

## Annual Report 2002 - 2003



**International Combustion (India) Limited**



**International Combustion (India) Limited**

Registered Office : 107/1, Park Street, Kolkata 700 016

**Proxy Form**

I/We .....  
of.....  
being a Member/Members of International Combustion (India) Limited, hereby  
appoint..... of .....  
..... of failing him ..... of .....  
..... or failing him .....  
..... of ..... as my/our Proxy to attend  
and vote for me/us and on my/our behalf at the Sixty Seventh Annual General Meeting  
of the Company to be held on the 29th August, 2003 and at any adjournment thereof.

As witness my/our hand(s) this .....day of .....2003.

Signed by the said .....

Affix Re. 1  
Revenue  
Stamp

Note : The Proxy must be deposited at the Registered Office of the Company at  
107/1, Park Street, Kolkata 700 016 not less than 48 hours before the time  
for holding the aforesaid Meeting.



**International Combustion (India) Limited**

Registered Office : 107/1, Park Street, Kolkata 700 016

**Attendance Slip**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE  
ENTRANCE OF THE MEETING HALL (Joint Shareholder may obtain additional  
attendance slips at the entrance)

NAME, ADDRESS AND A/C NO. TO BE FILLED IN BY THE SHAREHOLDER  
(IN BLOCK LETTERS)

I hearby record my presence at the 67th Annual General Meeting held at Park  
Hotel, Kolkata 700016 on 29th August, 2003

SIGNATURE OF THE SHAREHOLDER OR PROXY  
(To be signed at the time of handing over this slip)

**Board of Directors**

S. Bagaria *Chairman*  
 I. Sen *Managing Director*  
 S. Saha *Executive Director*  
*(Wholtime Director)*  
 S. Faheem Ahmed  
 A. K. Ghose  
 R. L. Gaggar

**Share Transfer Committee**

S. Bagaria *Chairman*  
 I. Sen *Member*  
 A. K. Ghose *Member*

**Vice President (Finance) & Secretary**

S. C. Saha

**Auditors**

Lodha & Co.  
 Chartered Accountants

**Compliance Officer**

S. C. Saha

**Bankers**

Hongkong Bank  
 Punjab National Bank  
 State Bank of Mysore  
 ICICI Bank Limited

**Registered Office**

107/1 Park Street,  
 Kolkata - 700 016  
 Telephone : 2226-6508/1732/1734/1729  
 Fax : (033) 2249-3713  
 Email : intcomc2@iascl01.vsnl.net.in

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## TEN YEARS' FINANCIAL STATISTICS

	(Rs. in lacs)									
	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
<b>OPERATING RESULTS</b>										
Sales	1847	2115	2530	2552	2308	2301	2180	2357	2325	2541
Other Income	30	125	165	162	144	88	43	58	54	115
<b>Total Income</b>	<b>1877</b>	<b>2240</b>	<b>2695</b>	<b>2714</b>	<b>2452</b>	<b>2389</b>	<b>2223</b>	<b>2415</b>	<b>2379</b>	<b>2656</b>
<b>Profit before Interest &amp; Tax (PBIT)</b>	<b>377</b>	<b>381</b>	<b>615</b>	<b>528</b>	<b>214</b>	<b>2</b>	<b>149</b>	<b>162</b>	<b>254</b>	<b>251</b>
Interest	113	100	307	316	308	279	255	227	244	141
Profit before Tax	264	281	308	212	(94)	(277)	(106)	(65)	10	110
Profit after Tax	166	281	286	173	(94)	(277)	(106)	(65)	12	23
Retained Profit	133	233	232	120	—	—	—	—	12	23
<b>NET ASSETS EMPLOYED</b>										
Net Fixed Assets	1421	2161	2122	2068	1999	1901	1801	1709	1606	1447
Net Current Assets	1511	1471	2502	2670	2631	2239	2062	2022	2064	1979
<b>Net Assets Employed</b>	<b>2932</b>	<b>3632</b>	<b>4624</b>	<b>4738</b>	<b>4630</b>	<b>4140</b>	<b>3863</b>	<b>3731</b>	<b>3670</b>	<b>3426</b>
Financed by										
Shareholders' Fund	1392	1977	2756	2871	2760	2473	2356	2280	2172	2183
Borrowings	1540	1655	1868	1867	1870	1667	1507	1451	1498	1243
<b>Funds Employed</b>	<b>2932</b>	<b>3632</b>	<b>4624</b>	<b>4738</b>	<b>4630</b>	<b>4140</b>	<b>3863</b>	<b>3731</b>	<b>3670</b>	<b>3426</b>
<b>RATIOS</b>										
PBIT TO Sales (%)	20.4	18.0	24.3	20.7	9.3	0.1	6.8	6.9	10.9	9.9
Earnings per Share	11.5	13	13.2	8.0	Nil	Nil	Nil	Nil	0.54	1.05
Net Worth per Share (Rs.)	96.7	91.5	127.6	132.9	127.8	114.48	109.06	105.54	100.54	101.05
Debt : Equity	1.10:1	0.84:1	0.67:1	0.65:1	0.68:1	0.67:1	0.64:1	0.64:1	0.69:1	0.57:1





## DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the Sixty-seventh Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2003.

### FINANCIAL RESULTS

	<b>2002-2003</b>		<b>2001-2002</b>	
			(Rs. in lacs)	
Profit before Depreciation, Interest and Tax		<b>350.87</b>		363.18
Less : Interest	<b>141.06</b>		243.81	
Depreciation	<b>99.46</b>	<b>240.52</b>	109.08	352.89
		<b>110.35</b>		10.29
Profit/(Loss) before Tax				
Less : Provision for Income Tax —				
Current	<b>8.69</b>		5.20	
Deferred	<b>78.87</b>	<b>87.56</b>	(6.57)	(1.37)
Profit/(Loss) after Tax		<b>22.79</b>		11.66
Add : Balance b/f from previous year		<b>11.66</b>		—
Transfer from Debenture Redemption Reserve		<b>45.83</b>		52.56
Available for Appropriations		<b>80.28</b>		64.22
Appropriations :				
Transfer to General Reserve		<b>45.83</b>		52.56
Balance carried forward		<b>34.45</b>		11.66
		<b>80.28</b>		64.22

### DIVIDEND

In view of the inadequate Profit/Loss suffered by the Company during the preceding few years, your Directors with a view to consolidate the Company's financial strength, do not recommend payment of any Dividend on equity shares for the financial year ended 31st March, 2003.

### OPERATIONS AND FUTURE OUTLOOK

The turnover and the profit of your Company for the year under review was Rs. 2541 lacs and Rs. 110 lacs respectively as against Rs. 2325 lacs and Rs. 10 lacs of the previous year. After several years of sluggish market there has been an overall improvement in the engineering sector for the year under review. Your Directors are happy to inform you that for certain sectors where your Company is active, such as steel, mining, cement and infrastructure related industry, substantial growth has also been observed. As per the present market trend your Company expect this growth pattern to be continued for the subsequent years.

Your Company is pleased to inform you that the Collaboration Agreements with Danfoss Bauer GmbH, Germany, have now been extended for a further period of 7 years. Danfoss Bauer has also agreed to include the complete range of 'G' Series Geared Motors and Gear Boxes under this extended agreement without payment of additional know-how fees for the new products.



## **DIRECTORS' REPORT (Contd.)**

Your Company has also entered into a new collaboration agreement with Gummi Kupper GmbH & Co. KG, Germany, for manufacture of "Clamp-On Modular Screen Deck System" of Rubber & Polyurethane. Gummi Kuper has agreed to offer this new technology without payment of any technical know-how fees.

Though the export business last year was marginally lower than the previous year there has been significant increase in the interest from various overseas market for certain products manufactured by your Company. The export business is also expected to grow substantially in the next few years.

During the last year the Company has also repaid number of its high interest bearing debts. This will reduce the interest burden substantially for the future years.

### **INDUSTRIAL RELATIONS**

The operation at Santoshpur Unit continue to be suspended. The operations of Company's Polyurethane Division which was suspended in August 2001 is expected to be resumed in the current year with the new and upgraded product range under licence from Gummi Kuper as stated earlier. The industrial relation at all other units have been satisfactory.

### **CONSERVATION OF ENERGY**

There has been a sharp increase in the power tariff and fuel costs in the last few years resulting in increase in expenditure on this account. The Company, however, is continuing its efforts for conservaton of the energy and have taken steps towards optimisation of the power and fuel consumption.

### **TECHNOLOGY AND FOREIGN EXCHANGE**

In terms of the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, the particulars in respect of —

- a) Technology Absorption and
- b) Foreign Exchange Earnings and Outgo

are set out in the Annexure forming part of this Report.

### **PARTICULARS OF EMPLOYEES**

No employees were in receipt of remuneration of Rs. 24 lacs and above per annum or Rs. 2 lacs and above per month during the financial year, pursuant to the provisions of Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### **CORPORATE GOVERNANCE**

Your Directors believe that strong Corporate Governance is important instrument for ensuring transparency, fairness and accountability in all spheres of management. Keeping this in view, your Directors are pleased to inform that your Company although not required to comply with the Corporate Governance in terms of the Clause 49 of the Listing Agreement with the Stock Exchanges, have already taken steps for gradual implementation of Corporate Governance as prescribed by the Securities & Exchange Board of India. Accordingly, a statement showing some of the information on Corporate Governance has been annexed to this Annual Report for your information.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company;
- ii. appropriate accounting policies have been selected and applied consistently and such judgements and estimates have been made that are resasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2003 and of the profit of the Company for the year ended on that date;



## DIRECTORS' REPORT *(Contd.)*

- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the annual accounts have been prepared on a going concern basis.

## AUDITOR'S REPORT

In reply to the observations made by the Auditors in Para 2(a) in their Report on the shortfall if any, in the values of certain loans and advance, interests and debtors' balances, your Directors are to state that a substantial amount of such outstandings/dues as appearing in the last year's Report have been recovered during the year under review and suitable steps including legal actions have been taken to expedite recovery of the balance outstanding dues as explained in Item No. 9 of the Notes to the Accounts in Schedule 16(B).

The comments made by the Auditors in the Para 2 (b) of their Report regarding the valuation of the closing stock at Santoshpur Unit, your Directors are to draw your attention to Note No. 11 (a) of Notes to Accounts in Schedule 16(B), which is self explanatory.

On the comments made by the Auditors for non-receipt of written representation from Mr. S. Faheem Ahmed in terms of Section 274(1)(g) of the Companies Act, 1956, your Directors are to state that till date the said written representation has not been received from Mr. S. Faheem Ahmed.

## DIRECTORS

Mr. A. K. Ghose, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. S. Faheem Ahmed retires by rotation at the ensuing Annual General Meeting. No confirmation of his willingness or otherwise of his continuing, qualification for such reappointment, has been received.

A notice under Section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Mr. Sukhendu Ray as a Director of the Company in place Mr. S. Faheem Ahmed at the forthcoming Annual General Meeting.

## AUDITORS

Messrs Lodha & Company, Auditors of your Company, will retire at the forthcoming Annual General Meeting and being eligible, offer their services for reappointment.

Kolkata,  
the 27th June, 2003

On behalf of the Board

**S. Bagaria**  
Chairman

## TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

Forming part of the Directors' Report for the year ended 31st March, 2003

### A. TECHNOLOGY ABSORPTION :

#### I. Research & Development (R & T)

##### 1. Specific Areas :

Efforts have been directed towards development activities with a view to achieving efficient adaptation of new technology.

##### 2. Benefits derived :

The improved quality resulting in both customer satisfaction and achieving wider network of customers.

##### 3. Future plan of action :

The Company has already initiated steps for developing value added products and thereby enhance export market segments.

4. Expenditure on R & D :	Rs. in lacs
a) Capital	—
b) Recurring	20.06
c) Total	20.06
d) Total R & D expenditure as a percentage of total turnover	0.79%

#### II. Technology Absorption, Adaptation and Innovation

##### 1. Efforts made :

Continuous adaptation of advance technology and technical know-how for development of its products.

##### 2. Benefits derived :

Development of sophisticated products and greater participation in exports.

##### 3. Imported Technology :

Technology imported	Year of import	Has Technology been fully absorbed?	If not absorbed, areas, Whereas this has not taken place, reasons thereof & future plans of action.
Omni Screens/Feeders /Sizers	2001	Yes	N.A.

### B. FOREIGN EXCHANGE EARNINGS & OUTGO

The information on foreign exchange earnings and outgo are contained in Note Nos. (21), (19) and (20) of Schedule 16(B) of Notes on Accounts.

On behalf of the Board

**S. Bagaria**  
Chairman

Kolkata,  
the 27th June, 2003





## SHAREHOLDERS' INFORMATION

### A. Corporate Governance :

Some aspects of Corporate Governance report on which although not mandatory for the Company, are appended below for information of the members :

#### Board of Directors :

- (a) The Board of the Company comprises of 2 (two) Executive directors — Managing Director and Executive Director (Wholetime Director) and 4 (four) non-executive Directors. The Chairman of the Board is a non-executive Director.

During the financial year under review 7 (seven) Board Meetings were held and all such meetings have been well attended by the Directors in India.

#### (b) Board Committee :

The Board has constituted Share Transfer Committee for approving Transfer, Sub-division and Consolidation of Shares and issue of fresh Share Certificates, with the following members :

- a) Mr. S. Bagaria
- b) Mr. I. Sen
- c) Mr. A. K. Ghose

The Committee also oversees the withdrawal of the shareholders' and investors' grievances in relation to transfer of shares, non-receipt of Annual Accounts etc.

#### c) General Body Meetings :

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

Financial Year	Date	Time	Location
2001-2002	28.08.2002	3.30 PM	Park Hotel 17, Park Street Kolkata - 700016
2000-2001	24.08.2001	3.30 PM	Park Hotel 17, Park Street Kolkata - 700016
1999 - 2000	25.08.2000	3.30 PM	Park Hotel 17, Park Street, Kolkata - 700016

### B. General Shareholders' Information :

#### (a) Annual General Meeting

67th Annual General Meeting

Date : 29th August, 2003

Time : 3.30 pm

Venue : Park Hotel, 17 Park Street, Kolkata - 700016

(b) **Financial Calendar :**

Annual Results of previous year (Audited)	—	27th June 2003
1st quarter results (30th June)	—	End July, 2003
Mailing of Annual Report	—	1st week of August 2003
2nd quarter results (30th Sept.)	—	4th week of October 2003
3rd quarter results (31st Dec)	—	4th week of January 2004
4th quarter results with Annual Results (31st March'04)	—	End of June 2004

(c) Book Closure : 22nd August 2003 to  
29th August 2003 (both days inclusive)

(d) Listing of Stock Exchanges : The Company's securities are listed at :

- (i) The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400023
- (ii) The Calcutta Stock Exchange Association Ltd.  
7, Lyons Range  
Kolkata - 700001

Listing fees for the year 2003-2004 as prescribed, have been paid to all the aforesaid Stock Exchanges.

(e) **Stock Market Price**

There being no regular trading of the Company's shares in Calcutta Stock Exchange the monthly high/low prices of equity shares of the Company quoted at Stock Exchange, Mumbai during the year 2002-2003 are given below :

Month/Year	Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)
April 2002	5.95	2.90
May 2002	8.70	5.50
June 2002	14.40	6.25
July 2002	19.70	8.60
August 2002	10.00	7.65
September 2002	8.20	6.70
October 2002	8.00	4.85
November 2002	6.50	5.35
December 2002	7.40	6.00
January 2003	11.50	7.75
February 2003	9.45	7.75
March 2003	8.75	7.85