

ANNUAL
REPORT
1998-99



International Combustion (India) Limited

Contents	Page
<i>Directors' Report</i>	2
<i>Technology Absorption</i>	4
<i>Particulars of Employees</i>	5
<i>Auditors' Report</i>	6
<i>Balance Sheet</i>	8
<i>Profit and Loss Account</i>	9
<i>Schedules to Accounts</i>	10-21
<i>Cash Flow Statement</i>	22

Board of Directors

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

S. Faheem Ahmed
 A. K. Ghose
 R. L. Gaggar

Vice President (Finance) & Secretary

S. C. Saha

Auditors

Lodha & Co. *Chartered Accountants*

Share/Debenture Transfer Agents

C B Management Services Limited,
 P-22, Bondel Road,
 Calcutta - 700 019

Principal Bankers

Hongkong Bank
 Punjab National Bank
 State Bank of Mysore

Registered Office

107/1, Park Street
 Calcutta 700 016

Manufacturing Facilities

Baidyabati (West Bengal)
 Santoshpur (West Bengal)
 Nagpur (Maharashtra)
 Aurangabad (Maharashtra)

Regional Office

Mumbai Calcutta New Delhi Chennai
 Nagpur Hyderabad Aurangabad



International Combustion (India) Limited

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present their Sixty-third Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 1999.

FINANCIAL RESULTS

		(Rs. in Lacs)	
	1998-99		1997-98
Profit before Depreciation Interest and Tax	111.38		325.82
Less :			
Interest	278.92	308.28	
Depreciation	109.08	388.00	419.66
Profit before Tax/(Loss)	(276.62)		(93.84)
Provision for Tax/(Loss)	-		-
Profit after Tax/(Loss)	(276.62)		(93.84)
Add :			
Balance of profit from previous year	11.77		189.60
Transfer from Debenture Redemption Reserve	108.04		-
Transfer from General Reserve	156.81		-
Profit available for appropriations	-		95.76
Appropriations :			
Debenture Redemption Reserve	-		72.11
Proposed Dividend	-		10.80
Corporate Tax on Dividend	-		1.08
Balance of Profit carried to Balance Sheet	-		11.77
	-		95.76

DIVIDEND

The operating results of the Company not being favourable, your Directors do not recommend payment of any dividend for the financial year ended 31st March 1999.

PUBLIC DEPOSITS

Barring unclaimed matured deposits of Rs. 0.17 lac relating to six depositors, the company did not have any other deposit as on 31st March, 1999.

OPERATIONS

For the year under review, the continued recession in the engineering industry has adversely affected the operations of your Company. Apart from insufficiency of orders and under utilisation of the manufacturing capacity, the price of the products were also subjected to severe competitive pressure resulting in decrease of margin. Despite sharp increase in the wages and related expenses due to major increase in the consumer price index (CPI), the Company through cost control

measures was able to restrict the increase in expenses to 6.5%, which is the lowest in the last five years. This, unfortunately, could not sufficiently off set the cumulative effect of drop in business volume and lowering of the margins. The Company's income for the year dropped to Rs. 2389 lacs from Rs. 2452 lacs of the preceding year, resulting in a loss of Rs. 276.62 lacs. Some improvement in demand, however, has been noticed in the current year, but this is still inadequate and the pressure on the price is continuing.

The Company has been making continuous efforts to identify and develop new market areas and have been successful in introducing Mogensen Sizers and Girdle Pocket Elevators in the sugar industry. These have been well accepted and are making appreciable contributions to the business of the Company. Similar efforts are continuing in other areas. Keeping all relevant factors in view the growth in sale for the current year is estimated to be between 10% and 15%. This growth, however, may not be adequate and your Company



International Combustion (India) Limited

has, therefore, initiated major restructuring process for further reduction of expenses and improved performance.

In the year under review, the operations of the Bauer Division, Aurangabad had to be suspended for a period of about three months on account of strike by a section of the employees. The issues have been resolved satisfactorily and the Plant has gone back to normal operation.

ISO 9002

Your Directors are pleased to report that the Surveillance Audit of the ISO 9002 Certificate awarded to the Bauer Division of the Company has been satisfactorily completed by IRQS, the accredited certifying Agency of RVA Holland.

INDUSTRIAL RELATIONS

Except for the short period of strike at Bauer Division, Aurangabad, the industrial relations for all the divisions remained cordial.

The Company regrets to inform that the operations of the Santoshpur Unit have been suspended with effect from 14th April 1999. This Unit supplies grey iron castings to various other Units and on account of severe decline in demand for the last few years, operation of this Unit has presently become non-viable.

STATUS ON Y2K

Your Company has taken necessary steps to make all key business activities Y2K compliant considering the risk in regard to Inventory & Production planning, Sales and Despatch planning, Fixed Deposits and the matters relating to MIS and controls.

All internally developed softwares are fully compliant. Most of the hardwares are also Y2K compliant and necessary steps have been taken to make the remaining hardwares Y2K compliant by 31st August 1999.

Considering the external risk factor if any, the Company has initiated necessary steps to have a contingency plan in place by 30th September 1999. The cost involved in Y2K activities are estimated at Rs. 7 lacs.

POWER SUPPLY AND CONSERVATION OF ENERGY

In view of considerable increase in the power tariff, the Company has already undertaken power audit for all their Units and have taken necessary steps for improvement in energy conservation.

TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information regarding technology absorption and foreign exchange earnings and outgo pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is set out in Annexure I forming part of this Report.

PERSONNEL

The particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, are set out in Annexure II and forms part of this Report.

AUDITORS' REPORT

The observation made by the Auditors in their Report have been dealt with and explained in the Notes to the Accounts in Schedule 18(B) and therefore do not call for any further clarification under Section 217(3) of the Companies Act, 1956.

DIRECTORS

Your Board regrets to inform of the sad demise of Mr. S. Niyogi on 26th October 1998. Mr. S. Niyogi had been on the Board of your Company for about seventeen years and the Board place on record its deep appreciation of the contributions made by Mr. S. Niyogi during his long association with the Company.

Mr. S. Saha was appointed as Director and thereupon a Wholetime Director of the Company for a period of three years with effect from 16th November 1998. Mr. Saha retires at this meeting under Article 88 of the Articles of Association of the Company. It has been proposed to appoint Mr. S. Saha as Director and thereupon a Wholetime Director of the Company from 16th November 1998. Your Directors seek your approval to the aforesaid reappointment of and remuneration payable to Mr. Saha as Wholetime Director.

The tenure of office of Mr. I. Sen, Managing Director having expired on 31st March 1999, the Board has reappointed Mr. I. Sen as Managing Director of the Company for a further period of five years with effect from 1st April 1999. Your Directors seek your approval to the aforesaid reappointment of and remuneration payable to Mr. Sen as Managing Director.

Mr. S. Faheem Ahmed and Mr. A. K. Ghose retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

AUDITORS

Messrs. Lodha & Co., retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

On behalf of the Board
S. Bagaria
Chairman

Calcutta,
 the 30th July, 1999


International Combustion (India) Limited

Annexure I

TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

Forming part of Directors' Report for the year ended 31st March, 1999

A. TECHNOLOGY ABSORPTION
I. RESEARCH & DEVELOPMENT (R&D)
1. Specific Areas :

The Company is continuing research and development activities in the areas of improvement of quality, efficiency of the equipment, selection of input materials through value engineering and import substitution.

2. Benefits derived :

Successful development of value added products and reduced cost of inputs.

3. Future plan of action :

The Company plans to continue their programme for improvement of operating efficiency of the equipment manufactured.

4. Expenditure on R & D :

	<u>Rs. Lacs</u>
a) Capital	-
b) Recurring	20.24
c) Total	20.24
d) Total R & D expenditure as a % of total turnover	0.88%

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION
1. Efforts made :

The Company makes continuous effort in adaptation and innovation of its product design to meet the changing requirement of its customers.

2. Benefits derived :

Improvement in efficiency and customers satisfaction.

3. Imported Technology :

Technology imported	Year of import	Has Technology been fully absorbed ?	If not absorbed, areas where this has not taken place, reasons thereof & future plans of action.
i) Parallel Shaft and hollow Shaft-mounted Geared Motor, Gear Box & Electric Motor	1995	Yes	N.A.
ii) VARIA Screening System, Polyurethane and Rubber Screen deck with special hardness and application	1996	No	Under Implementation

B. FOREIGN EXCHANGE EARNINGS & OUTGO :

The information of Foreign Exchange earnings and outgo are contained in Note Nos. (20) and (19) of Schedule 18(B) of Notes on Accounts.

Calcutta,
the 30th July, 1999

On behalf of the Board
S. Bagaria
Chairman


International Combustion (India) Limited
Annexure II
PARTICULARS OF EMPLOYEES

Forming part of the Directors' Report for the year ended 31st March, 1999

Name	Age (Years) Last Birthday	Designation & Nature of Duties	Remuneration (Rs.)	Qualifications	Experience (Years)	Date of Commence- ment of Employment	Last Employment
Saha S.	54	Executive Director (Wholetime Director)	6,18,806	B. E. (Met)	32	15.02.67	First Employment
Sen I.	59	Managing Director	8,09,259	B.E. (Mech.)	37	15.12.71	Hooghly Docking & Engg. Co. Ltd.

- Notes :
1. Remuneration includes, inter alia, leave travel assistance, reimbursement of medical expenses, Company's contribution to Provident, Superannuation wherever applicable. In addition to the above remuneration, the employees are entitled to Gratuity etc. in accordance with the Company's Rules.
 2. All the above employees were employed throughout the financial year ended March 31, 1999. No employee who received remuneration exceeding Rs. 50,000/- per month was in the employment of the Company for a part of the year.
 3. None of the employees mentioned above is a relative of any Director of the Company.
 4. The nature of employment is contractual for all employees.

Report  junction.com

 Calcutta,
the 30th July, 1999

 On behalf of the Board
S. Bagaria
 Chairman



International Combustion (India) Limited

AUDITORS' REPORT

TO THE MEMBERS

We have audited the attached Balance Sheet of **INTERNATIONAL COMBUSTION (INDIA) LIMITED**, as at 31st March, 1999 and Profit and Loss Account of the Company for the year ended on that date.

1. As required by Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we report that :

- i) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company have been physically verified by the management during the year and this revealed no material discrepancies.
- ii) The fixed assets of the Company have not been revalued during the year.
- iii) The stocks of finished goods, stores, spare parts and raw materials of the Company except those lying with third parties have been physically verified during the year.
- iv) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- v) The discrepancies between the physical stocks and the book stocks were not material and these have been properly dealt with in the books of account.
- vi) In our opinion, the valuation of finished goods, stores, spare parts and raw materials has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- vii) The Company has not taken loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As informed to us, there are no companies under the same Management as defined under Section 370 (1-B) (since omitted) of the Companies Act, 1956.

- viii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As informed to us, there are no companies under the same management as defined under Section 370 (1-B) (since omitted) of the Companies Act, 1956.
- ix) Parties including employees to whom loans or advances in the nature of loans have been given by the Company are generally repaying the principal amounts and interest where applicable as stipulated. In certain cases as stated in Note 10 of schedule 18(B) principals and interests have become overdue for payment. Steps for recovery in such cases are being taken by the Company.
- x) In our opinion, the internal control procedures of the Company relating to purchase of stores, raw materials including components, plant and machinery, equipment and other similar assets and for the sale of goods are commensurate with its size and nature of business.
- xi) In our opinion, transactions of sale of goods, materials and services made pursuant to contracts or arrangements entered in the Register maintained under Sec. 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices which are reasonable having regard to the information and explanations available for prevailing market prices for such goods and materials. There are no transactions of purchase of goods and materials aggregating to Rs. 50,000 or more in respect of each party which have been pursuant to contract or arrangement entered in the Register maintained under Section 301 of the Companies Act, 1956.
- xii) The Company has a system of determining unserviceable or damaged stores, raw materials and finished goods on the basis of technical evaluation and on the aforesaid basis, in our opinion, adequate amounts have been written off in the accounts.
- xiii) In the cases of public deposits accepted by the Company, the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the applicable rules framed thereunder have been complied with.