

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 VERWALTUNGS-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 VERWALTUNGS-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.

Annual Report 2011

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 Ruez, was appointed as an Additional Director on the Board of Directors of the Company, with effect from 18th April, 2011. Ms. Corinne Ruez 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.