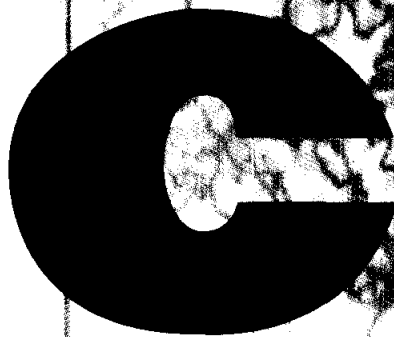
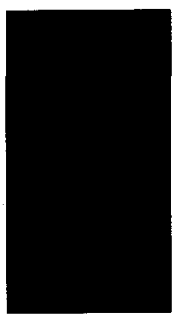


ANNUAL REPORT 2000-2001



International Combustion (India) Limited

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Board of Directors

S. Bagaria	<i>Chairman</i>
I. Sen	<i>Managing Director</i>
S. Saha	<i>Executive Director</i> <i>(Wholetime Director)</i>
S. Faheem Ahmed	
A. K. Ghose	
R. L. Gaggar	

Vice President (Finance) & Secretary

S. C. Saha

Auditors

Lodha & Co. *Chartered Accountants*

Bankers

Hongkong Bank
Punjab National Bank
State Bank of Mysore

Registered Office

107/1 Park Street,
Kolkata - 700 016
Telephone : 226-6508/1732/1734/1729
Fax : (033)249-3713
Email : intcomc2@viascl01.vsnl.net.in

Regional Office

Aurangabad	- B.74/1, MIDC Waluj, P.O. Bajaj Nagar, Aurangabad – 431 136
Bangalore	- 135, 16th Cross, I-Block, R. T. Nagar, Bangalore – 560 032
Chennai	- 17, Smith Road, Chennai – 600 002
Hyderabad	- Suite No. 202 LBR House, Picket Main Road Secunderabad – 3
Kolkata	- 107/1, Park Street, Kolkata – 700 016
Mumbai	- Khanna Construction House, 44, Dr. R. G. Thadani Marg, Worli Mumbai – 400 018
Nagpur	- Raina Building, Mount Road, Nagpur – 440 001
New Delhi	- 2E/28, Jhandewalan Extn. New Delhi – 110 055
Pune	- Flat No-4, 17, Kuldeep Prem Nagar Society Bibvewadi Road, Behind Pushpa Mangal Karyalaya, Pune – 411 037
Vadodara	- 508, Centre Point R. C. Dutta Road Alkapuri, Vadodara - 390 020



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present their Sixty Fifth Annual Report together with the Audited accounts of the Company for the financial year ended 31st March, 2001.

FINANCIAL RESULTS

	(Rs. in lacs)	
	<u>2000-2001</u>	<u>1999-2000</u>
Profit before Depreciation & Interest	269.90	257.97
Less :		
Interest	226.62	255.37
Depreciation (Net)	<u>108.41</u>	<u>108.12</u>
Profit/(Loss)	(65.13)	(105.52)
Transfer from Debenture Redemption Reserve	64.78	40.67
Transfer from General Reserve	0.35	64.85
	<u>-</u>	<u>-</u>

DIVIDEND

The operating results of the Company for the year under review not being favourable, your Directors do not recommend payment of any dividend for the financial year ended 31st March, 2001.

PUBLIC DEPOSITS

The total amount deposited with the Company as on 31st March, 2001 was Rs. 14.00 lacs apart from matured Fixed Deposit amounting to Rs. 0.17 lac relating to six depositors which remained unclaimed as on 31st March, 2001.

OPERATIONS

The market recession in the Capital Goods industry, as reported to you earlier, has continued for the year under review. This not only resulted in a stagnant domestic market, but has also put competitive pressure on the prices of various products. Despite such adverse conditions, your Company has registered a growth of 8.1% in sale which increased to Rs. 2357 lacs from Rs. 2180 lacs for the previous year. This increase in sale was primarily because of 85% growth in export same which increased to Rs. 373 lacs from Rs. 202 lacs for the

corresponding period. The Company has also been able to restrict the operating expenses through continued cost cutting efforts. Despite improvement in certain areas of operation, the total sale for the year continued to remain inadequate and the Company recorded a loss of Rs. 65 lacs as against Rs. 105 lacs for the previous year.

During the year the Company has formed a Licence Agreement for manufacture of Omni Screens with technology from IMS Engineering (Pty) Ltd., South Africa. This new generation of modular screening system is extremely successful in South African and South American mining industry. This Licence Agreement is a part of your Company's on going technology upgradation programme. The Marketing effort in both domestic and export market remains the area of focal interest for the Company and efforts are being made to achieve improved performance for the current year.

INDUSTRIAL RELATIONS

The operations of Santoshpur Unit continue to be suspended. The industrial relations in other manufacturing Units of the Company during the year under review were satisfactory.



International Combustion (India) Limited

CONSERVATION OF ENERGY

As in the past, the Company continued to stress upon the measures for the conservation and optional utilisation of energy in all the areas of operation.

TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Sections 217 (1)(e) of The Companies Act, 1956 is set out in the Annexure forming part of this Report.

PERSONNEL

As none of the employees of the Company employed through out the financial year was in receipt of a remuneration of a sum not less than Rs. 12 lacs per annum or Rs. 1 lac per month if employed for a part of the year as specified in Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended vide Notification No. GSR 839(E) dated 25th October, 2000, no particulars in respect of any employee is required to be annexed to this Report.

DEMATERIALISATION OF SHARES

Your Directors are pleased to inform you that after observing all formalities the Equity Shares of the Company have been activated for trading in dematerialised form on National Securities Depository Ltd. (NSDL) with effect from 17th November, 2000 and also with Central Depository Services (I) Ltd. (CDSL) with effect from 24th November, 2000.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm:

- i) that in the preparation of the Annual Accounts, the Applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates 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 the financial year and of the loss of the Company for that period;

- iii) that the Directors had taken proper and sufficient care 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;
- vi) that the Directors had prepared the Annual Accounts on a going concern basis.

AUDITORS' REPORT

The observation made by the Auditors in Para 2(a) in their Report regarding certain Loans and Advances, interest and debtors balances have been dealt with the explained in item No. 9 of 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.

In regard to the comment made by the Auditors in Item 2(b) of their Report on the valuation of the closing stock of finished goods, raw materials, stores etc. at Santoshpur Unit, your Directors are to state that in view of the suspension of operation at the Company's Santoshpur Works, the physical verification of stock of finished goods, raw materials, stores and spare parts of that Unit could not be carried out. Shortfall in the values thereof if any being not ascertainable, these have been considered at book values and no provision is considered necessary in this regard, as explained in Note 11 of Notes on Accounts in Schedule 18(B).

DIRECTORS

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

AUDITORS

Messrs. Lodha & Co., Auditors of the Company, retire at the forthcoming Annual General meeting and being eligible, offer themselves for reappointment.

Kolkata,
the 27th June, 2001

On behalf of the Board
S. Bagaria
Chairman


International Combustion (India) Limited

Annexure

TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

Forming part of the Directors' Report for the year ended 31st March, 2001

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

Significant steps have been taken in improving the efficiency of the existing range of products and development of value added products.

2. Benefits derived :

Successful development of value added products, customer satisfaction and import substitution.

3. Future plan of action :

The Company plans to continue their programme for upgradation of technology, import substitution and improvement of efficiency of equipment manufactured.

4. Expenditure on R & D :

Rs. in Lacs

a) Capital	—
b) Recurring	17.71
c) Total	17.71
d) Total R & D expenditure as a Percentage of total turnover	0.75%

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

The Company makes continuous effort in improving its product design to increase efficiency of equipment and to achieve Total Quality Management.

2. Benefits derived :

Improved Quality Management and Value Added Products resulted in increase in orders and consumer 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) VARIA Screening System, Polyurethane and Rubber Screen Deck with special hardness and application	1996	Yes	N.A.
(ii) Omni Screens/Feeders/Sizers	2001	No	Under Implementation

B. FOREIGN EXCHANGE EARNINGS & OUTGO :

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

Kolkata,
the 27th June, 2001

On behalf of the Board
S. Bagaria
Chairman



International Combustion (India) Limited

General Shareholder Information

Annual General Meeting

The Sixty-fifth Annual General Meeting of the Company will be held on Friday, 24th August, 2001 at 3.30 p.m. at Banquet Hall I, Park Hotel, 17, Park Street, Kolkata - 700 016

Financial Calendar :

First Quarter Results (30th June 2000)	End July, 2000
Second Quarter Results (30th September, 2000)	End October, 2000
Mailing of Annual Report (1999-2000)	End July, 2000
Annual General Meeting	End August, 2000
Third Quarter Results (30th December 2000)	End January, 2001
Annual Accounts (31st March, 2001)	End June, 2001

Book Closure:

The Register of Members and the Share Transfer Books of the Company will remain closed from 17th August, 2001 to 24th August, 2001 (both days inclusive)

Listing of Equity Shares on Stock Exchanges:

The Company's Shares are listed on the Stock Exchanges in Kolkata and Mumbai and the listing fees for the year 2001-2002 have been paid to these Stock Exchanges.

Market Price Data:

There being no trading of Company's shares in Calcutta Stock Exchange the monthly high/low prices of equity shares could not be furnished. However, the monthly high/low prices of the equity shares of the Company quoted at Stock Exchange, Mumbai during the year 2000-2001 are given below:

Month	Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)
April 2000	8.50	7.90
May 2000	6.25	5.50
June 2000	6.60	3.80
July 2000	7.85	6.00
August 2000	6.15	5.00
September 2000	11.50	7.80
October 2000	6.05	7.80
November 2000	6.00	6.00
December 2000	8.00	5.55
January 2001	7.20	5.50
February 2001	**	**
March 2001	**	**

** No trading of the Company's Equity Shares

Registrar and Share Transfer Agents:

The Company has engaged C B Management Services Ltd., P-22, Bondel Road, Kolkata 700 019, a SEBI registered Share Transfer Agent for processing transfers, sub-division, consolidation, splitting of securities, etc. Since the trading of Company's shares can now be done only in the dematerialised form, request for demat should be sent directly to C B Management Services Ltd., P-22, Bondel Road, Kolkata - 700 019. As the Company has entered into agreements with both the Depositories-NSDL and CDSL-Shareholders have the option to open their accounts with either NSDL or CDSL.

Pattern of Shareholding as on 27th June, 2001:

	Physical Shares	Demat Shares	Total Shares	Percentage to Total
Non Resident Indians	1437	100	1537	0.07
Overseas Body Corporate	424796	-	424796	19.66
Financial Institutions	2400	183176	185576	8.59
Nationalised Banks	2942	-	2942	0.14
Other Bodies Corporate	618707	6218	624925	28.93
Directors	773	-	773	0.04
Individuals	725056	189571	914627	42.33
Clearing Member (Demat A/c of NSDL)	-	5100	5100	0.24
Total	1776111	384165	2160276	100.00

Distribution of Shareholding:

Range	No. of Shareholders	Percentage to Shareholders	No. of Shares held	Percentage to Capital
1-500	4786	93.97	564179	26.12
501-1000	197	3.87	141668	6.56
1001-2000	60	1.18	84202	3.90
2001-3000	19	0.37	45707	2.12
3001-4000	10	0.20	34895	1.61
4001-5000	3	0.06	12855	0.59
5001-10000	7	0.14	47145	2.18
10001 and above	11	0.21	1229625	56.92
Total	5093	100.00	2160276	100.00

Dematerialisation of Shares:

As on 27th June, 2001, 17.78% of the Company's total shares representing 384165 shares were held in dematerialised form and the balance of 82.22% representing 1776111 shares were in scrip form.

Factory Locations:

The Company's manufacturing facilities are located at the following places:

- Baidyabati Works:** 156, G. T. Road, Baidyabati, Hooghly, West Bengal.
- Santoshpur Works:** Budge Budge Trunk Road, Maheshtala, 24 Pgs. West Bengal.
- Nagpur Works :** L-7, MIDC, Industrial Area, Hingna, Nagpur-440 016, Maharashtra.
- Aurangabad Works :** B-74/1, MIDC Waluj, P.O. Bajaj Nagar, Aurangabad-431 136, Maharashtra.

Number of Employees:

The total number of employees as on 27th June, 2001 was 650

Address for Correspondence:

The Company's Registered Office is situated at 107/1, Park Street, 4th Floor, Kolkata - 700 016. Shareholders correspondence should be addressed to the following address :

C. B. Management Services Limited
P-22, Bondel Road, Kolkata- 700 019.
Telephone : 280-6692/6693; Fax : (033) 247-0263
E-mail : cbmsl1@cal2.vsnl.net.in



International Combustion (India) Limited

AUDITORS' REPORT

TO THE MEMBERS

INTERNATIONAL COMBUSTION (INDIA) LIMITED.

We have audited the attached Balance Sheet of **INTERNATIONAL COMBUSTION (INDIA) LIMITED**, as at 31st March, 2001 and Profit & Loss Account of the Company for the year ended on that date and report that:

1. As required by the 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 state 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 except those at Santoshpur Works 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 at Santoshpur Works and lying with the third parties have been physically verified during the year.
- (iv) In our opinion, having regard to para (iii) above, 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 to the extent verified 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 taken unsecured loans from parties listed in the Register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and

conditions of such loans are not prima facie prejudicial to the interest of the Company. As informed to us, there are no companies under the same management as defined under Section 370(1-B) (not applicable) 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) (not applicable) 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 9 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 purchases of stores, raw materials including components, plant and machinery, equipment and other similar assets and for the sale of goods are commensurate with the size of the Company and the nature of its business.
- (xi) As per the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services aggregating during the year to Rs. 50,000 or more in respect of each party in pursuance of contracts or arrangements 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