

INTEGRA ENGINEERING INDIA LIMITED

(Formerly known as SCHLAFHORST ENGINEERING (INDIA) LIMITED)

Thirtieth Annual Report - 2011

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INTEGRA Engineering India Limited

(Incorporated under the Companies Act, 1956)

Registered Office : Post Box No. 55, Chandrapura Village,

Tal. Halol - 389 350, Dist. Panchmahals, Gujarat, India

Tel. : +91-2676-221870, 222772, 222773, 222774, Fax : +91-2676-220887

www.integraengineering.in

INTEGRA ENGINEERING INDIA LIMITED

BOARD OF DIRECTORS

| | | |
|-----------------------|---|---------------------------------------|
| Mr. Adrian Oehler | - | Chairman |
| Mr. Shalin S. Divatia | - | Director |
| Mr. Jayvant H. Mehta | - | Director |
| Mr. Mahendra Sanghvi | - | Director |
| Ms. Corinne Raez | - | Additional Director (from 18.04.2011) |

CHIEF EXECUTIVE OFFICER

Mr. Swami P.

COMPANY SECRETARY

Mr. Mayank S. Joshi

COMPLIANCE OFFICER

Mr. Y.J. Shah

AUDITORS

K.C. Mehta & Co.,
Chartered Accountants
2nd Floor, Meghdhanush, Race Course, Vadodara-390 007

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited
B-102 & 103, First Floor, Shangrila Complex, Opp. HDFC Bank,
Near Radhakrishna Char Rasta, Akota, Vadodara- 390 020

BANKERS

UCO Bank
HDFC Bank Limited
Bank of Baroda
DENA Bank

REGISTERED OFFICE & WORKS

Chandrapura Village, Tal. Halol - 389 350
Dist. Panchmahals, Gujarat State
Telephone No. (02676) 221870, 221872-74
Fax No. (02676) 220887
Website: www.integraengineering.in
Email: info@integraengineering.in, secretarial@integraengineering.in

NOTICE TO MEMBERS

Notice is hereby given that the THIRTIETH ANNUAL GENERAL MEETING of the Members of INTEGRA ENGINEERING INDIA LIMITED will be held at the Registered Office of the Company at Chandrapura Village, Tal. Halol - 389 350, Dist. Panchmahals, Gujarat on 27th March, 2012 at 11:30 am to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account of the Company for the year ended 31st December 2011 and the Balance Sheet as at that date together with the reports of the Directors' and Auditors thereon.
2. To appoint a Director in place of Mr. Adrian Oehler, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shalin S. Divatia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s K. C Mehta & Co. (ICAI Reg. No. 106237W) Chartered Accountants, Vadodara as Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. **To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**
"RESOLVED THAT Ms. Corinne Raez, who was appointed under section 260 of the Companies Act, 1956, as Additional Director of the Company and whose term of Office expires at this Annual General Meeting and in respect of whom the Company has received a notice from a Member under section 257 of the Companies Act 1956 proposing her candidature, be and is hereby appointed as Director of the Company, liable to retire by rotation."
6. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**
"RESOLVED THAT pursuant to the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr. Jayvant H. Mehta, Non-Executive Director, as Management Consultant, w.e.f. May 01, 2011 at a remuneration of Rs. 68,500/- per month plus applicable taxes and reimbursement of out of pocket expenses, for the period from May 01, 2011 to February 29, 2012 in the manner and on such terms and conditions, as decided by the Board of Directors of the company."
7. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**
"RESOLVED THAT pursuant to the provisions of section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the existing Articles of Association of the Company be and are hereby altered in the following manner :
 - (a) Article 2 be amended by the deletion of the words :
"RVG" shall mean and include -
 - (i) REINERS VERWAL TUNGS-GESELLSCHAFT GmbH, a company incorporated under the laws of West Germany and having its principal office at 4050 Monchengladbach, West Germany.
 - (ii) Any body corporate in which RVG has amalgamated or merged, and
 - (iii) the parent Company or any subsidiary Company of RVG or the body corporate referred to in sub-clause (ii) above "

And by the insertion of the following in its place:

"IHAG" shall mean and include -

- (i) Integra Holding AG, a company incorporated under the laws of Switzerland and having its principal office at Hammerweg I, CH-8304, Wallisellen, Switzerland.
 - (ii) Any body corporate in which IHAG has amalgamated or merged, and
 - (iii) the parent Company or any subsidiary Company of IHAG or the body corporate referred to in sub-clause (ii) above"
- (b) In Article 3 (b) the words "shall be Rs. 12, 93, 01,310 and the same" shall be deleted and the word "RVG" shall be substituted by "IHAG".
- (c) In Article 136, the word "RVG", wherever appearing shall be substituted by the word "IHAG".
- (d) In Article 167, the word "RVG", wherever appearing shall be substituted by the word "IHAG".
- (e) In Article 173, the word "RVG", wherever appearing shall be substituted by the word "IHAG".
- (f) In Article 175, the word "RVG", wherever appearing shall be substituted by the word "IHAG".
- (g) In Article 177 the word "RVG", wherever appearing shall be substituted by the word "IHAG".
- (h) In Article 179 the word "RVG", wherever appearing shall be substituted by the word "IHAG".

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard.

8. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT in the compliance with SEBI Circular No D&CC/FITTC/CIR -15/2002, dated December 27, 2002 and pursuant to Section 163 and other applicable provisions, if any, of the Companies Act, 1956 ("Act), the consent be and is hereby accorded for keeping and maintaining the Register of Members/ Debenture holders together with the Index of the members, Register of Transfer and such other related books, records and documents as may be required with M/s Link Intime India Private Limited having their office presently at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400078 appointed as Registrars and Share Transfer Agent (R&T Agent) of the Company.

RESOLVED FURTHER THAT all such acts, deeds and things done /to be done in terms of the above resolution by and with the authority of the Board of Directors be and are hereby confirmed and ratified."

By order of the Board of Directors,
For INTEGRA Engineering India Limited

ADRIAN OEHLER
CHAIRMAN

Registered Office:

Chandrapura Village, Tal. Halol - 389 350

Dist. Panchmahals, Gujarat.

Place: Halol

Date: 1st February, 2012

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON A POLL VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The Proxy, in order to be effective, must be deposited at the Registered Office of the Company, not later than 48 hours before commencement of the meeting.
2. The Members should bring the duly filled in attendance slips sent herewith, for attending the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 25th March, 2012 to 27th March, 2012 (both days inclusive) for both, physical and Demat.
4. M/s Link Intime India Private Limited ("Link Intime") are the Common Share Transfer Agents of the Company for physical and Demat w.e.f May, 01, 2011. Members are requested to advise, quoting their Folio Number(s), the change of address, if any, immediately to the Company at its Registered Office: Secretarial Dept., INTEGRA Engineering India Limited., Chandrapura Village, Tal. Halol - 389 350, Dist. Panchmahals, Gujarat or to its Registrar and Share Transfer Agent Viz Link Intime India Private Limited("Link Intime") B -102 & 103, Shangrila Complex, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020, (Tel : (0265) 2356573, 2356794 Fax : (0265) 2356791)E -mail : Vadodara@linkintime.co.in and also to respective Depository Participant (DP), in case the Shares are held in Demat Form
5. Shareholders seeking information on accounts published herein are kindly requested to furnish their queries to the Company at least TEN days before the date of the meeting addressed to the Company Secretary, INTEGRA Engineering India Limited., Chandrapura Village, Tal. Halol - 389 350, Dist. Panchmahals, Gujarat or email secretarial@integraengineering.in
6. Members holding shares in physical form, can avail of the nomination facility, by filing Form 2B(in duplicate) with the Company or its Registrar and Share Transfer Agent ("Link Intime"). In case of Share held in demat form, the nomination has to be lodged with their Depository Participant (DP).

By order of the Board of Directors,
For INTEGRA Engineering India Limited

ADRIAN OEHLER
CHAIRMAN

Registered Office :

Chandrapura Village, Tal. Halol - 389 350
Dist. Panchmahals, Gujarat.
Place: Halol
Date: 1st February, 2012

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Ms. Corinne Raez was appointed as Additional Director on 18th April, 2011 and holds office only up to the date of the Annual General Meeting. The Company has received a notice from a Member of the Company as required u/s 257 of the Companies Act, 1956 proposing Ms. Corinne Raez as Director of the Company at the ensuing Annual General Meeting.

Ms Corinne Raez, Age 26, has pursued her Master Degree in Business Administration (M.B.A) with finance from Switzerland and possesses commendable experience in marketing and finance.

She is presently working as President of Integra India Group Company Limited, an associate company and holds Directorship in Gorba Integra Systems Private Limited.

In order to enable the Company to avail the benefit of her experience, your Directors consider it desirable that Ms. Corinne Raez be appointed as Director of the Company, liable to retire by rotation.

Except Ms. Corinne Raez, none of the other Directors is in any way concerned or interested in the above resolution.

Item No. 6

The Board of Directors of the Company at their meeting held on April 18, 2011 have approved the appointment of Mr. Jayvant H. Mehta, Non Executive Director as Management Consultant.

Mr. J. H. Mehta age 73 years is Commerce Graduate and done his MBA from Liverpool (UK). He is also a fellow Member of the Institute of Cost and Management Accountants, London. He worked at very senior positions with various companies based in UK, Ireland and India for more than three decades and is currently rendering his services as Management Consultant of companies in India and abroad. He is having wide and varied experience in finance, accounts and audit and management functions.

His scope of work includes advising the Company for developing and expanding the area of business and improving internal functions of the Company. The Board recommends this resolution.

This resolution is required to be passed as a Special Resolution, pursuant to the provisions of Section 314 of the Act.

Except Mr. Jayvant H. Mehta, none of the other Directors is in any way concerned or interested in the above resolution.

Item No. 7

REINERS VERWAL TUNGS-GESELLSCHAFT GmbH, together with its group companies ("RVG") were the erstwhile promoters of the Company holding a majority of the issues, subscribed and paid-up equity share capital of the Company. The aforesaid erstwhile promoters have divested and sold their entire equity and Preference Shareholding in the Company to Integra Holding AG, Switzerland (IHAG). As promoters the said RVG was conferred under the Articles of Association certain rights entitling them to appoint a Director on the Board of the Company and any Committee thereof, and relating to constitution of quorum at Board Meetings and the requiring of the assent of RVG for passing resolutions of the Board and at the general meetings. Since RVG is no longer a shareholder of the Company and having sold its shares to IHAG, it is proposed to substitute the reference to RVG by IHAG in the Articles of Association.

The provisions of the Companies Act, 1956 require the Company to seek the approval of the Members for the amendment to the Articles of Association of the Company.

The Board of Directors accordingly recommends the resolutions set out at Item Nos.07 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolutions, Except Mr. Adrian Oehler who is Director on the Board belonging to the said Promoter group viz. IHAG.

Item No. 8

Securities And Exchange Board of India (SEBI) vide circular dated December 27, 2002 has mandated the listed Companies to maintain all the work related to Share registry (both the physical share facility and demat segment) at a single place. Accordingly, the Board of Directors in its meeting held on 18th April, 2011 has accorded its consent to outsource the existing in-house share transfer facility (i.e. physical segment) to the existing demat Registrar M/s Link Intime India Private Limited.

Approval of members is sought, in the terms of Section 163 of the Companies Act, 1956 for shifting 'Register of Members from the Registered Office to M/s Link Intime India Private Limited at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400078.

Your Directors recommend the special resolution.

None of the Directors are, in any way, concerned or interested in the above resolution.

By order of the Board of Directors
INTEGRA Engineering India Limited

ADRIAN OEHLER
CHAIRMAN

Registered Office:

Chandrapura Village, Tal. Halol - 389 350

Dist. Panchmahals, Gujarat.

Place: Halol

Date: 1st February, 2012

DIRECTORS' REPORT

To,
The Shareholders,
INTEGRA Engineering India Limited.

Yours Directors have pleasure in presenting the Thirtieth Annual Report along with audited financial statements of the Company for the year ended 31st December, 2011.

1. Financial Results

(Rupees in thousands)

| | For the year ended on 31st December, 2011 | For the year ended on 31st December, 2010 |
|--|--|---|
| Net Income from manufacturing | 62,265 | 46,362 |
| Income from trading in Spare Parts | 5,448 | 8,184 |
| Other income (Interest, Lease/rent, etc) | 28,860 | 17,237 |
| Total Income | 96,573 | 71,783 |
| Profit before interest, depreciation and taxation | 7,837 | 5558 |
| Interest | 1,617 | Nil |
| Depreciation | 3,110 | 3,292 |
| Profit/(Loss) before Tax | 3,110 | 2,266 |
| Income Tax. | | |
| Current Tax- | 544 | 500 |
| MAT Credit- | -520 | -500 |
| Prior year tax adjustment | 211 | -1260 |
| Profit/(Loss) after Tax | 2,875 | 3526 |
| Brought forward balance of previous year losses (before prior year item) | 192,636 | 196,162 |
| Cumulative losses carried forward | 189,760 | 192,636 |

2. Dividend :

In view of Company's long term working capital requirements and to part finance capital expenditure, your Directors have thought fit to conserve the resources for the business of the company and hence, do not recommend any dividend on Equity Shares for the financial year ended on 31.12.2011.

3. Financial Performance:

During the year under review, your Company earned income of Rs. 96573 (in '000) against Rs. 71783 (in '000) in the previous year. The Company earned Profit after Tax of Rs. 2875 (in '000) as compared to Rs. 3526 (in '000) in the previous year.

4. Segment wise performance :

The operation of the company are limited to one segment, namely Manufacturing of Machinery and Components.

5. Composite Scheme of Arrangement in the nature of Amalgamation:

The Board of Directors of the Company at its meeting held on 25.07.2011 has approved the Composite Scheme of Arrangement ("Scheme") in the nature of Amalgamation of Integra India Group Company Limited (IIGCL/Transferor Company) into Integra Engineering India Limited (IEIL/Transferee Company) and Reorganization of share capital of IEIL. The Bombay Stock Exchanges has vide its letter dated 31.10.2011 conveyed its No Objection to the proposed Scheme.

Thereafter, as per directions of the Hon'ble High Court of Gujarat, a meeting of Shareholders was held on 23.12.2011 and the members present in the meeting had unanimously approved the said Scheme of Arrangement. The Company has now filed petition in the Hon'ble High Court of Gujarat for approval of the Scheme.

Since both the companies are subsidiaries of Integra Holding AG, Switzerland and therefore belong to the same group of management, the Board of Directors of both the companies have thought it appropriate to amalgamate them for the purpose of achieving synergic advantages. It is thought fit to combine all operations under one company. This would make the administration easy and control systems more efficiently. The amalgamated company would be in position to maximize its profits through optimum utilisation of resources and minimizing the administrative and operative costs. Thus, the amalgamation is expected to be beneficial to shareholders and other stakeholders of both the companies.

In order to ensure that, after giving effect to the amalgamation as set out in the Scheme, the Company should have a serviceable equity capital base, the subscribed and paid up equity share capital of IEIL (the Transferee Company) shall be reduced by reducing the paid up and face value of Rs. 10/- per share to Rs. 1/- per share fully paid up.

6. Capital Expenditure for year 2011 :

The Board of Directors is pleased to inform you that during the financial year 2011, the Company made investment into new machinery, upgrading the technology and revamping the existing production facilities which will result into increase in the productivity and yield. Further it was decided by the board to invest in powder coating plant in order to expand the manufacturing capabilities of the company. The company envisages more such capital investment for improving services for undertaking the contract manufacturing business.

7. Management's Discussion and Analysis :

The Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement entered in to with BSE is presented in a separate section forming part of the Annual Report.

8. Human Resources:

Employees, at all levels, are so far the strongest resource within the organization. Your Company has been taking full initiatives to effectively implement measures of safety, welfare and competence development, through effective in-house training and interaction.

The Company's HR norms and policies are currently being reviewed in the light of current practices.

9. Quality Accreditation :

The Company received ISO 9001 : 2000 certification in December, 2006, through M/s TUV India Private Limited, Mumbai. Further, in the year 2009, re-certification Audit was conducted. Subsequently, in December 2010 and in December 2011 Annual surveillance audits were conducted by the said company and your Company having complied with norms, successfully advanced to ISO 9001: 2008. This ensures the continuous improvement in the existing quality system and laid processes, which lead to total customer satisfaction for both product as well as service rendered. This is a result of efforts and inherent culture of the employees who yearn to deliver the best (optimum quality) in all faces of activities.

10. Particulars of employees:

The provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not applicable as the Company does not have any employees whose particulars are required to be disclosed under the said provisions.

11. Directors:

Pursuant to Article 147 of the Articles of Association of the Company and in accordance with the provisions of Section 260 of Companies Act, 1956, Ms. Corinne Raez, was appointed as an Additional Director on the Board of Directors of the Company, with effect from 18th April, 2011. Ms. Corinne Raez will hold office upto the date of this Annual General Meeting and is eligible for re-appointment.

Pursuant to and in accordance with the provisions of the Companies Act, 1956 and Article of Association of the Company, Mr. Adrian Oehler and Mr. Shalin S. Divatia, retire from the Board of Directors by rotation and are eligible for reappointment.

12. Directors' Responsibility statement :

Pursuant to provisions of 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:
- (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 at the end of financial year ended on 31st December, 2011 and of the profit of the Company at 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.
- (iv) The Annual accounts have been prepared on a going concern basis.

13. Change of Name of the Company:

During the period under review, the name of the Company has been changed from Schlafhorst Engineering (India) Limited to INTEGRA Engineering India Limited with effect from 23rd May, 2011 and consequently, a fresh Certificate of Incorporation, for change of name, was issued by the Registrar of Companies, Gujarat.

14. Disclosure of Information on Energy Conservation & Technology Absorption:

A) Conservation of Energy

The Company continues to take all possible steps to conserve energy.

B) Technology Absorption, Research & Development and Technology Absorption, Adaptation and innovation : NIL

C) Foreign Exchange earnings and outgo :

The total foreign exchange earned by the Company during the year under review from exports and other activities amounted RS. 166 (in '000). The total foreign exchange used for imports and on account of various remittances amounted to Rs. 423 (in '000).

15. Fixed Deposits:

The Company has not accepted any fixed deposits from public during the year.

16. Auditors :

The Company's Auditors M/s. K. C. Mehta & Co., Chartered Accountants, Vadodara hold office up to the conclusion of the ensuing Annual General Meeting. The Company has received a requisite certificate from them pursuant to Section 224 (1B) of the Companies Act, 1956 confirming their eligibility for reappointment as Auditor of the Company.

17. Corporate Governance :

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms parts of the Annual Report. The requisite certificate from Practicing Company Secretary confirming compliance with the conditions of corporate Governance as stipulated under aforesaid clause 49 is attached to this Report.

18. Insurance

All the properties of the Company are adequately insured against various perils.

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19. **Acknowledgement:**

Your Directors expresses its gratitude to INTEGRA Holding AG, Switzerland for their support.

Your Directors would like to express their gratitude for the assistance and co-operation received from Banks, Government Authorities, valuable customers, vendors and the members of the Company for their continued support and also extends its appreciation to the Employees of the Company at all levels, for their unstinted commitment, dedication and team work.

FOR AND ON BEHALF OF THE BOARD,
INTEGRA Engineering India Limited.

Adrian Oehler
Chairman

Place : Halol
Date: 01st February, 2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**Cautionary Statement**

Statements forming part of the Management Discussion and Analysis covered in this report may be forward -looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. The Company takes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

Industry structure and development

The current World economic slowdown has its impact on every industry. The Company has made substantial investments in new machinery, and in upgrading technology and revamping the existing production facilities. Installation of a new Powder Coating Plant in 2012 will provide an improved service to the existing customers as well as it will be able to increase its customer base. The Company is planning to introduce improved version of Draw Frame during second half of 2012. Once the proposed merger is implemented the Company expects to have a broader base to work on expansion of activities.

Opportunities, Threats, Outlook, risk and concerns:

The fortunes of Textile Machinery Industry are tied with the fortunes of Textile Mills Industry which has enormous scope for large growth. As the Textile Market is very cyclical Your Company is venturing into manufacture / components / processing for various engineering businesses. As Gujarat is becoming a global hub for various engineering businesses, your Company is finding better growth opportunities in manufacturing and engineering business for Original Equipment Manufacturers (OEMs).

The risks are inherent with any type of business. The quantum and nature of risk varies from industry to industry and other factors. Your Company faces risks of slow down as a result of the global economic uncertainties, and that of fluctuating commodity prices.

Internal control systems and their adequacy:

The company has adequate internal control systems commensurate with its size.

The Internal Audit is carried out by an independent firm of Chartered Accountants on regular basis and corrective actions are taken where shortcomings are identified. The Internal Auditors submit their quarterly reports to the Audit Committee / the Board of Directors. Periodical MIS Reports are submitted to the Audit Committee / Board for review. All the fixed assets of the company are physically examined and recorded at regular intervals. In all operational matters, the Company follows the systems and procedures as set out in ISO 9001: 2008 certification manual.

Material development in Human Resources:

The Company regards its human resources as the most valuable asset and proactively reviews and evolves policies and processes to attract and retain good people. The Company continues its focus on attracting and retaining the best talent in the industry. The Company makes continuous effort to upgrade the knowledge of its present employees. As new business challenges emerge, there is a need to continue to be a learning organization that supports operational excellence, continuous improvement and rising standards of performance at all levels. Towards this the Company reviews the HR Policies from time to time.

By order of the Board of Directors,
For INTEGRA Engineering India Limited

ADRIAN OEHLER
CHAIRMAN

Place : Halol
Date: 01st February, 2012

Report on Corporate Governance

In accordance with Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited (BSE), the report containing the details of corporate governance systems and processes at Integra Engineering India Limited is as under:

A) Company's Philosophy:

The Company has accepted essential character revolves around values based on transparency, integrity, professionalism, high level of disclosure, fairness and accountability. At the highest level, the company continuously endeavours to improve upon these aspects on an ongoing basis and converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

B) Board of Directors:
I) Composition of Board:

The present Board of Directors are consisting of five Directors and all five Directors are non - executive Director/a majority of them being Independent Directors. The Company does not have any executive Director. Therefore, the composition of Board of Directors are in conformity with the Clause 49 of the Listing Agreement.

II) Board Meetings:

The Meetings of Board are generally held at Registered Office of the Company at Chandrapura Village, Taluka Halol, District Panchmahals - 389350 and also necessary, in another locations. During the year under review, 7 meetings were held on 3rd January, 2011, 27th January, 2011, 8th March, 2011, 18th April, 2011, 25th July, 2011, 11th October, 2011 and 1st November, 2011.

The following composition of the Board of Directors is as on December, 31, 2011. Their attendance at the meeting during the year and also number of other Directorships and membership of committees as on December 31, 2011 are as follows:

| Name of the Director | Category | Attendance of Board Meeting | Attendance of last AGM | In other Companies | | |
|----------------------|---|-----------------------------|------------------------|--------------------|------------------|--------------|
| | | | | Directorship | Committee Member | Chairmanship |
| Mr. Adrian Oehler | Chairman from 03.01.11 Promoter/ Rotational | 4 | Yes | 10 | - | - |
| Mr. Shalin S Divatia | Independent / Rotational | 5 | Yes | 2 | - | - |
| Mr. Jayvant H Mehta | Independent / Rotational | 4 | Yes | - | - | - |
| Mr. Mahendra Sanghvi | Independent / Rotational | 5 | Yes | 4 | - | - |
| Ms. Corinne Raez | Independent / Rotational | 2 | - | 1 | - | - |

1. None of the above Directors are related inter-se.
2. None of Directors hold the office of Director in more than the permissible number of Companies under the Companies Act, 1956. Also, the Committee Chairmanships / Memberships are within the limits laid down in Clause 49 of the Listing Agreement.

C) Audit Committee:

I) Composition:

Pursuant to the provisions of Section 292(A) of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company has a qualified and independent Audit Committee. The Company has constituted an Audit Committee on 30th January, 2001. As at December 31, 2011, the Committee comprised of three independent non-Executive Directors. Mr. Jayvant Mehta, fellow Member of Institute of Cost Management Accountants, London having sound accounting and financial background, is the Chairman of the Company. The Company Secretary is secretary of the Committee.

II) Terms of reference:

The Audit Committee reviews the reports of the Internal Auditors and the Statutory Auditors periodically and discusses their findings and suggests the corrective measures. The role of the audit committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- 4A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
5. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

7. Discussion with internal auditors any significant findings and follow up there on.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
9. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. To review the functioning of the Whistle Blower mechanism, in case the same existing.
11. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

III) Meetings:

During year under review, in all four meetings of the Committee were held i.e. on 27th January, 2011, 18th April, 2011, 25th July, 2011 and 01st November, 2011. The time intervals between two meetings of the Committee were not more than four months.

Attendance of each member at the Audit Committee Meetings:

| Name of Director | No. of meetings attended |
|----------------------|--------------------------|
| Mr. Jayvant Mehta | 4 |
| Mr. Adrian Oehler | 4 |
| Mr. Mahendra Sanghvi | 4 |

IV) Review of Information:

The Audit Committee was presented with and reviewed necessary information as required under Clause 49 of the Listing Agreement. There was no management letter /letter of internal control weakness issued by the Statutory Auditor during the financial year 2011.

D) Code of Conduct:

The Company has adopted a Code of Ethics and Business Conduct applicable to all Board Members and Senior Management of the Company, a copy of which is available on the Company's website www.integraengineering.in.

E) Compensation and Remuneration:

- i) No remuneration is paid to any director of the company and hence no remuneration committee has been formed as the same is not mandatory.
- ii) Sitting fee paid to the Directors

(Amount in Rs.)

| Name of the Director | Board Meeting | Audit Committee Meeting | Shareholders'/ investor's Grievance Committee meeting |
|-----------------------|---------------|-------------------------|---|
| Mr. Adrian Oehler | 80000 | 60000 | 30000 |
| Mr. Shalin S. Divatia | 100000 | - | 30000 |
| Mr. Jayvant H. Mehta | 80000 | 60000 | 40000 |
| Mr. Mahendra Sanghvi | 100000 | 60000 | 40000 |
| Ms. Corinne Raez | 40000 | - | - |

- iii) None of the Non-Executive Directors hold any Equity Share of the Company.
- iv) No remuneration is paid to any other Non-executive Directors other than the sitting fee as permissible under the companies Act 1956, no separate remuneration policy has been laid down for the Directors generally.

F) Share Transfer Committee & Shareholders'/Investors' Grievance Committee:
i Terms of Reference:

The terms of reference of the committee are mainly of Redressal of Shareholders' / Investors' Grievance Complaints, Allotments transfer, and transmission of Shares and issue of duplicate certificates and new certificates on split / consolidation / renewal etc. as may be referred to it by the Share Transfer Committee. The Company has appointed Link Intime India Private Limited to act as Registrar and Transfer Agent of the Company with effect from 1st May,2011 for physical and electronic form.

ii Composition:

The Committee has been in place since 29th January, 2002. As on December 31, 2011, the committee comprised of four non - executive Directors. Shri Mayank Joshi, Company Secretary acts as the Secretary to the Committee.

iii Meetings:

During the year under review, the Committee held 16 meetings on 31st January,2011, 17th February, 2011, 15th March, 2011, 5th April, 2011, 27th April, 2011, 27th May, 2011, 30th June, 2011, 15th July, 2011, 1st August, 2011, 31st August, 2011, 15th September, 2011, 15th October, 2011, 2nd November, 2011, 15th November, 2011, 10th December, 2011 and 31st December, 2011.

iv Compliance officer :

Mr. Yogesh J. Shah , General Manager is the Compliance Officer overseeing the Investors' Grievances. He can be contacted at Chandrapura Village, Tal. Halol - 389 350, Dist. Panchmahals, Gujarat, Telephone No. (02676) 221870, Fax No. (02676) 220887, [E-mail: info@integraengineering.in](mailto:info@integraengineering.in)

v Complaints :

During the year under review, the Company has received 04 complaints and all the complaints have resolved well in time. No complaints are pending at the end of the financial year.

G) General Body Meeting:

The previous three General Body Meetings were held as under:

| Annual General Meeting | Day, Date and Time | Venue | Whether Special Resolution (s) passed or not |
|-----------------------------|---|---|--|
| 27th Annual General Meeting | Thursday 25.06.2009 at 2:30 PM | Registered office of the company, Chandrapura Village,Tal. Halol - 389 350, Dist. Panchmahals, Gujarat | No |
| 28th Annual General Meeting | Wednesday, 23.06.2010 at 2:30 PM | Registered office of the company, Chandrapura Village,Tal. Halol - 389 350, Dist. Panchmahals, Gujarat | Yes |
| 29th Annual General Meeting | Monday, 18.04.2011 at 12:00 noon | Registered office of the company , Chandrapura Village,Tal. Halol - 389 350, Dist. Panchmahals, Gujarat | Yes |

" No Extraordinary General Meetings was held during the previous year.

" No Resolutions were passed through Postal Ballot during the previous year

H) Disclosures:

- i There are no materially significant transactions with related Parties viz. Promoters, Directors or the management, their subsidiaries or relatives conflicting with the Company's interest. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report.
- ii. There are no pecuniary relationships or transactions of Directors vis-a-vis the Company, which has potential conflict with the interests of the Company at large.
- iii The Company follows Accounting Standards issued by the Central Government and in the preparation of financial statements, the Company has not adopted a treatment different from prescribed in Accounting Standards.
- iv. The Company complied with the requirement of the Stock Exchanges /SEBI/ Statutory Authorities on all matters related to the capital market during the last three years. There were no penalties or strictures imposed by the Stock Exchange, the SEBI or any statutory authority relating to the above period.
- v. The Company has in place a mechanism to inform the Board Members about the Risk Assessment and minimization procedures and periodical reviews to ensure that critical risks are controlled by the Executive Management.
- vi. The Company is inter-alia in compliance with the non-mandatory requirements relating to the Remuneration Committee and Whistle Blower Policy. Additionally, the Company is in the process of adoption of other non-mandatory guidelines issued by the Ministry of Corporate Affairs in November 2009.

I. MEANS OF COMMUNICATION:
i. QUARTERLY RESULTS

The Quarterly results of 2011 are published as under:

| | Date of Publication |
|----------------|---------------------|
| First Quarter | 19.04.2011 |
| Second Quarter | 27.07.2011 |
| Third Quarter | 03.11.2011 |
| Fourth Quarter | 03.02.2012 |

- ii. The quarterly results and half yearly results of the Company are sent to the Stock Exchange immediately after the Board's approval. The quarterly results are also published in Business Standard in English language and vernacular language within 48 hours of the approval by the Board. There have been no news releases or presentation to the institutional investors or analysts.
- iii The Company's website www.integraengineering.in contains a separate dedicated section where shareholders information is available. Annual Report, Quarterly Results, Shareholding Pattern, Corporate announcement is also available on the web-site in a user friendly and downloadable form.

J. GENERAL SHAREHOLDERS' INFORMATION

- i. The 30th Annual General Meeting of the company will be held on 27th March, 2012 at its Registered Office at Chandrapura Village, Tal Halol - 389 350, Dist Panchmahals, Gujarat State . The company follows calendar year (January - December) as its financial year. The Register of Members and the Share Transfer Books of the company will remain closed from 25th March, 2012 to 27th March, 2012.(both days inclusive).

In view of accumulated losses, no dividend has been recommended. The Company's equity shares are listed on the Stock Exchange Mumbai. The stock code allotted is 505358.

ii. MARKET PRICE DATA:

The High & Low market prices of the shares at The Stock Exchange, Mumbai are as under:

| Month | Highest | Lowest | Highest | Lowest |
|--------|---------|--------|----------|----------|
| Jan-11 | 13.02 | 10.25 | 20561.05 | 18327.76 |
| Feb-11 | 12.74 | 09.30 | 18506.82 | 17463.04 |
| Mar-11 | 12.20 | 09.74 | 19445.22 | 17358.69 |
| Apr-11 | 15.03 | 10.35 | 19701.73 | 19091.17 |
| May-11 | 13.96 | 11.50 | 18998.02 | 17847.24 |
| Jun-11 | 16.14 | 12.50 | 18845.87 | 17506.63 |
| Jul-11 | 19.80 | 13.20 | 19078.30 | 18197.20 |
| Aug-11 | 15.85 | 12.40 | 18314.33 | 15848.83 |
| Sep-11 | 16.64 | 13.00 | 17165.54 | 16051.10 |
| Oct-11 | 13.65 | 12.07 | 17804.80 | 15792.41 |
| Nov-11 | 14.35 | 09.89 | 17569.53 | 15695.43 |
| Dec-11 | 11.30 | 09.04 | 16877.06 | 15175.08 |

Source :The Economic Times

iii. SHARE TRANSFER AGENTS:

The Company was doing in house all physical delivery share transfer work since 15th April 1999 upto 30th April, 2011. With effect from 01st May, 2011 the Company appointed Link Intime India Private Limited, appointed as Common Registrar and Share Transfer Agent of the Company for electronic and physical purpose. All the share transfer deeds are processed quickly and share certificates are posted within 15 to 20 days from the date of receipt on an average. Incomplete share transfer deeds are returned to the transferees with a request to return after rectifying the deficiencies pointed out.

The Address of Registrar and Share Transfer Agent as follows:

Link Intime India Private Limited,

B -102 & 103, Shangrila Complex, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020,

Tel : (0265) 2356573, 2356794 Fax : (0265) 2356791

E -mail : Vadodara@linkintime.co.in

iv. DISTRIBUTION OF SHAREHOLDING AS ON 31st DECEMBER 2011.**Equity Shares:**

| Sr. No. | No. of Equity Shares nominal value of Rs. | No. of Shareholders | Shares Amount Rs. | Percentage of Shareholding |
|---------|---|---------------------|-------------------|----------------------------|
| 1 | Up to 5,000 | 20570 | 2,31,56,600 | 11.94 |
| 2 | 5,001 - 10,000 | 923 | 76,59,120 | 3.95 |
| 3 | 10,001 - 20,000 | 447 | 70,69,030 | 3.64 |
| 4 | 20,001 - 30,000 | 149 | 37,76,450 | 1.95 |
| 5 | 30,001 - 40,000 | 61 | 21,78,130 | 1.12 |
| 6 | 40,001 - 50,000 | 66 | 31,71,900 | 1.64 |
| 7 | 50,001 - 1, 00,000 | 109 | 81,01,030 | 4.18 |
| 8 | 1, 00,001 & above | 116 | 13,88,39,700 | 71.58 |
| | Total | 22441 | 19,39,51,960 | 100.00 |

- v. With effect from 9th October 2000, the Company's Equity Shares are admitted in Dematerialized Form through the Central Depository Services (India) Ltd. (CDSL). The Sharepro Services, 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 was provided the Company necessary connectivity for the purpose upto 30th April, 2011. With effect from 1st May, 2011 Link Intime India Private Limited has provided the Services for physical and electronic form. Around 81.39% of the company's publically held equity shares are dematted as on 31st December 2011.
- vi. The Company appointed NSDL (National Security Depository Limited) as other depository of the Company for Equity Shares.
- vii. The company has not issued any GDRs/ADRs/warrants.
- viii. The company has only one plant at Chandrapura Village, Tal Halol 389 350 Dist Panchmahals, Gujarat State which is also its Registered Office. All communications should be addressed to the Registered Office.

K. CEO and CFO Certification

The Chief Executive Officer and the Chief Finance Officer of the Company give annual certification on financing reporting and internal Controls to the Board in terms of Clause 49 of the listing Agreement. The Chief Financial Officer also gives quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

CERTIFICATE ON CLAUSE 49 COMPLIANCE

The Members

Integra Engineering India Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Integra Engineering India Limited (formerly known as "Schlafhorst Engineering (India) Limited", for the financial year ended 31st December, 2011 as stipulated in amended clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement 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 with the conditions of Corporate Governance as stipulated in the Listing Agreement.

We state that no Investor Grievance is pending for a period exceeding one month against the company as per the records maintained by the Share holder/.Investor Grievance Committee.

We further 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.

Place: Vadodara.
Dated: 1st February, 2012

Hemang M. Mehta
Company Secretary
CP. No. 2554

AUDITORS' REPORT

**TO THE MEMBERS OF
INTEGRA ENGINEERING INDIA LIMITED
(Formerly known as Schlafhorst Engineering (India) Limited)**

1. We have audited the attached Balance Sheet of Integra Engineering India Limited (Formerly known as Schlafhorst Engineering (India) Limited) as at 31st December 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 the law have been kept by the company so far as appears from our examination of the books;
 - 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, the Profit & Loss account and Cash Flow Statement dealt with by this report are in compliance with Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable;
 - e. on the basis of the written representations received from the directors of the Company, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2011;
 - ii. in the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For K. C. Mehta & Co.
Chartered Accountants
Firm's Registration No.106237W

Vishal P. Doshi
Partner
Membership No. 101533
Date: 1st February, 2012
Place: Vadodara

(ANNEXURE TO THE AUDITORS' REPORT)

(referred to in paragraph (3) thereof)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular program of physical verification of fixed assets which, in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
(c) The Company has not disposed off a substantial part of its fixed assets during the year and therefore, do not affect the going concern assumption.
- ii. (a) As explained to us, during the year, the inventories have been physically verified by the management. In our opinion the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the records of inventory and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- iii. (a) The Company has granted unsecured loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.30000 thousands and the year end balance of loan granted to such party was Rs. Rs.30000 thousands. According to the information and explanations given to us, the company has not granted any loan to firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
(b) In our opinion the rate of interest and other terms and conditions on which loan have been granted to the Company listed in the register maintained under section 301 are prima facie not prejudicial to the interest of the company.
(c) The loans granted are re-payable on demand. According to the Information and explanations given to us, the Company has not demanded repayment of any such loan during the year. However, payment of interest has been regular.
(d) According to the information and explanations given to us, there is no overdue amount.
(e) The company has not taken unsecured loans from any party covered in the register maintained under section 301 of the Companies Act, 1956 and therefore, the provisions of clause (iii) (e), (f), and (g) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of inventories and fixed assets and sale of goods and services. Further on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system.
- v. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits during the year from the public within the meaning of provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under and therefore, the provisions of clause (vi) of the Order are not applicable to the Company.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. As informed to us, the Company is not required to maintain cost records 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 and therefore, the provisions of the clause (viii) of the Order are not applicable to the Company.

- ix. (a) In our opinion and according to the information and explanation given to us, undisputed statutory dues in respect of investor education and protection fund, employees state insurance, sales tax, custom duty, service tax, excise duty, cess and other material statutory dues applicable to it as and when payable, have been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues outstanding for a period of more than six months from the date they become payable as at 31st December, 2011.
- (b) According to the information and explanations given to us, details of income tax, Sales Tax which have not been deposited on account of any dispute as at 31st December, 2011 are as follows:

| Nature of Dues | Amount (Rs.'000) | Assessment years to which the dues relate | Forum where the dispute is pending |
|----------------|------------------|---|--|
| Sales Tax | 291 | 1989-90 | Asst. Commissioner of Sales tax |
| | 191 | 1993-94 | Asst. Commissioner of Sales tax |
| | 869 | 1999 | Asst. Commissioner of Sales tax |
| Income Tax | 2541 | 2007-08 & 2008-09 | Income Tax Appeals- Addl. Commissioner |

- x. In our opinion and according to information and explanations given to us, the Company's accumulated loss at the end of the financial year is not more than fifty per cent of net worth of the Company. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not borrowed from financial institutions and has not issued any debentures.
- xii. According to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore, the provisions of clause (xii) of the Order are not applicable to the Company.
- xiii. In our opinion and according to information and explanations given to us, the company is not a chit fund or a nidhi / mutual benefit fund society and therefore, the provisions of clause (xiii) of the Order are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing in shares, securities, debentures and other investments and therefore, the provisions of clause (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us the Company has given Corporate bank guarantee for loan taken by its Associate, the terms and conditions whereof in our opinion are prima facie not prejudicial to the interest of the company.
- xvi. According to the information and explanations given to us, the Company has not obtained any term loans during the year and therefore, the provisions of clause (xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, the company has not used funds raised on short term basis for long term investment.
- xviii. The company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under section 301 of the Companies Act, 1956 and therefore, the provisions of clause (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us, during the period of audit the Company has not issued any secured debentures and therefore, the provisions of clause (xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year and therefore, the provisions of clause (xx) of the Order are not applicable the Company.
- xxi. According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For K. C. Mehta & Co.
Chartered Accountants
Firm's Registration No.106237W

Vishal P. Doshi
Partner
Membership No. 101533
Date: 1st February, 2012
Place: Vadodara

Integra Engineering India Limited
(Formerly known as Schlafhorst Engineering (India) Limited)
BALANCE SHEET AS AT 31ST December, 2011

| | | (Amount in '000) |
|---|----|------------------------------|
| | | As at 31st December, 2011 |
| | | As at 31st December, 2010 |
| SOURCES OF FUNDS | | |
| Shareholders' Funds | | |
| Share Capital | 1 | 317,952 |
| Reserves and Surplus | 2 | 39,330 |
| Loan Funds | | |
| Secured Loans | 3 | 28,640 |
| TOTAL | | 385,922 |
| APPLICATION OF FUNDS | | |
| Fixed Assets | | |
| Gross Block | 4 | 161,940 |
| Less : Depreciation | | 130,603 |
| Net Block | | 31,337 |
| Capital Work-in-Progress | | 10,107 |
| Current Assets, Loans and Advances | | |
| Inventories | 5 | 26,169 |
| Sundry Debtors | 6 | 10,432 |
| Cash and Bank Balances | 7 | 100,982 |
| Loans and Advances | 8 | 48,493 |
| | | 186,076 |
| Less: Current Liabilities and Provisions | | |
| Current Liabilities | 9 | 8,359 |
| Provisions | | - |
| | | 8,359 |
| Net Current Assets | | 177,717 |
| Miscellaneous Expenditure | 10 | - |
| (to the extent not written off or adjusted) | | 9,220 |
| Profit & Loss Account | 11 | 166,760 |
| TOTAL | | 385,922 |
| Significant Accounting Policies & Notes on Accounts | 22 | |

As per our report of even date attached
For K. C. Mehta & Co.
Chartered Accountants

Vishal P. Doshi
Partner
Membership No. 101533

Place : Vadodara
Date : 1st February, 2012

For and on Behalf of the Board

Adrian Oehler Jayvant H. Mehta
Director Director

Mayank Joshi
Company Secretary
Place : Vadodara
Date : 1st February, 2012

Integra Engineering India Limited
(Formerly known as Schlafhorst Engineering (India) Limited)
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST December, 2011

| | | (Amount in '000) | |
|--|----|------------------------------|------------------------------|
| | | As at 31st December, 2011 | As at 31st December, 2010 |
| INCOME | | | |
| Sales & Services (Gross) | 12 | 74,366 | 59,549 |
| Less : Excise Duty Recovered | | 6,654 | 4,925 |
| Net Sales | | 67,713 | 54,624 |
| Other Income | 13 | 28,860 | 17,159 |
| Increase/(Decrease) in stock | 14 | 3,492 | (5,114) |
| TOTAL | | 100,064 | 66,669 |
| EXPENDITURE | | | |
| Cost of Materials | 15 | 35,136 | 22,575 |
| Manufacturing and Other Expenses | 16 | 15,800 | 10,103 |
| Employee Costs | 17 | 20,547 | 17,589 |
| Administration and Other Expenses | 18 | 10,632 | 10,616 |
| Selling and Distribution Expenses | 19 | 866 | 203 |
| Interest and Financial Charges | 20 | 1,643 | 25 |
| Depreciation | 4 | 3,110 | 3,292 |
| TOTAL | | 87,734 | 64,403 |
| Profit Before Tax and Prior period adjustments | | 12,330 | 2,266 |
| Prior period adjustments | 21 | 9,220 | - |
| Profit before tax | | 3,111 | 2,266 |
| Less: Provision for Taxation | | | |
| Current Tax | | 544 | 500 |
| Less: MAT Credit | | (520) | (500) |
| Tax Adjustment of Earlier Years | | 211 | (1,260) |
| Profit After Tax | | 2,875 | 3,526 |
| Add: Balance brought forward from Previous Year | | (192,636) | (196,162) |
| Balance carried to Balance Sheet | | (189,760) | (192,636) |
| Basic and Diluted Earning Per Share (In Rs.) | | 0.15 | 0.18 |
| Face Value Per Share (In Rs.) | | 10 | 10 |
| Significant Accounting Policies and Notes on Accounts | 22 | | |

As per our report of even date attached

For K. C. Mehta & Co.
Chartered Accountants

Vishal P. Doshi
Partner
Membership No. 101533

Place : Vadodara
Date : 1st February, 2012

For and on Behalf of the Board

Adrian Oehler Jayvant H. Mehta
Director Director

Mayank Joshi
Company Secretary

Place : Vadodara
Date : 1st February, 2012

Integra Engineering India Limited
(Formerly known as Schlafhorst Engineering (India) Limited)
Cash Flow Statement for the year ended on 31st December, 2011

| | 31st December, 2011 | (Amount in '000) 31st December, 2010 |
|---|---------------------|---|
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit / (Loss) after tax and extra ordinary items | 3,111 | 2,266 |
| Adjustments for non cash items/items required to be disclosed separately: | | |
| Depreciation | 3,110 | 3,292 |
| (Profit) / Loss on Sale of Fixed Assets | (1,731) | 818 |
| Interest & Dividend Income | (11,247) | (7,185) |
| Miscellaneous expenses w / off (VRS) | 9,220 | 3,074 |
| Operating profit before working capital changes | 2,464 | 2,265 |
| Adjustments for change in working capital & provisions: | | |
| Trade Receivables | (8,426) | 6,893 |
| Loans & Advances | (33,194) | 545 |
| Inventories | (1,690) | 10,901 |
| Current Liabilities | (1,270) | (1,796) |
| Cash generated from operations | (42,117) | 18,808 |
| Income Tax refund / (paid) (net) | (1,243) | (2,462) |
| Wealth Tax | - | (69) |
| Net Cash Flow from Operating Activities | (43,360) | 16,277 |
| (B) CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed Assets | (9,533) | - |
| Sale of Fixed Assets | 1,832 | 166 |
| Increase in Capital W I P | (10,107) | - |
| Net Cash Flow from Investing Activities | (17,808) | 166 |
| (C) CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Interest & Dividend Income | 11,247 | 7,185 |
| Borrowings | 28,640 | - |
| Net Cash Flow from Financing Activities | 39,886 | 7,185 |
| Net Increase / (Decrease) in cash and equivalents (A+B+C) | (21,282) | 23,628 |
| Cash and cash equivalents at the beginning of the year. (See note 1) | 122,265 | 98,637 |
| Cash and cash equivalents at the end of the year. (See note 1) | 100,982 | 122,265 |
| | (21,283) | 23,628 |
| Notes: | | |
| 1 Cash and Cash Equivalents comprise of: | | |
| Cash on hand | 267 | 105 |
| Balance with scheduled banks | | |
| - Current Accounts | 622 | 4,989 |
| - Deposits Accounts* | 100,093 | 117,171 |
| | 100,982 | 122,265 |
| 2 Cash Flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statement" | | |

*It includes Deposits of Rs.34,248 thousands (P.Y.Rs. Nil) not readily available for immediate use.

As per our report of even date attached
For K. C. Mehta & Co.
Chartered Accountants

Vishal P. Doshi
Partner
Membership No. 101533

Place : Vadodara
Date : 1st February, 2012

For and on Behalf of the Board

Adrian Oehler Jayvant H. Mehta
Director Director

Mayank Joshi
Company Secretary

Place : Vadodara
Date : 1st February , 2012

Integra Engineering India Limited
(Formerly known as Schlafhorst Engineering (India) Limited)
SCHEDULES FORMING PART OF THE BALANCE SHEET

| | As at 31st December, 2011 | (Amount in '000) As at 31st December, 2010 |
|--|------------------------------|--|
| SCHEDULE 1: SHARE CAPITAL | | |
| Authorised: | | |
| 20,000,000 Equity Shares of Rs.10/- each | 200,000 | 200,000 |
| 14,000,000 Cumulative Redeemable preference Shares of Rs.10/- each (Payable at par) | 140,000 | 140,000 |
| | 340,000 | 340,000 |
| Issued, Subscribed and Paid Up | | |
| 1,93,95,196 Equity Shares of Rs.10/- each fully paid up | | |
| -Of the above equity shares, 10,551,248 shares were held by M/s Reiners Verwaltungs GmbH; holding company upto 4th April, 2011 and with effect from 5th April, 2011 11,149,841 shares are held by M/s Integra Holding AG, Switzerland, | | |
| 12,400,000 4% Cumulative Redeemable preference Shares of Rs.10/- each fully paid up | 124,000 | 124,000 |
| -Of the above Preference Shares were held by M/s Oerlikon Textile GmbH & Co. KG upto 8th April, 2011 and with effect from 9th April, 2011 same are held by M/s Integra Holding AG, Switzerland and redeemable at anytime before 28th October, 2024. | | |
| TOTAL | 317,952 | 317,952 |
| SCHEDULE 2: RESERVES AND SURPLUS | | |
| Capital Reserve : | | |
| Central Government Cash Subsidy | 1,500 | 1,500 |
| State Government Cash Subsidy | 1,000 | 1,000 |
| Profit on Re-issue of Forfeited Shares | 33 | 33 |
| | 2,533 | 2,533 |
| Security Premium Account | | |
| As per last Balance Sheet | 36,798 | 36,798 |
| General Reserve | | |
| As per last Balance Sheet | 23,000 | 23,000 |
| Less : Deducted from debit balance of Profit and Loss Account as per contra | 23,000 | 23,000 |
| | - | - |
| TOTAL | 39,330 | 39,330 |
| SCHEDULE 3: SECURED LOANS | | |
| From Bank | | |
| -Overdrafts | 28,640 | - |
| | 28,640 | - |
| (Secured by pledge of Fixed Deposits) | | |

Integra Engineering India Limited
(Formerly known as Schlafhorst Engineering (India) Limited)
SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE: 4 FIXED ASSETS

(Rs. In '000)

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|---|-------------------------|--------------------------|---------------------------|--------------|---------------------------------------|---------------------------|---------------------------|---------------------------|
| | As at 1st January, 2011 | Addition during the year | As at 31st December, 2011 | For the year | Adjustment/ Deduction during the year | As at 31st December, 2011 | As at 31st December, 2011 | As at 31st December, 2010 |
| Tangible Assets | | | | | | | | |
| Free hold Land | 700 | - | 700 | - | - | - | 700 | 700 |
| Factory Building | 41,693 | 51 | 41,744 | 1,392 | - | 29,274 | 12,470 | 13,811 |
| Plant & Machinery | 106,260 | 6,961 | 106,486 | 1,061 | 6,643 | 93,171 | 13,315 | 7,507 |
| Furniture & Fixtures | 5,585 | 147 | 5,565 | 104 | 158 | 4,486 | 1,079 | 1,045 |
| Vehicles | 2,971 | - | 2,971 | 250 | - | 1,727 | 1,244 | 1,494 |
| Computer | 2,100 | 2,374 | 4,474 | 303 | - | 1,945 | 2,529 | 458 |
| Total | 159,309 | 9,533 | 161,940 | 3,110 | 6,801 | 130,603 | 31,337 | 25,015 |
| Previous Year | 161,047 | - | 159,309 | 3,292 | 754 | 134,294 | 25,015 | - |
| Capital Work in Progress (Including Capital Advance Rs.4897 thousands (P.Y.Rs.Nil)) | | | | | | | 10,107 | - |

Integra Engineering India Limited
(Formerly known as Schlafhorst Engineering (India) Limited)
SCHEDULES FORMING PART OF THE BALANCE SHEET

| | (Amount in '000) | |
|--|------------------------------|------------------------------|
| | As at 31st December, 2011 | As at 31st December, 2010 |
| SCHEDULE 5: INVENTORIES | | |
| (As taken, valued and certified by the Management) | | |
| Stores and Spare Parts | 1,594 | 1,687 |
| Raw Material | 12,281 | 8,760 |
| Trading Components (Including Goods in transit Rs.Nil (P.Y. Rs.114 thousands) | - | 5,230 |
| Stock -in-Process | 12,294 | 8,802 |
| TOTAL | 26,169 | 24,479 |
| SCHEDULE 6: SUNDRY DEBTORS | | |
| (Unsecured, Considered Good, unless otherwise stated) | | |
| Over six months | | |
| - Considered Good | 3 | - |
| - Considered Doubtful | - | - |
| | 3 | - |
| - Others | 10,429 | 2,006 |
| TOTAL | 10,432 | 2,006 |
| SCHEDULE 7: CASH AND BANK BALANCES | | |
| Cash on Hand | 267 | 105 |
| Bank Balances | | |
| With Scheduled Banks in | | |
| - Current Accounts | 622 | 4,989 |
| - Deposit Accounts* | 100,093 | 117,171 |
| TOTAL | 100,982 | 122,265 |
| - *of the above Rs.34,248 thousands (P.Y.Rs.Nil) Pledge with bank against loan. | | |
| SCHEDULE 8: LOANS AND ADVANCES | | |
| (Unsecured, Considered Good, unless otherwise stated) | | |
| Advances Recoverable in cash or in kind or for value to be received | 8,358 | 5,690 |
| Inter Corporate Deposits | 30,000 | - |
| Advance Tax (Net of Provisions) | | |
| - Income Tax | 6,197 | 6,791 |
| - MAT Credit | 3,362 | 1,760 |
| Deposits with Government Departments | 576 | 49 |
| TOTAL | 48,493 | 14,290 |
| (Inter Corporate Deposits includes Rs.30,000 thousands (Previous year Rs. Nil) receivable from Integra India Group Company Limited, Company under the same management. The maximum amount due during the year Rs.30,000 thousands (P.Y. Rs. Nil) | | |
| SCHEDULE 9: CURRENT LIABILITIES | | |
| Sundry Creditors | 3,323 | 285 |
| (Refer note no. 4 Schedule 22B) | | |
| Other Liabilities | 5,035 | 9,344 |
| TOTAL | 8,359 | 9,629 |
| SCHEDULE 10: MISCELLANEOUS EXPENDITURE | | |
| (to the extent not written off or adjusted) | | |
| Voluntary retirement expenses | 9,220 | 12,294 |
| Less: Written off during the year | 9,220 | 3,074 |
| TOTAL | - | 9,220 |

Integra Engineering India Limited

(Formerly known as Schlafhorst Engineering (India) Limited)

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

| | (Amount in '000) | |
|---|------------------------------|------------------------------|
| | As at 31st December, 2011 | As at 31st December, 2010 |
| SCHEDULE 11: PROFIT & LOSS ACCOUNT | | |
| Balance of Profit & Loss Account | (189,760) | (192,636) |
| Less: Deducted from General Reserve as per Contra | 23,000 | 23,000 |
| TOTAL | (166,760) | (169,636) |
| SCHEDULE 12: SALES AND SERVICES | | |
| Gross Sales | | |
| -Domestic Sales | 24,513 | 14,075 |
| -Export Sales | 166 | 294 |
| Job work | 49,496 | 45,102 |
| Other Operating Income | 192 | 78 |
| TOTAL | 74,366 | 59,549 |
| SCHEDULE 13: OTHER INCOME | | |
| Rent Income | 10,351 | 8,431 |
| Interest Gross (TDS Rs.1131 thousands (P.Y.Rs.984 thousands) | 11,247 | 7,185 |
| Sundry Balances Written back | 612 | 614 |
| Excess Liabilities written back | 2,762 | - |
| Exchange Fluctuation (Net) | 38 | - |
| Profit on sale of assets | 1,731 | - |
| Miscellaneous receipts | 2,119 | 930 |
| TOTAL (A+B) | 28,860 | 17,159 |
| SCHEDULE 14: INCREASE/(DECREASE) IN STOCK | | |
| Closing Stock | | |
| -Work in progress | 12,294 | 8,802 |
| | 12,294 | 8,802 |
| Opening stock | | |
| -Finished Good | - | 2,642 |
| -Work in progress | 8,802 | 11,274 |
| | 8,802 | 13,916 |
| TOTAL | 3,492 | (5,114) |
| SCHEDULE 15: COST OF MATERIAL | | |
| A. Consumption of Raw Material | | |
| Opening Stock | 8,760 | 10,795 |
| Add : Purchases | 32,941 | 14,543 |
| | 41,701 | 25,338 |
| Less: Closing Stock | 12,281 | 8,760 |
| TOTAL (A) | 29,421 | 16,578 |
| B. Consumption of Trading Materials | | |
| Opening Stock | 5,230 | 8,886 |
| Add : Purchases | 485 | 2,341 |
| | 5,715 | 11,227 |
| Less: Closing Stock | - | 5,230 |
| TOTAL (B) | 5,715 | 5,997 |
| TOTAL (A +B) | 35,136 | 22,575 |

Integra Engineering India Limited
(Formerly known as Schlafhorst Engineering (India) Limited)
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

| | As at 31st December, 2011 | (Amount in '000) As at 31st December, 2010 |
|---|------------------------------|--|
| SCHEDULE 16: MANUFACTURING AND OTHER EXPENSES | | |
| Consumption of Stores & Spares, Tools including Packing Materials | 4,474 | 1,745 |
| Job Work and Processing Charges | 344 | 118 |
| Labour Charges | 6,897 | 4,180 |
| Power & Fuel | 2,346 | 1,648 |
| Repairs to | | |
| - Factory Building | 525 | 1,703 |
| - Plant & Machinery | 558 | 411 |
| - Others | 519 | 470 |
| Excise Duty Provision Finished Goods (net) | - | (321) |
| Insurance Expenses | 137 | 149 |
| TOTAL | 15,800 | 10,103 |
| SCHEDULE 17: EMPLOYEE COSTS | | |
| Salary, Wages, Bonus and other benefits | 15,635 | 7,412 |
| Contribution to Provident and Other Funds | 1,539 | 4,263 |
| Workmen and Staff Welfare Expenses | 3,373 | 2,840 |
| Voluntary Retirement Expenses | - | 3,074 |
| TOTAL | 20,547 | 17,589 |
| SCHEDULE 18: ADMINISTRATION AND OTHER EXPENSES | | |
| Audit Fees | 225 | 200 |
| Legal and Professional Charges | 4,980 | 5,187 |
| Loss on Sale of Fixed Assets (Net) | - | 818 |
| Miscellaneous Expenses | 2,348 | 1,903 |
| Postage and Courier Expenses | 275 | 208 |
| Printing and Stationery | 485 | 297 |
| Rates and Taxes | 134 | 120 |
| Security and other Services | 1,068 | 1,156 |
| Telephone Expenses | 171 | 100 |
| Travelling Expenses | 945 | 627 |
| TOTAL | 10,632 | 10,616 |
| SCHEDULE 19: SELLING AND DISTRIBUTION EXPENSES | | |
| Advertisement Expenses | 233 | 18 |
| Commission / Brokerage | 633 | 185 |
| TOTAL | 866 | 203 |
| SCHEDULE 20: INTEREST AND FINANCE CHARGES | | |
| Interest on Bank Overdrafts | 1,617 | - |
| Bank Charges and Commission | 26 | 25 |
| TOTAL | 1,643 | 25 |
| SCHEDULE 21: PRIOR PERIOD ADJUSTMENTS | | |
| Voluntary Retirement Expenses | 9,220 | - |
| TOTAL | 9,220 | - |

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**SCHEDULE 22: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****(A) SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements:**

The financial statements are prepared as per historical cost convention in accordance with the generally accepted accounting principles in India. The applicable mandatory Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and requirements of the Companies Act, 1956 of India have been followed in preparation of these financial statements

2. Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognized in the period in which the same are known /materialized.

3. Revenue Recognition:**(i) Sales :**

Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Company. Sales are stated net of returns, sales tax and applicable trade discounts and allowances.

(ii) Interest Income:

Interest on investments is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

(iii) Other Income:

Other income is recognised on accrual basis except when realisation of such income is uncertain.

4. Fixed Assets:

Fixed Assets are stated at cost, net of credits, if any, after reducing accumulated depreciation until the date of the Balance Sheet. Direct cost are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition. Capital work in progress includes the cost of fixed assets that are not yet ready for the intended use, advances paid to acquire fixed assets and the cost of assets not put to use before the Balance Sheet Date.

5. Depreciation:

Depreciation for the year has been provided on straight Line Method at the rate specified as per Schedule XIV to the Companies Act, 1956.

Depreciation on additions / deletions to assets during the year is provided on a pro-rata basis for the period they were put to use by the company.

6. Impairment of Assets:

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit & Loss Account. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

7. Leases

Assets leased out under operating leases are capitalized. Rental income is recognized on accrual basis over the lease term.

8. Inventories:

Inventories are valued at cost or net realizable value, whichever is lower. The basis of determining cost for various categories of inventories is as follows -

| Inventories | Cost Formula |
|--------------------------------|--|
| Raw material and components | Weighted average cost |
| Work in Process | At Cost (Cost represents historical cost arrived at on the basis of absorption costing.) |
| Finished Goods | Cost or net realizable value whichever is lower |
| Consumables, Stores and Spares | Weighted average cost |

9. Foreign Currency Transactions :

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of transactions. Foreign currency assets and liabilities are translated into Rupees at the rate of exchange prevailing on the date of the Balance Sheet. All exchange differences are dealt with in the statement of profit and loss.

10. Employee Benefits:
(a) Post Employment Benefits:

i) Defined Contribution plan

Company's contribution paid/payable for the year to defined contribution retirement benefit Schemes are charged to Profit and Loss Account.

ii) Defined Benefit plan

Company's liabilities towards defined benefit schemes are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent of benefits are vested, otherwise it is amortized on Straight-line basis over the remaining average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets.

iii) Short-term employee benefits

Short-term employee benefits expected to be paid in exchange for the services rendered by Employees are recognised undiscounted during the period employee renders services. These benefits include performance incentives.

(b) Long term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at present value of the defined benefit obligation at the balance sheet date.

11. Taxes on Income :

The Provision for Taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing differences between taxable income and accounting income that are measured at relevant enacted tax rates. At each balance sheet date the company reassesses unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

12. Provisions and Contingent Liabilities:

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

(B) NOTES FORMING PART OF ACCOUNTS

1. A Composite Scheme of Arrangement ("Scheme") in the nature of Amalgamation of Integra India Group Company Limited (IIGCL/Transferor Company) into Integra Engineering India Limited (IEIL/Transferee Company) and Reorganization of Share Capital of IEIL has been proposed in accordance with the provisions of Section 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956. In its Board Meeting held on 25.07.2011, the Board of Directors decided 01.01.2011 as Appointed Date for the Scheme and also decided that the Company will reduce the Equity Share Capital by reducing the face value from Rs. 10/- to Rs. 1/- each. Further, the Company will issue equity shares of Rs. 1/- each as fully paid up share of IEIL in the ratio of 27 equity shares of the face value Rs. 1/- each of Transferee Company with rights attached thereto as mentioned in this Scheme for Every 2 Equity Shares of the face value of Rs. 10/- each fully paid up by such equity shareholders of IIGCL. The Scheme has been unanimously approved at the meeting of the Equity Shareholders of the Company, convened on 23.12.2011, as per directions of Hon'ble High Court of Gujarat. The sole Preference Shareholder of the Company has already conveyed its approval and no objection to the Scheme vide letter dated 11th October, 2011. Further letter dated 31.10.2011, the Bombay Stock Exchange Limited (BSE) has also conveyed its No Objection to the Scheme. The Company has now filed a petition in the Hon'ble High Court of Gujarat for approval of the Scheme which is expected to come up for hearing in due course. Pending approval of Composite Scheme of Arrangement from the Hon'ble High Court, Gujarat these financial statements are prepared without giving effect of this scheme.

2. Contingent liabilities not provided for in respect of

| Particulars | As At 31st December | |
|---|--------------------------|--------------------------|
| | 2011 (Rs. In '000) | 2010 (Rs. In '000) |
| a) Sales Tax | 1,351 | 1,351 |
| b) Income Tax | 2,541 | 3,103 |
| c) Mamlatdar, Halol in Dispute | 2,156 | 2,156 |
| d) Claims against the company not acknowledged as debts | 967 | 958 |
| e) Dividend on 4% Cumulative Redeemable Preference shares | 35,590 | 30,630 |
| f) Pending Labour cases | 1,560 | 3,460 |
| g) Corporate Guarantees for Associate | 60,000 | Nil |
| h) Continuity Bonds given to Customs Authorities | Amount not ascertainable | Amount not ascertainable |

3. Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances **Rs.10,129 thousands** (Previous year Rs. Nil).

4. The Company is in the process of identifying the suppliers, if any, covered under the Micro, Small and Medium Enterprise Development Act, 2006. Due to non availability of data, the details required have not been furnished.

5. Auditor's remuneration is as follows (Excluding Service Tax)

| Particulars | 2011 (Rs. In '000) | 2010 (Rs. In '000) |
|---------------------------|-----------------------|-----------------------|
| Audit Fees | 225 | 200 |
| Tax Audit Fees | *50 | 50 |
| Other Services | 59 | 217 |
| Reimbursement of Expenses | 10 | Nil |
| Total | 344 | 467 |

*Paid to previous Auditor

6. Managerial Remuneration :

| Particulars | 2011 (Rs. In '000) | 2010 (Rs. In '000) |
|---|-----------------------|-----------------------|
| Salaries | Nil | 900 |
| Contribution to Provident and other funds | Nil | 243 |
| Gratuity | Nil | 2,250 |
| Perquisites | Nil | 548 |
| Total | Nil | 3,941 |

- Managerial Remuneration paid in previous year is within the limits specified under section 198 read with Schedule XIII of the Companies Act, 1956.

7. As per Para 146 of AS-15 Employee Benefits balance amount of Rs.9,220 thousands has been expensed out during the year as prior period expense.

8. Employee Benefits
(i) Defined Contribution Plan

The Company has recognised the following amounts in the profit and loss account for the year ended 31st December, 2011.

* Contribution to Provident Fund Rs.543 thousands (P.Y.Rs.455 thousands)

* Contribution to Superannuation Fund Rs.359 thousands (P.Y.Rs.419 thousands)

(ii) Defined benefit plan

The Company recognizes the liability towards the gratuity at each balance sheet date.

The most recent actuarial valuation of the defined benefit obligation for gratuity was carried out at December 31, 2011 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at December 31, 2011.

(Amount in '000)

| Sr. No. | Particulars | Gratuity funded | Gratuity Funded |
|-------------|--|---------------------------|---------------------------|
| | | As at 31st December, 2011 | As at 31st December, 2010 |
| I) | Reconciliation in present value of obligations (PVO) - defined benefit obligation : | | |
| | Current Service Cost | 168 | 103 |
| | Interest Cost | 282 | 254 |
| | Actuarial (gain) / losses | 209 | 2568 |
| | Benefits paid | 0 | 2564 |
| | Past service cost | 0 | 0 |
| | PVO at the beginning of the year | 3530 | 3169 |
| | PVO at end of the year | 4189 | 3530 |
| II) | Reconciliation of the fair value of plan assets : | | |
| | Expected return on plan assets | 439 | 426 |
| | Actuarial gain/(losses) | Nil | Nil |
| | Contributions by the employer | 500 | 1900 |
| | Benefits paid | 0 | 2564 |
| | Fair value of plan assets at beginning of the year | 4423 | 4661 |
| | Fair value of plan assets at end of the year | 5361 | 4423 |
| III) | Reconciliation of PVO and fair value of plan assets: | | |
| | PVO at end of period | 4189 | 3530 |
| | Fair Value of planned assets at end of year | 5361 | 4423 |
| | Funded status | (1173) | (893) |
| | Unrecognised actuarial gain/ (loss) | 0 | 0 |
| | Net (asset)/ liability recognised in the balance sheet | (1173) | (893) |
| IV) | Net cost for the year ended December 31: | | |
| | Current Service cost | 168 | 103 |
| | Interest cost | 282 | 254 |
| | Expected return on plan assets | (439) | (426) |
| | Actuarial (gain) / losses | 209 | 2568 |
| | Net cost | 221 | 2498 |
| V) | Assumption used in accounting for the gratuity plan: | | |
| | Discount rate (%) | 8 | 8 |
| | Salary escalation rate (%) | 5 | 5 |

| VI) Experience Adjustment | | | | |
|---|------|------|------|------|
| Particulars | 2011 | 2010 | 2009 | 2008 |
| Experience adjustments on account of plan liabilities | 209 | 2568 | 423 | * |
| Experience adjustments on account of plan assets | 85 | 53 | 147 | * |

*In absence of availability, relevant information on the experience adjustment on plan liabilities has not been furnished above.

9. Deferred Tax

Deferred Tax Assets is not being accounted in view of the uncertainty as to absorption of losses in the foreseeable future based on the current level of operation of the company.

10. Basic and Diluted Earning per share is calculated as under :

| Particulars | 2011 (Rs. In '000) | 2010 (Rs. In '000) |
|---|-----------------------|-----------------------|
| Profit after tax | 2,875 | 3,526 |
| Profit attributable to Equity Shareholders | 2,875 | 3,526 |
| Number of Equity Shares : Weighted average | 19,395,196 | 19,395,196 |
| Face Value per share (In Rs.) | 10 | 10 |
| Basic and diluted Earnings per Share (in Rs.) | 0.15 | 0.18 |

11. Related Party Disclosures:

Disclosures as required by Accounting Standard -18 are given below:-

| Sr. No. | Name of Related Parties | Nature of Relationship |
|---------|--|--|
| 1 | Integra Holding AG,Switzerland | Holding Company with effect from 5th April, 2011 |
| 2 | Reiners Verwaltungs Gmbh; | Holding Company upto 4th April, 2011 |
| 3 | Adrian Manuel Oehler | Director |
| 4 | Jayvant H.Mehta | Director |
| 5 | Corinne Christina Raez | Director |
| 6 | Mahendra Sanghavi | Director |
| 7 | Shalin Divatia | Director |
| 8 | K M Thanawalla | Director upto 3rd January, 2011 |
| 9 | Ulrich Wunder | Director upto 3rd January, 2011 |
| 10 | Mr. CBK Pillai | Key Management Personnel upto 30th June,2010 |
| 11 | Mr. Swami Prasad Syal | Key Management Personnel |
| 12 | Oerlikon Schlafhorst Zweignied Erlassung Der Oerlikon Textile GmbH & Co. KG | Associate upto 4th April, 2011 |
| 13 | Zinser Textile Systems Pvt Ltd. | Associate upto 4th April, 2011 |
| 14 | Oerlikon Textile Systems Pvt Ltd Halol | Associate upto 4th April, 2011 |
| 15 | Integra India Group Company Limited | Associate |
| 16 | Gorba Integra Systems Pvt. Limited | Associate |
| 17 | Mehta Associates | Associate |

(Rs in'000)

| Nature of Transaction | Associate | Key Mgt. personnel | Total |
|------------------------------|---------------|--------------------|---------------|
| Transaction during the year | | | |
| Purchase of Spares | 374 | Nil | 374 |
| | (1647) | (Nil) | (1647) |
| Sale of Spares | 180 | Nil | 180 |
| | (294) | (Nil) | (294) |
| Remuneration | Nil | 2333 | 2333 |
| | (Nil) | (3941) | (3941) |
| Sitting Fees | Nil | 390 | 390 |
| | (Nil) | (280) | (280) |
| Sale of Fixed Asset | Nil | Nil | Nil |
| | (Nil) | (135) | (135) |
| Loan given | 30,000 | Nil | 30,000 |
| | (Nil) | (Nil) | (Nil) |
| Interest received | 2,700 | Nil | 2,700 |
| | (Nil) | (Nil) | (Nil) |
| Services/ Job Work income | 2044 | Nil | 2044 |
| | (1403) | (Nil) | (1403) |
| Rent | 1008 | Nil | 1008 |
| | (3499) | (Nil) | (3499) |
| Balances as on 31st December | | | |
| Loan Given | 30,000 | Nil | 30,000 |
| | (Nil) | (Nil) | (Nil) |

(Figures for the previous year are indicated in brackets)

12. Information relating to Licensed & Installed Capacity and Production

| Class of Goods | 2011 | 2010 |
|---------------------------|-----------|------|
| Licensed Capacity | * | * |
| Installed Capacity (Nos.) | | |
| -Draw Frame Machines | 24 | 24 |
| Production p.a. (Nos.) | 20 | 2 |

*Licensing has been abolished vide notification dated 25th July, 1991 and therefore the information relating to licensed capacity has not been given.

13. Information relating to Turnover, Purchase and Stocks:

| Class of Goods | Opening Stock | | Purchases | | Turnover | | Closing Stock | |
|--------------------|---------------|-----------------------|-----------|-----------------------|-----------|-----------------------|---------------|-----------------------|
| | Qty | Value (Rs.in '000) | Qty | Value (Rs.in '000) | Qty | Value (Rs.in '000) | Qty | Value (Rs.in '000) |
| Draw Frames | | | | | | | | |
| 2011 | 0 | 0 | 0 | - | 20 | 18,809 | 0 | 0 |
| 2010 | 5 | 2,642 | 0 | 0 | 7 | 5,929 | 0 | 0 |
| Spares* | | | | | | | | |
| 2011 | * | 5,230 | * | 485 | * | 5,870 | * | 0 |
| 2010 | * | 8,886 | * | 2,341 | * | 8,440 | * | 5,230 |
| Total | | 5,230 | | Nil | | 24,679 | | Nil |
| | (5) | (2,642) | | (485) | | (14369) | | (5230) |

*Due to large varieties and numbers the quantitative details are not ascertainable

14. Consumption of Raw Materials:

| Type of Raw Material | 2011 | | 2010 | |
|---------------------------------------|--------------------|----------------------|--------------------|----------------------|
| | Quantity (M.T.) | Value (Rs.in'000) | Quantity (M.T.) | Value (Rs.in'000) |
| Steel Rounds, Bars, Plates & Castings | 166.09 | 24631 | 79.06 | 12888 |
| Components | ** | 4790 | ** | 3690 |
| Total | | 29421 | | *16578 |

*Provision for obsolete/slow moving/non moving inventory aggregating Rs. Nil (P.Y.Rs.4456 thousands has not been considered here.)

**Quantitative information is not provided in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

| Particulars | 2011 | | 2010 | |
|--------------|---------------|----------------------|---------------|----------------------|
| | % | Value (Rs.in'000) | % | Value (Rs.in'000) |
| Indigenous | 85.27 | 25087 | 82.34 | 13650 |
| Imported | 14.73 | 4334 | 17.66 | 2928 |
| Total | 100.00 | 29421 | 100.00 | 16578 |

15. CIF Value of Imports:

| Particulars | 2011 Value (Rs.in'000) | 2010 Value (Rs.in'000) |
|--------------|------------------------------|------------------------------|
| Raw Material | 423 | 1647 |
| Total | 423 | 1647 |

16. Consumption of Stores & Spares Including Packing Materials:

| Particulars | 2011 | | 2010 | |
|--------------|---------------|----------------------|---------------|----------------------|
| | % | Value (Rs.in'000) | % | Value (Rs.in'000) |
| Indigenous | 98.44 | 4,404 | 100.00 | 1,745 |
| Imported | 1.56 | 70 | - | Nil |
| Total | 100.00 | 4,474 | 100.00 | 1,745 |

17. Earnings in Foreign Currency:

| Particulars | 2011 Value (Rs.in'000) | 2010 Value (Rs.in'000) |
|---------------------|------------------------------|------------------------------|
| FOB value of Export | 166 | 294 |
| Total | 166 | 294 |

18. Expenditure in Foreign Currency Rs.Nil (P.Y.Rs.Nil).
19. The Company has let out its certain factory premises under operating lease during the year. These lease are cancellable by either party by giving a notice of one month. Rent Income is recognized in the Profit and Loss Account as "Rent Income" under Schedule-13.
20. As the Company's business activity falls within a single primary business segment i.e. "manufacturing of Machineries and Components" the disclosure requirements of Accounting Standard 17- Segment Reporting is not applicable.
21. The value of realizations of Current Assets, Loans and Advances in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.
22. The balances of Debtors, Creditors are subject to confirmation / reconciliation, if any.
23. Figures of the previous year have been regrouped/re-cast wherever necessary.

For K. C. Mehta & Co.
Chartered Accountants

For and on Behalf of the Board

Vishal P. Doshi
Partner
Membership No. 101533
Place: Halol
Date: 1st February, 2012

Adrian Oehler
Director

Jayvant H. Mehta
Director

Mayank Joshi
Company Secretary

Place: Vadodara
Date: 1st February, 2012

Integra Engineering India Limited

(Formerly known as Schlafhorst Engineering (India) Limited)

Balance Sheet Abstract And Company's General Business Profile:
I Registration Details

| | | | |
|--------------------|------------|--------------|----|
| Registration No. : | 28741 | State Code : | 04 |
| Balance Sheet Date | 31/12/2011 | | |

II Capital raised during the Year (Rs.in lacs)

| | | | |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Right Issue | NIL |
| Bonus Issue | NIL | Private Placement | NIL |

III Position of Mobilisation and Development of Funds(Rs. In lacs)

| | | | |
|-------------------|---------|-------------|---------|
| Total Liabilities | 385,922 | Total Asset | 385,922 |
|-------------------|---------|-------------|---------|

Sources of Funds

| | | | |
|----------------------------|---------|-------------------|--------|
| Paid up Capital | 317,952 | Reserve & Surplus | 39,330 |
| Secured Loan | 28,640 | Unsecured Loan | |
| Net Deferred Tax Liability | | | |

Application of Funds

| | | | |
|----------------------|--------|------------------|------|
| Net Fixed Assets | 41444 | Investments | 0.00 |
| Net Current Assets | 177717 | Misc.Expenditure | 0.00 |
| Accumululated Losses | 166760 | | |

IV Performance of Company (Rs.in lacs)

| | | | |
|----------------------------|-------|---------------------|-------|
| Turnover | 96572 | Total Expenditure | 93462 |
| Profit Before Tax & | 3111 | Profit After Tax | 2875 |
| Exceptional items | | & Exceptional items | |
| Earning per Share (in Rs.) | 0.15 | Dividend rate % | 0.00 |

V Generic Name of Three Principal Products/Service of Company (as per monetary terms)

| | |
|-------------------------|---------------------------|
| Item Code No:(ITC Code) | 8445900 |
| Product Description | Automatic Winding Machine |
| Item Code No:(ITC Code) | 84451300 |
| Product Description | Draw frame |
| Item Code No:(ITC Code) | 84451300 |
| Product Description | Speed frame |

For and on Behalf of the Board

 Adrian Oehler
Director

 Jayvant Mehta
Director

 Mayank Joshi - Company Secretary
Place : Halol
Date 1st February, 2012

Note:

ATTENDANCE SLIP
INTEGRA Engineering India Limited

Registered Office: Chandrapura Village, Tal. Halol – 389 350, Dist. Panchmahals, Gujarat, India

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint Shareholders may obtain additional Attendance Slips on request. Regd. Folio No. / DP ID No. & Name of the Shareholder/Joint holder/Proxy and address as given on the envelope in BLOCK LETTERS to be furnished below.

| Name of the Shareholder / Name of the Proxy | Regd. Folio No. / DP ID No. | No. of Shares held |
|---|-----------------------------|--------------------|
| | | |

I hereby record my presence at the 30th Annual General Meeting of the Company on Tuesday, the 27th March, 2012, at 11.30 am at the Registered Office of the Company, Chandrapura Village, Tal. Halol - 389 350, Dist. Panchmahals, Gujarat

**SIGNATURE OF THE
SHAREHOLDER OR PROXY**

Notes:

- (1) Shareholders/Proxy holders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signature on it.
- (2) Shareholders who come to attend the meeting are requested to bring their copies of Annual Report with them.
- (3) Shareholders are requested to advise, indicating their Folio Nos., the change in their addresses, if any, to the Company.

PROXY FORM
INTEGRA Engineering India Limited

Registered Office : Chandrapura Village, Tal. Halol - 389 350, Dist. Panchmahals, Gujarat, India

(Regd. Folio No./ DP ID No. and name of the Shareholder/Joint holder and address as given on the envelope in BLOCK LETTERS to be furnished below)

| Regd. Folio No. / DP ID No. | No. of Shares held |
|-----------------------------|--------------------|
| | |

I/We _____ of _____ being a Member(s) of the Company, hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to vote or me/us, on my/our behalf at the 30th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 27th March, 2012, at 11.30 am at the Registered Office of the Company or any adjournment thereof.

As Witness my/our hand(s) this _____ day of _____ 2012

Signed by the said _____

| |
|--|
| AFFIX A 1 RUPEE REVENUE STAMP |
|--|

NOTE: The Companies Act, 1956 lays down that an instrument appointing proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

Book - Post

INTEGRA
Engineering

If undelivered please return to :

INTEGRA Engineering India Limited

(Incorporated under the Companies Act, 1956)

Registered Office : Post Box No. 55, Chandrapura Village,

Tal. Halol - 389 350, Dist. Panchmahals, Gujarat, India

Tel. : +91-2676-221870, 222772, 222773, 222774, Fax : +91-2676-220887

www.integraengineering.in