion (India) Limited** as at 31st March, 2010 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- 1) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in exercise of the power conferred by Section 227 (4A) of the Companies Act, 1956 and according to the information and explanation given to us and on the basis of such checks as we considered appropriate, we report as follows, on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company:
 - i. Fixed Assets
 - a. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
 - b. The fixed assets of the Company have been physically verified by the management during the year and these revealed no material discrepancies.
 - c. During the year, the Company has not disposed of a substantial part of its fixed assets.
 - ii. Inventory
 - a. The inventory of the Company except those lying with third parties have been physically verified during the year. In our opinion, frequency of verification is reasonable.
 - b. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. In our opinion, the Company is maintaining proper records of inventory and the discrepancies between the physical stocks to the extent verified and the book stocks, were not material.
 - iii. Loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4(iii) (b) to 4 (iii) (d) of the Order are not applicable to the Company.
 - b. The Company has taken loans from 8 parties listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.134.25 lac and the year-end balance of loans taken from such parties was Rs.119.25 lac.
 - c. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
 - d. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of the interest.
 - iv. Having regard to the fact that certain items are of special nature for which comparative quotations are not readily available, in our opinion the internal control procedures of the Company relating to purchases of stores, raw materials including components, plant and machinery, equipment and

AUDITORS' REPORT *(Contd.)*

other similar assets and for the sale of the goods are commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- v. Transaction covered under Section 301 of the Companies Act, 1956
 - a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into a register in pursuance of Section 301 of the Act have been entered;
 - b. In our opinion and according to the information and explanations given to us, there is no transaction made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rs. 5 lac in respect of any party during the year.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public.
- vii. In our opinion, the Company's internal audit, carried by firms of Chartered Accountants, in respect of areas covered during the year is commensurate with the size and the nature of the business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed account and records have been made and maintained. We are, however, not required to make a detailed examination of such records to ascertain whether these are accurate or complete.
- ix. Statutory Dues
 - a. According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues outstanding as on 31st March, 2010 for a period of more than six months from the date they became payable.
 - b. According to information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- x. The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that during the year the Company has not defaulted in repayment of dues to financial institutions or bank.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv. The Company is not dealing in shares and securities.
- xv. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

AUDITORS' REPORT (Contd.)

- xvi. Based on information and explanations given to us by the management, the Company has not raised any term loan during the financial year covered under audit and accordingly, the clause 4(xvi) of the Order is not applicable to the Company.
 - xvii. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
 - xviii. The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
 - xix. According to information and explanations given to us, the Company has not issued any debentures during the year.
 - xx. The Company has not raised monies by public issues during the year.
 - xxi. During the course of our examination of books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such case by the management.
- 2) Further to the above we report that :
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (1) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
 - (2) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Lodha & Co.**
Chartered Accountants
Firms ICAI Registration Number: 301051E

H. K. Verma
Partner

Membership Number: 55104

Place: Kolkata
Date: 21st May, 2010

BALANCE SHEET

AS AT 31ST MARCH, 2010

		(Rs. in '000)	
	Schedule	As at 31st March, 2010	As at 31st March, 2009
I. SOURCES OF FUNDS			
Shareholders' Funds:			
Capital	1	23903	23903
Reserves and Surplus	2	644831	540552
		668734	564455
Loan Funds:			
Secured Loans	3	61256	5287
Unsecured Loans	4	11925	4200
		73181	9487
Deferred Tax Liability		10608	12034
TOTAL		752523	585976
II. APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block		477304	429534
Less: Depreciation		286531	252263
Net Block	5	190773	177271
Capital Work-in-Progress		1256	12580
		192029	189851
Investments	6	110200	160185
Current Assets, Loans and Advances:			
Inventories	7	154615	167360
Sundry Debtors	8	280430	242446
Cash and Bank Balances	9	191217	24989
Other Current Assets	10	17992	18570
Loans and Advances	11	54298	13235
		698552	466600
Less : Current Liabilities and Provisions:			
Liabilities	12	221518	194181
Provisions		26740	36479
		248258	230660
Net Current Assets		450294	235940
TOTAL		752523	585976
Accounting Policies and Notes on Accounts		17	

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

As per our report of even date

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

H.K. Verma
 Partner
 Kolkata, 21st May, 2010

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

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

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in '000)

	Schedule	For the year ended 31st March, 2010	For the year ended 31st March, 2009
INCOME			
Gross Sales		1043091	1084560
Less : Excise duty recovered		(73164)	(102608)
Net Sales		969927	981952
Other Income	13	33941	15383
		<u>1003868</u>	<u>997335</u>
EXPENDITURE			
Materials and Components	14	469435	510920
Manufacturing and other expenses	15	321589	296941
Interest	16	3252	6336
Depreciation	5	36421	32770
Transfer from Revaluation Reserve		(1318)	(1274)
		<u>35103</u>	<u>31496</u>
		<u>829379</u>	<u>845693</u>
PROFIT BEFORE INCOME TAX		174489	151642
Provision for Income Tax:			
Current		56320	56039
Earlier Years' excess provision written back		—	(734)
Deferred tax (reversal)/charge		(1426)	(5298)
Fringe Benefit		—	2539
Earlier Year's provision		16	—
		<u>54910</u>	<u>52546</u>
PROFIT AFTER INCOME TAX		119579	99096
Balance Brought Forward		13990	14376
BALANCE AVAILABLE FOR APPROPRIATIONS		<u>133569</u>	<u>113472</u>
APPROPRIATIONS			
General Reserve		105500	85500
Proposed Dividend		11951	11951
Tax on Proposed Dividend		2031	2031
Balance Carried Forward		14087	13990
		<u>133569</u>	<u>113472</u>
Accounting Policies and Notes on Accounts	17		
Earnings per share (in Rupees)			
Basic and Diluted		50.03	41.46
[Refer Note 17 of Schedule 17(B)]			

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

This is the Profit and Loss Account referred to
in our report of even dateFor **Lodha & Co.,**
Chartered Accountants,**H.K. Verma**
Partner
Kolkata, 21st May, 2010**S.C. Saha**
Vice President (Finance)
& SecretaryOn behalf of the Board
I. Sen, Managing Director
S. Saha, Executive Director
S. Ray, Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2010

	(Rs. in '000)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and extraordinary items	174489	151642
Adjustments for :		
Depreciation	35103	31496
Profit on sale of fixed asset (net)	(1)	(237)
Provision for diminution in the value of investments no longer required written back	(15)	(328)
Diminution in the value of investments	—	15
Irrecoverable Debts written off	3152	7245
Interest Income	(13689)	(4503)
Profit on maturity/redemption of current investments	(16538)	(2310)
Interest on borrowings	3252	6336
Liabilities no longer required written back	(1309)	(122)
	9955	37592
Operating profit before Working Capital changes	184444	189234
Adjustments for :		
Trade and other Receivables	(79723)	43865
Inventories	12745	5887
Trade Payables	30372	(35792)
	(36606)	13960
Cash generated from Operations	147838	203194
Direct Taxes Paid (net of refunds)	(63349)	(55222)
Net Cash from operating activities ... (A)	84489	147972
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of fixed asset	110	592
Purchase of Fixed Assets	(39428)	(24180)
Proceeds from Redemption/ Maturity of current investments	161538	22310
Purchase of Investments	(95000)	(125200)
Interest Received	7832	3914
Net Cash from investing activities ... (B)	35052	(122564)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Cash Credit & Other short term borrowings	63694	(16712)
Interest Paid	(3252)	(6336)
Dividends Paid (including corporate tax on dividend)	(13755)	(13815)
Net Cash used in Financing activities ... (C)	46687	(36863)
Net increase/(decrease) in Cash and Cash equivalents (A+B+C)	166228	(11455)
Cash and Cash equivalents at the beginning of the year	24989	36444
Cash and Cash equivalents at the close of the year	191217	24989

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

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

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

(iv) Cash and Cash equivalents at the close of the year includes Rs.12472 thousands which are not available for use by the Company.

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

For **Lodha & Co.**,
Chartered Accountants,
H.K. Verma
Partner
Kolkata, 21st May, 2010

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

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

SCHEDULES TO THE BALANCE SHEET

(Rs. in '000)

	As at 31st March, 2010	As at 31st March, 2009
1. CAPITAL		
Authorised		
5000000 Equity Shares of Rs.10 each	50000	50000
Issued and Subscribed		
2390276 Equity Shares of Rs.10 each fully paid (2008-09 - 2390276)	23903	23903
Out of the above Shares:		
(i) 675336 Equity Shares of Rs.10 each allotted as Bonus Shares by capitalisation of Capital Reserve, Share Premium and General Reserve, and		
(ii) 15000 Equity Shares of Rs.10 each allotted as fully paid up pursuant to a contract without payment being received in cash		
	<u>23903</u>	<u>23903</u>
2. RESERVES AND SURPLUS		
Capital Reserve		
As per last Account	60534	60534
Share Premium		
As per last Account	89041	89041
Revaluation Reserve		
As per last Account	19978	21472
Less: Transferred to Profit and Loss Account	(1318)	(1274)
Less: Adjustment on sale /disposal	—	(220)
	<u>18660</u>	<u>19978</u>
General Reserve		
As per last Account	357009	271509
Add: Transferred from Profit and Loss Account	105500	85500
	<u>462509</u>	<u>357009</u>
Balance in Profit and Loss Account	<u>14087</u>	<u>13990</u>
	<u>644831</u>	<u>540552</u>
3. SECURED LOANS		
Cash Credit/ Working Capital Loan from Banks (Refer Note 8 of Schedule 17(B) of Notes on Accounts)	61256	5287
	<u>61256</u>	<u>5287</u>
4. UNSECURED LOANS		
Fixed Deposits	11925	4200
	<u>11925</u>	<u>4200</u>

SCHEDULES TO THE BALANCE SHEET (Contd.)
5. FIXED ASSETS

Assets	GROSS BLOCK (Cost/on revaluation)		DEPRECIATION		NET BLOCK	
	As on 1st April, 2009	As at 31st March, 2010	Upto 31st March, 2009	During the year 2009	Upto 31st March, 2010	As at 31st March, 2010
A. Tangible Assets						
Land -						
Freehold	304	304	—	—	—	304
Leasehold	4554	4554	279	16	295	4259
Buildings	80746	85649	26851	2261	29112	53895
Plant and Machinery	290787	321164	194943	26956	219991	101173
Furniture and Fittings	13692	13863	8029	710	8739	5124
Cars and Vehicles	5603	6271	2887	728	3370	2901
Electrical Installation	12812	13224	7905	552	8457	4767
B. Intangible Assets						
Technical Knowhow fees	17416	17416	10465	2903	13368	4048
ERP Software	3620	3620	904	603	1507	2113
Autocad Software	—	686	—	18	18	668
Patent	—	10553	—	1674	1674	8879
Total (A+B)	429534	477304	252263	36421	286531	190773
Previous year	420397	429534	221714	32770	252263	177271

Note :

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

SCHEDULES TO THE BALANCE SHEET (Contd.)

	(Rs. in '000)	
	As at 31st March, 2010	As at 31st March, 2009
6. INVESTMENTS		
CURRENT INVESTMENTS		
UNQUOTED- AT COST- OTHER THAN TRADE		
i. Reliance Fixed Horizon Fund-VIII - Series 4 Growth 2000000 units of Rs.10 each	—	20000
ii. Kotak Basket Linked Unsecured Redeemable Optionally Convertible Debentures-Series KS-19 10 units of Rs.1000000 each at a premium of Rs.20000 each	10200	10200
iii. ABN AMRO Fixed Term Plan Series 10 Plan F 1000000 units of Rs.10 each	—	10000
iv. ABN AMRO Fixed Term Plan Series 11 Plan A 2000000 units of Rs.10 each	—	20000
v. K167 Kotak Blended Fund of Funds-Dividend 500000 units of Rs.10 each	5000	5000
Less : Diminution in value	—	15
	5000	4985
vi. Kotak FMP 15M Series 5 Institutional-Growth 1000000 units of Rs.10 each	—	10000
vii. ABN AMRO Fixed Term Plan Series 12 Plan A 1000000 units of Rs.10 each	—	10000
viii. Reliance Fixed Horizon Fund-VIII-Series 5 Growth 1000000 units of Rs.10 each	—	10000
ix. HSBC Fixed Term Series 54-Institutional Growth 1000000 units of Rs.10 each	—	10000
x. Kotak FMP 12M Series 7 Institutional-Growth 2000000 units of Rs.10 each	—	20000
xi. HSBC Fixed Term Series 59-Institutional Growth 1000000 units of Rs.10 each	—	10000
xii. Reliance Fixed Horizon Fund-IX-Series 2 Growth 1000000 units of Rs.10 each	—	10000
xiii. Birla Sun Life Fixed Term Plan-Series BA-Growth 1000000 units of Rs.10 each	—	10000
xiv. Sundaram BNP Paribas Fixed Term Plan-J-Inst.Growth 500000 units of Rs.10 each	—	5000
xv. Reliance Regular Savings Fund-Debt Option 1500000 units of Rs.10 each	15000	—
Carried over	30200	160185

SCHEDULES TO THE BALANCE SHEET (Contd.)

	As at 31st March, 2010	(Rs. in '000) As at 31st March, 2009
6. INVESTMENTS (Contd.)		
Brought forward	30200	160185
xvi. Reliance Regular Savings Fund-Debt Option 2000000 units of Rs.10 each	20000	—
xvii. Kotak FMP 19M Series 2 1000000 units of Rs.10 each	10000	—
xviii. Kotak FMP 18M Series 4 1500000 units of Rs.10 each	15000	—
xix. Fortis Fixed Term Series 16B-Growth 2000000 units of Rs.10 each	20000	—
xx. Fortis Fixed Term Series 17A-Growth 1500000 units of Rs.10 each	15000	—
	<u>110200</u>	<u>160185</u>
7. INVENTORIES (As taken, valued and certified by the management)		
Raw Materials and Components [including in transit Rs. 613 thousands (2008-09 - Rs.294 thousands)]	74008	68010
Stores	16761	14599
Work-in-progress	23555	18327
Finished Goods	40291	66424
	<u>154615</u>	<u>167360</u>
8. SUNDRY DEBTORS		
Unsecured, Considered Good :		
Debts outstanding for period exceeding six months	29482	34911
Other Debts	250948	207535
	<u>280430</u>	<u>242446</u>
9. CASH AND BANK BALANCES		
Cash balance on hand	195	308
Balances with Scheduled Banks		
- Current Accounts	15840	10210
- Unclaimed Dividends Accounts	1024	797
- Fixed Deposit Accounts	162710	1000
- Margin Money Deposit Accounts	11448	12204
- Cash Credit Accounts	—	470
	<u>191217</u>	<u>24989</u>

SCHEDULES TO THE BALANCE SHEET (Contd.)

(Rs. in '000)

	As at 31st March, 2010	As at 31st March, 2009
10. OTHER CURRENT ASSETS - Unsecured		
Considered Good -		
Interest accrued on Deposits	8417	2560
Deposits-		
With Customs/Central Excise	6118	12608
With Others	3457	3402
	9575	16010
	<u>17992</u>	<u>18570</u>
11. LOANS AND ADVANCES - Unsecured		
Considered Good -		
Advances recoverable in cash or in kind or for value to be received	53254	13235
Advance Tax	856	—
[net of Provision of Rs. 174314 thousands (2008-09- Rs. Nil)]		
Advance for Fringe Benefit Tax	188	—
[net of Provision of Rs. 4995 thousands (2008-09- Rs. Nil)]		
	<u>54298</u>	<u>13235</u>
12. CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors for capital goods, materials and expenses		
- Dues to Micro, Small and Medium Enterprises	1290	930
- Others	133557	121383
Advances from Customers	51144	61152
Unclaimed Dividends *	1024	797
Deferred Liabilities	1669	2477
Other Liabilities	32834	7442
	<u>221518</u>	<u>194181</u>
* Not due for payment to Investor Education and Protection Fund		
PROVISIONS		
Provision for Taxation [net of Advance tax of Rs. Nil (2008-09 - Rs. 156395 thousands)]	—	5910
Provision for Fringe Benefit Tax [net of Advance tax of Rs. Nil (2008-09 - Rs. 6997 thousands)]	—	58
Provision for Proposed Dividend	11951	11951
Provision for Corporate Tax on Dividend	2031	2031
Provision for Gratuity & Leave Salary	12758	16529
	<u>26740</u>	<u>36479</u>

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

	(Rs. in '000)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
13. OTHER INCOME		
Interest (Gross) on -		
Deposits and others	13689	4503
(Tax deducted at source Rs. 1378 thousands; 2000-09 - Rs. 957 thousands)		
Profit on sale / redemption of Current Investments	16538	2310
Liabilities / Provisions no longer required written back	1309	122
Provision for diminution in Current Investments no longer required written back	15	328
Profit on sale of fixed assets (net)	1	237
Miscellaneous Receipts	2389	7883
	33941	15383
14. RAW MATERIALS, WORK-IN-PROGRESS AND FINISHED GOODS		
Raw Materials & Components Consumed	449824	526946
(Increase) / Decrease in Stock -		
Finished Goods:		
Opening Stock	66424	45570
Add/(Less) : Provision for Excise Duty on finished goods lying at the factories	(1294)	(686)
Less : Closing Stock	40291	66424
	24839	(21540)
Work-in-progress:		
Opening Stock	18327	23841
Less : Closing Stock	23556	18327
	(5228)	5514
	469435	510920

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT (Contd.)

(Rs. in '000)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
15. MANUFACTURING AND OTHER EXPENSES		
Salaries, Wages and Bonus	123262	105099
Contribution to Provident and Other Funds	13079	16119
Workmen and Staff Welfare Expenses	10597	7445
Travelling and Conveyance	14273	12098
Consumable Stores	19999	22658
Rent	1313	1057
Rates and Taxes	3497	4111
Power and Fuel	11128	10014
Repairs to - Buildings	579	627
- Machinery	1116	894
- Others	4958	4267
Insurance	4183	4138
Selling and Distribution Expenses	36209	29284
Royalty	14935	17066
Directors' Commission	6662	5319
Auditors' Remuneration	273	283
Irrecoverable Debts/Advances written off	3152	7245
Communication Expenses	1967	1881
Provision for diminution in Current Investments	—	15
Miscellaneous Expenses	50407	47321
	<u>321589</u>	<u>296941</u>
16. INTEREST		
Fixed Deposits	577	414
Others	2675	5922
	<u>3252</u>	<u>6336</u>

SCHEDULE

17. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

17(A). Significant Accounting Policies

(i) **ACCOUNTING CONCEPTS**

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

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

(ii) **USE OF ESTIMATES**

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

(iii) **FIXED ASSETS**

Tangible

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

Intangible

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

(iv) **DEPRECIATION**

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

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

(b) Other Units - on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956.

Assets whose original cost does not exceed Rs. 5000 are depreciated @ 100% in the year of acquisition. Depreciation in respect of revalued fixed assets is calculated on straight-line method based on remaining life as estimated by the valuer.

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

(v) **IMPAIRMENT**

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

(vi) **INVESTMENTS**

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

(vii) **INVENTORIES**

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

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

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

(viii) FOREIGN CURRENCY TRANSACTIONS

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

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

(ix) REVENUE RECOGNITION

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

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

(x) EMPLOYEE BENEFITS

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

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

(xi) INCOME TAX

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

(xii) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

17(B). Notes on Accounts

	(Rs. in '000)	
	31st March, 2010	31st March, 2009
(1) Contingent liabilities not provided for : Outstanding Bank Guarantees	9282	7443
(2) Estimated amount of contracts remaining to be executed on capital	—	8295

SCHEDULE

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

		(Rs. in '000)	
		31st March, 2010	31st March, 2009
(3)	Auditors' Remuneration:		
	Audit Fees	175	175
	Certification etc.	98	108
(4)	Research and Development expenses debited to respective heads of accounts	4641	5269
(5)	Selling and Distribution Expenses comprise of -		
	Travelling Expenses	23371	19686
	Commission on Sales	7347	4520
	Other Expenses	5491	5078
(6)	Miscellaneous Expenses include prior period expenditure of Rs. Nil (2008-09 - Rs. 2000 thousands).		
(7)	Gross depreciation for the current year is Rs.36421 thousands (2009 - Rs. 32770 thousands) of which Rs.1318 thousands (2009 - Rs.1274 thousands) has been transferred from revaluation reserve.		
(8)	Cash Credit / Working Capital Loan from UCO Bank and Axis Bank are secured by hypothecation of stock of raw materials, work-in-progress, finished goods, stores and spares, book debts and other current assets of the Company and all moveable assets and by equitable mortgage of immoveable properties comprising of land and buildings at the Company's factories situated at Baidyabati, Nagpur and Aurangabad.		
(9)	The breakup of deferred tax is as under :		

(Rs. in '000)			
	Opening as on 1st April, 2009	Debit/(Credit) during the Year	Closing as on 31st March, 2010
Deferred Tax Assets :			
Expenses Allowable on Payment Basis	6125	(1755)	4370
TOTAL	6125	(1755)	4370
Deferred Tax Liabilities :			
Depreciation and Related Items	18159	3181	14978
TOTAL	18159	3181	14978
Deferred Tax Liabilities (Net)	12034	1426	10608

(10) Fixed Deposit receipts of Rs.11448 thousands (2009-Rs.12204 thousands) have been deposited with Banks against guarantees issued by them.

(11) Employee Benefits

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

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

(Rs. in '000)		
	2009-10	2008-09
Employer's Contribution to Provident Fund	6487	5237
Employer's Contribution to Pension Fund	3090	2973
Employer's Contribution to Superannuation Fund	880	1185
Employer's Contribution to Employees State Insurance Scheme	1252	1503

SCHEDULE

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

b) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2010 :

(Rs. in '000)

	Year ended 31st March		
	2010	2009	2008
(i) Gratuity (Funded)			
A. Change in Defined Benefit Obligations :			
Present Value of Defined Benefit Obligations as at the beginning of the year	33061	30012	24825
Current Service Cost	2509	2241	1917
Interest Cost	2696	2523	2056
Benefits Paid	(1876)	(3480)	(2045)
Actuarial (Gains)/ Losses	(2038)	1765	3259
Present Value of Defined Benefit Obligations as at the end of the year	34352	33061	30012
B. Change in the Fair Value of Assets:			
Fair value of Plan Assets at the beginning of the year	21128	15280	12139
Expected Return on Plan Assets	1942	1456	1186
Contributions by the Employer	6165	7853	4000
Benefits paid	(1876)	(3480)	(2045)
Actuarial Gains/ (Losses)	65	19	
Fair value of Plan Assets at the end of the year	27424	21128	15280
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	34352	33061	30012
Fair value of Plan Assets at the end of the year	27424	21128	15280
Liability /(Assets) recognized in the Balance Sheet	6928	11933	14732
D. Expenses recognized in the Profit & Loss Account:			
Current Service Cost	2509	2241	1917
Interest Cost	2696	2523	2056
Expected Return on Plan Assets	(1942)	(1456)	(1186)
Actuarial (Gain)/ Loss	(2103)	1746	3259
Total Expenses recognized in the Profit & Loss Account *	1160	5054	6046
E. Principal Actuarial Assumptions used :			
Discounted Rate (per annum) Compound	8%	8%	7.5%
Expected Rate of return on Plan Assets	8%	8%	7.5%
Rate of Salary increase (per annum)	5%	5%	5%

SCHEDULE

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

(Rs. in '000)

(ii) Leave Encashment (Non Funded)	Year ended 31st March		
	2010	2009	2008
A. Change in Defined Benefit Obligations :			
Present Value of Defined Benefit Obligations as at the beginning of the year	4596	4344	3720
Current Service Cost	117	86	11
Interest Cost	417	358	323
Benefits Paid	(2037)	(2114)	(1648)
Actuarial (Gains)/ Losses	2737	1922	1938
Present Value of Defined Benefit Obligations as at the end of the year	5830	4596	4344
B. Change in the Fair Value of Assets:			
Fair value of Plan Assets at the beginning of the year	—	—	—
Expected Return on Plan Assets	—	—	—
Contributions by the Employer	2037	2114	1648
Benefits paid	(2037)	(2114)	(1648)
Actuarial Gains/ (Losses)	—	—	—
Fair value of Plan Assets at the end of the year	—	—	—
C. Reconciliation of Present value of Defined Benefit Obligation and the Fair Value of Assets :			
Present Value of Defined Benefit Obligations as at the end of the year	5830	4596	4344
Fair value of Plan Assets at the end of the year	—	—	—
Liability /(Assets) recognized in the Balance Sheet	5830	4596	4344
D. Expenses recognized in the Profit & Loss Account:			
Current Service Cost	117	86	11
Interest Cost	417	358	323
Expected Return on Plan Assets	—	—	—
Actuarial (Gain)/ Loss	2737	1922	1938
Total Expenses recognized in the Profit & Loss Account *	3271	2366	2272
E. Principal Actuarial Assumptions used :			
Discounted Rate (per annum) Compound	8%	8%	7.5%
Expected Rate of return on Plan Assets	—	—	—
Rate of Salary increase (per annum)	5%	5%	5%

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

SCHEDULE

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

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

The contributions expected to be made by the Company for the year 2010-11 is yet to be determined.

- c) The guidance on implementing Accounting Standard (AS-15) (Revised 2005) on Employees' Benefits issued by Accounting Standard Board (ASB) states that provident fund trustees set up by the employers which require the interest shortfall to be met by the employers need to be treated as "Defined Benefit Plan". According to the management, in consultation with the actuary, it is not practical or feasible to actuarially value the Provident Fund liability in the absence of any guidance from Actuarial Society of India and also due to the fact that the rate of interest as notified by the Government can vary annually. Accordingly, the Company is currently not in a position to provide other related disclosures as required by the aforesaid AS-15 read with ASB guidance.

- (12) Exchange difference of Rs. 526 thousands being net loss (2008-09 - Gain - Rs. 1158 thousands) included in Miscellaneous expenditure.

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

(Rs. in '000)

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006		31st March, 2010	31st March, 2009
i.	The principal amount and the interest due remaining unpaid to any supplier as at the end of the year :		
	Principal amount unpaid	1290	930
	Interest due	—	—
ii.	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year :		
	Payment made beyond the Appointed Date	9001	8087
	Interest paid beyond the Appointed Date	—	—
iii.	The amount of interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	—	—
iv.	The amount of interest accrued and remaining unpaid at the end of the year; and	—	—
v.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	—	—

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

SCHEDULE

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

(14) DIRECTORS' REMUNERATION :		(Rs. in '000)	
		2009-10	2008-09
(I)	Directors' Remuneration :		
	Salaries	5002	2820
	Contribution to Provident Fund	625	353
	Contribution to Superannuation Fund	625	352
	Commission	6662	5319
	Other Benefits	4962	2815
	Sitting Fees	395	370
		18271	12029
(II)	Computation of Net Profit and Directors' Commission :		
	Profit before taxation	174489	151642
	Add : Directors' Remuneration	18271	12029
	Net Profit / (Loss)	192760	163671
	Commission for the year to :		
	a) Chairman - non-executive director - 2% of net profit	3855	3273
	b) Managing Director -1% of net profit 192760 thousands but restricted to	1883	1637
	c) Executive Director - 0.25% of net profit for one month and 0.50% of net profit for eleven months.	924	409
		6662	5319

- (i) The above remuneration does not include provision for gratuity and leave encashment as these are not separately ascertainable
- (ii) The remuneration of Rs. 9192 thousands paid/ payable to the Managing Director for the period from 1st May, 2009 to 31st March, 2010 is pending shareholders' approval at the ensuing Annual General Meeting

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

- a) Key Management Personnel:
- Mr. I. Sen - Managing Director
- Mr. S. Saha - Wholetime Director
- b) Companies/Individuals/HUF/Body Corporate having substantial interest in the Company:
- Shiva Prasad Bagaria,
- Sanjay Bagaria,
- Purnima Bagaria,
- Sanjay Bagaria - HUF,
- Shiva Prasad Bagaria - HUF,
- Satyam Bagaria Benefit Trust.

SCHEDULE

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

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

		(Rs. in '000)	
		2009-10	2008-09
(i)	Remuneration paid :		
	Managing Director	9638	5685
	Executive Director	4383	2701
(ii)	Deposits taken and repaid :		
	Deposits outstanding - opening		
	Sanjay Bagaria (HUF)	600	—
	Satyam Bagaria Benefit Trust	550	—
	Estate of Ratni Devi Bagaria	575	800
	Shweta Bagaria	2075	1475
	Shiva Prasad Bagaria	—	600
	Purnima Bagaria	—	3000
	Others	400	100
		4200	5975
	Deposits taken during the year		
	Purnima Bagaria	3500	3900
	Sanjay Bagaria (HUF)	200	1100
	Estate of Ratni Devi Bagaria	250	400
	Shweta Bagaria	3400	600
	Shiva Prasad Bagaria	2000	350
	Sanjay Bagaria	1200	—
	Devanshi Bagaria	4500	—
	Others	50	950
		15100	7300
	Deposits repaid during the year		
	Purnima Bagaria	3500	6900
	Sanjay Bagaria	500	—
	Shweta Bagaria	2275	—
	Estate of Ratni Devi Bagaria	825	—
	Others	275	2175
		7375	9075
	Deposits outstanding - closing		
	Estate of Ratni Devi Bagaria	—	575
	Shweta Bagaria	3200	2075
	Sanjay Bagaria (HUF)	800	600
	Shiva Prasad Bagaria	2000	—
	Sanjay Bagaria	700	—
	Satyam Bagaria Benefit Trust	550	550
	Devanshi Bagaria	4675	—
	Others	—	400
		11925	4200

SCHEDULE

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

(Rs. in '000)

		2009-10	2008-09
	Interest paid		
	Shweta Bagaria	155	175
	Sanjay Bagaria (HUF)	60	45
	Estate of Ratni Devi Bagaria	48	84
	Shiva Prasad Bagaria	39	55
	Sanjay Bagaria	5	—
	Purnima Bagaria	73	—
	Janapriya Benefit Trust	14	—
	Devanshi Bagaria	136	—
	Satyam Bagaria Benefit Trust	47	—
	Others	—	55
		577	414
(iii)	Commission paid to Mr. Sanjay Bagaria, Chairman & Non Executive Director	3855	3273
(iv)	Stipend paid to Ms. Shweta Bagaria	36	—

(16) Segment Information for the year ended 31st March, 2010 :

Primary segment reporting – Business Segments

(Rs. in '000)

Particulars	Mineral & Material Processing and Handling Equipment		Gear Box and Geared Motor Drive System		Unallocated/ Corporate (Ref.Note 2)		Eliminations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
REVENUE										
External Sales / Income	700918	735937	272855	254271	—	—	—	—	973773	990208
Inter-segment Sales	186	268	257	123	—	—	(443)	(391)	—	—
Total Revenue	701104	736205	273112	254394	—	—	(443)	(391)	973773	990208
RESULT										
PROFIT BEFORE INTEREST, DEPRECIATION and TAXATION	256509	236832	48132	54558	—	—	—	—	304641	291390
(Less) : Depreciation	(5637)	(3850)	(26696)	(24645)	(2770)	(3001)	—	—	(35103)	(31496)
PROFIT AFTER DEPRECIATION	250872	232982	21436	29913	(2770)	(3001)	—	—	269538	259894
(Less) : (i) Interest									(3252)	(6336)
(ii) Other unallocable expenditure (net of unallocable income)					(91796)	(101916)			(91796)	(101916)

SCHEDULE

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

(Rs. in '000)

Particulars	Mineral & Material Processing and Handling Equipment		Gear Box and Geared Motor Drive System		Unallocated/ Corporate (Ref.Note 2)		Eliminations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
PROFIT BEFORE INCOME TAX									174490	151642
(Less) : Provision for income tax:										
Current									56320	56039
Provision for earlier years' written back									—	(734)
Deferred									(1426)	(5298)
Fringe Benefit									—	2539
Provision for earlier years									17	—
NET PROFIT									119579	99096
OTHER INFORMATION										
Segment assets	399670	320630	277350	289539	—	—	—	—	677020	610169
Unallocated Corporate assets					323759	206798	—	—	323759	206798
Total assets	399670	320630	277350	289539	323759	206798	—	—	1000779	816967
Segment liabilities	160508	125346	48241	57935	—	—	—	—	208749	183281
Unallocated Corporate liabilities	—	—	—	—	39508	47411	—	—	39508	47411
Total liabilities	160508	125346	48241	57935	39508	47411	—	—	248257	230692
Capital expenditure	15395	755	31845	10407	2792	771	—	—	50032	11933
Depreciation	5637	3850	26696	24645	2770	3001	—	—	35103	31496

NOTE:

- The Company has identified business segments as primary segments. The reportable business segments are Mineral and Material Processing and Handling Equipment and Geared Motors based on industry and product lines.
Handling Equipment include Mineral,Material processing and other handling equipment. Geared Motor include Gear Box, Geared Motor drive system.
- Assets and liabilities (including provision for income tax, deferred tax liability and advance tax) which are not attributable / identifiable / allocable to business segments are shown as unallocated/ corporate assets /liabilities
- Secondary segment information – Geographical
Out of total Sales of Rs.969927 thousands (2008-09 – Rs. 981952 thousands), Sales outside India is Rs.87033 thousands (2008-09 – Rs. 108734 thousands)
- Previous year's figures have been re-arranged / re-grouped, wherever necessary.

(17) EARNING PER SHARE (EPS)

		2009-2010	2008-2009
I. Profit for Basic EPS – (in Rs.'000)	(a)	119579	99096
II. Shares			
Number of Equity Shares as on 31.3.2010		2390276	2390276
Weighted average number of Equity shares outstanding during the year (for EPS)	(b)	2390276	2390276
III. EPS (Face value of Rs.10 each)			
Basic EPS (a/b) in Rupees		50.03	41.46
Diluted EPS (a/b) in Rupees		50.03	41.46

SCHEDULE

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

(18) Leases

- a) The Company has certain not non-cancellable operating lease arrangements for residential and office premises which are renewable by mutual consent and mutually agreed terms.
- b) The aggregate lease rentals payable are charged as "Rent" in Schedule 15.

The future minimum lease payments under non-cancellable operating leases is Rs. Nil (2008-09 – Rs. Nil)

(19) Unhedged Foreign Currency Exposures are as follows :

Nature	Currency	31st March, 2010	31st March, 2009
Import	Euro	14927	957
Import	Japanese Yen	—	527800
Import	Swiss Franc	51	—
Advance for Import	Euro	3430	3648
Export	USD	60529	10482
Export	Euro	111519	159747
Advance received against Export	USD	15934	17199

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

PARTICULARS IN RESPECT OF GOODS MANUFACTURED :

Class of Goods	Registered/ licensed Annual Capacity on Single Shift Basis Nos.		Installed/Annual Capacity on Single Shift Basis Nos.		Actual Production Nos.	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Raymond Grinding Classifications and Drying Systems	232	232	170	170	10	8
Electromagnetic Vibrators/ Vibratory feeders	1644	1644	600	600	544	420
Mechanical Vibratory Screen/ Feeders	400	400	600	600	483	563
Omni Screen / Feeders	120	120	40	40	12	20
Vacseal Pumps	1008	1008	600	600	33	19
Mogensen Sizers	210	210	105	105	50	58
Gear Box & Geared Motor	9000	9000	9000	9000	5531	5097

Notes :

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

SCHEDULE**17(B). Notes on Accounts (Contd.)****(21) PARTICULARS IN RESPECT OF FINISHED GOODS, STOCKS AND SALES OF GOODS MANUFACTURED**

(Rs. in '000)

Class of Goods	Opening Stock				Closing Stock				Sales			
	1st April, 2009		1st April, 2008		31st March, 2010		31st March, 2009		2009-10		2008-09	
	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.
Raymond Grinding Classifications and Drying System	—	—	—	—	—	—	—	—	10	35536	8	18114
Electro Magnetic Vibrators/Vibratory Feeders	8	599	4	383	20	1202	8	599	532	41014	416	30401
Mechanical Vibratory Screens/feeders	8	3689	4	612	4	707	8	3689	487	310250	559	302768
Omni Screens/ Feeders	—	—	—	—	—	—	—	—	12	26997	20	51040
Vacseal Pumps	—	—	—	—	—	—	—	—	33	3956	19	1573
Mogensen Sizer	1	1418	—	—	—	—	1	1418	51	93735	57	103579
Gear Box & Geared Motor	852	29406	262	5224	345	6096	852	29406	6038	240443	4507	180629
Finished Spares (none of which individually exceeds 10% of total turnover)		31312		39351		32286		31312		217996		293848
		66424		45570		40291		66424		969927		981952

Note:

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



SCHEDULE

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

(Rs. in '000)

	2009-10		2008-09	
	QTY	VALUE	QTY	VALUE
(22) CONSUMPTION OF RAW MATERIALS, COMPONENTS AND SPARES				
Steel	1637 M.T.	67514	1942 M.T.	66528
Imported Bearings	12654 Nos.	26244	16225 Nos.	34357
Components and spares (None of which individually exceeds 10% of total consumption)		356066		426061
		<u>449824</u>		<u>526946</u>
	% of total consumption	VALUE	% of total consumption	VALUE
(23) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS SPARES AND COMPONENTS CONSUMED				
Imported	11.97	53839	12.39	65293
Indigenous	88.03	395985	87.61	461653
	100.00	<u>449824</u>	100.00	<u>526946</u>
(24) VALUE OF IMPORTS (C.I.F. BASIS)				
Components & Spares		26477		26501
Capital Goods		7414		7976
(25) EXPENDITURE IN FOREIGN CURRENCY				
Technical Knowhow fees		490		—
Royalty		14477		23152
Other matters		5071		6432
(26) EARNINGS IN FOREIGN EXCHANGE				
Export of Goods calculated on F.O.B. Basis		87033		108734
Others		46		2015

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

As per our report of even date
For **Lodha & Co.**,
Chartered Accountants,
H.K.Verma
Partner
Kolkata, 21st May, 2010

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

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I. Registration Details

Registration No. State Code
 Balance Sheet Date
 Date Month Year

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

Public Issue
 Rights Issue
 Bonus Issue
 Private Placement

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

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

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

Turnover*
 * includes other income
 Total Expenditure

+ -	Profit/Loss Before Tax	+ -	Profit/Loss After Tax
<input checked="" type="checkbox"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="9"/>	<input checked="" type="checkbox"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="9"/>

 (Please tick appropriate box + for profit, - for loss)
 Earning Per Share (Basic) in Rs.
 Dividend rate %

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

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

On behalf of the Board

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

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



TEN YEARS' FINANCIAL STATISTICS

(Rs. in lac)

2000-01 2001-02 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10

OPERATING RESULTS

Sales	2357	2325	2541	3086	4588	6684	7981	9519	9819	9699
Other Income	58	54	115	78	54	60	108	158	154	339
Total Income	2415	2379	2656	3164	4642	6744	8089	9677	9973	10038
Profit before Interest, Depreciation & Tax (PBIDT)	270	363	350	421	536	1171	1590	2145	1894	2129
Interest	227	244	141	171	120	74	33	42	63	33
Depreciation	108	109	99	94	99	192	264	301	315	351
Profit before Tax / (Loss)	(65)	10	110	156	317	905	1293	1802	1516	1745
Profit after Tax / (Loss)	(65)	12	23	91	220	575	828	1173	991	1196
Dividends	—	—	—	22	54	109	115	120	120	120
Tax on Dividend	—	—	—	2	7	15	19	20	20	20
Retained Profit	—	12	23	67	159	451	694	1033	851	1056

NET ASSETS EMPLOYED

Net Fixed Assets	1709	1606	1447	1360	1297	1557	1857	1987	1899	1920
Net Current Assets	2022	2064	1979	1991	1720	1711	2116*	3083*	3841*	5499
Net Assets Employed	3731	3670	3426	3351	3017	3268	3973	5070	5740	7419
Financed by –										
Shareholders' Fund	2280	2172	2183	2220	2351	2983	3882	4808	5645	6687
Borrowings	1451	1498	1243	1131	666	285	91	262	95	732
Funds Employed	3731	3670	3426	3351	3017	3268	3973	5070	5740	7419

RATIOS

PBIDT to Sales (%)	11.5	15.6	13.8	13.6	11.7	17.5	19.9	22.5	19.3	22.0
Debt : Equity	0.64	0.69	0.57	0.51	0.28	0.10	0.02	0.05	0.02	0.11
Earnings per Share (Basic)	—	0.54	1.05	4.23	10.16	26.31	36.11	49.09	41.46	50.03
Dividend per Equity Share	—	—	—	1.00	2.50	5.00	5.00	5.00	5.00	5.00
Book value per Share (Rs.)	105.54	100.54	101.05	102.76	108.83	136.57	169.35	201.16	236.15	279.76

* includes short term investments

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

