



International Components India Limited

ELEVENTH ANNUAL REPORT 2003-04

CERTIFIED TO BE A TRUE COPY
For International Components India Ltd


(M. RAM KUMAR)
Manager

An associate Company of



**International
Components
Corporation**



**Crompton
Greaves**

Regd. Office and Works: Plot No.7, Subramaniya Siva Salai, Industrial Estate, Maraimalai Nagar- 603 209
Kancheepuram District, Tamil Nadu, India

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INTERNATIONAL COMPONENTS INDIA LIMITED

11TH ANNUAL GENERAL MEETING

Date : 12th July 2004
 Day : Monday
 Time : 12.00 noon
 Place : Plot No.7 Subramaniya Siva Salai
 Industrial Estate
 Maraimalai Nagar 603 209
 Tamilnadu, India

BOARD OF DIRECTORS

Mr. James L. Gaza
 Mr. G.N.Mani
 Mr. Stephen M.McClure
 Mr. K.K.Nohria
 Mr. John P Petrillo
 Mr. C.R.Varier

CHIEF EXECUTIVE OFFICER

Mr. M.Ramkumar

AUDITORS

Messrs Sharp & Tannari
 Chartered Accountants
 A-4, Parsn Manere
 602, Anna Salai
 Chennai 600 006

INTERNAL AUDITORS

Rameshbabu & Associates
 45, 3rd Main Road
 Gandhi Nagar, Adyar,
 Chennai 600 020

BANKERS

Corporation Bank
 George Town Branch
Bank of Baroda
 Overseas Branch
Indian Bank
 Maraimalai Nagar Branch
Indian Overseas Bank
 Maraimalai Nagar Branch

REGISTERED OFFICE & WORKS

Plot No.7, Subramaniya Siva Salai
 Industrial Estate
 Maraimalai Nagar 603 209
 Tamilnadu, India
 Phone: 91(4114) 252310 and 252311
 Fax: 91(4114) 252335

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INTERNATIONAL COMPONENTS INDIA LIMITED

Registered Office:

Plot No.7, Subramaniya Siva Salai, Industrial Estate,
Maraimalai Nagar 603 209, Tamilnadu, India

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of **International Components India Limited** will be held at 12.00 noon on Monday, 12th July 2004 at the Registered Office of the Company at Plot No.7, Subramaniya Siva Salai, Industrial Estate, Maraimalai Nagar 603 209, Tamilnadu, India to transact the following business:

ORDINARY BUSINESS:

Adoption of Accounts and the Reports of the Directors and Auditors

1. To consider and adopt the audited Balance Sheet as at 31st March 2004 and the Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.

Re-appointment of Directors Retiring by Rotation

2. To appoint a Director in place of Mr. Stephen M. McClure who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. C.R. Varier who retires by rotation and, being eligible, offers himself for re-appointment.

Appointment of Auditors

4. To appoint Auditors and in this connection, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED that Messrs Sharp & Tannan, Chartered Accountants be and they are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company for the purpose of audit of the Company's accounts at its works and all its offices."

SPECIAL BUSINESS:

Appointment of Director

5. To consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED that Mr. John P. Petrillo be and he is hereby appointed as a Director of the Company, liable to retire by rotation."

Revision of the Remuneration of Manager

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED that in accordance with the provisions of Sections 310 and 388 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any amendment to or re-enactment thereof, for the time being in force),



the relevant provisions of the Memorandum and Articles of Association of the Company, the relevant laws and regulations prescribed by appropriate authorities, as applicable from time to time and subject to all such approvals, consents, permissions and sanctions of appropriate authorities that may be required in this connection, approval of the Members of the Company be and the same is hereby accorded to revision of the existing remuneration and perquisites with effect from 1st January 2004 of Mr.M.Ramkumar, re-appointed as Manager of the Company as defined under Section 2(24) of the Companies Act, 1956 for a period, of 5 years with effect from 25th August 2002 upto 24th August 2007, on the terms and conditions set out below which are hereby specifically sanctioned :

1 Remuneration:

- (i) Basic Salary : Rs 70,000/- per month.
- (ii) Annual Commission : Commission @ 1% of the Company's audited profit after tax subject to a maximum of six months basic salary.
- (iii) Perquisites:
 - (a) Company Accommodation : Rent Free unfurnished accommodation approved by the Company.
 - (b) Appliances & Furniture : Rs 1,75,000/- towards purchase and repairs / maintenance of appliances / furniture.
 - (c) Other Monthly Allowances : Total Rs 15,000/- per month.
 - (d) Annual Allowances including Reimbursement of Books & Periodicals, Leave Travel, Holiday Allowance, Medical Reimbursement etc. : Total Rs 90,000/- per annum.
 - (e) Hospitalisation Benefits : Full cost of premium of insurance cover under hospitalisation policy in respect of self, spouse, dependent children upto the age of 24 years and dependent parents.
 - (f) Car Expenses
 - 1) Car : Fully maintained company car will be provided to him.
 - 2) Reimbursement of Driver's wages : Rs 4,500/- per month.
 - 3) Reimbursement of costs of Driver's uniform, laundry & leave wages : Rs 6,700/- per annum.
 - (g) Club Membership : Admission fee and standing membership fee of one approved club.
 - (h) Annual Privilege : One month for each year of service.



Leave

- (i) Other Leave Benefits : As applicable to other senior officers of the Company.
- (j) Provident Fund : @ 12% of basic salary.
- (k) Superannuation or Annuity Fund : @ 13% of basic salary.
- (l) Other Terms and Conditions of Service : As applicable to Senior Management Cadre in the Company.

Provision of car and telephone for use on the Company's business and telephone at the Manager's residence will not be considered as perquisites.

Following shall not be included for the purposes of computation of the Manager's remuneration or perquisites as aforesaid:

- (1) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or jointly are not taxable under the Income Tax Act;
- (2) Gratuity payable to the Manager as per the rules of the Company; and
- (3) Encashment of leave at the end of the Manager's tenure.

- 2 **Minimum Remuneration** : In the event of loss or inadequacy of profits in any year during the tenure of office of the Manager, the Manager shall be paid remuneration by way of salary and perquisites specified above in 1(i) and 1(iii), as minimum remuneration.
- 3 **Other Terms and Conditions** : All other terms and conditions specified in the resolution passed by the Board of Directors at its 52nd Meeting held on 12th June 2002 shall remain unaltered.
- 4 **Total Remuneration** : Total remuneration to the Manager shall not exceed the applicable remuneration limit specified in Part II of Schedule XIII to the Companies Act, 1956 (including any amendment to or re-enactment thereof, for the time being in force).

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred to as "the Board") be and the same is hereby authorised to do all such acts, deeds, matters, things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in respect of payment of revised remuneration to Mr.M.Ramkumar and other incidental matters and to finalise and execute all such deeds, instruments, documents and writings as may be necessary, desirable or expedient to give effect to this resolution.



RESOLVED FURTHER that the Board be and the same is hereby authorised to delegate all or any of the powers herein conferred to any committee of the Board or any Director or Directors or any officer or officers of the Company to give effect to this resolution."

By Order of the Board

Maraimalai Nagar
12th June 2004

M.RAMKUMAR
Manager

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the Meeting is annexed hereto.
3. All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days upto the date of the Eleventh Annual General Meeting.



Annexure to the Notice

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

ITEM NO. 5:

The Board of Directors of the Company, at its 63rd Meeting held on 10th December 2003, appointed Mr. John P. Petrillo as a Director of the Company to fill the casual vacancy caused by the resignation of Mr. Stuart B. Oakes pursuant to Section 262 of the Companies Act, 1956 and he holds office upto the date of the ensuing Annual General Meeting. Mr. Petrillo is the Vice President – Operations of International Components Corporation, Illinois, USA. The Company has received a notice in writing from a member along with a deposit of 500 Rupees proposing the candidature of Mr. Petrillo for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days upto the date of the Eleventh Annual General Meeting.

None of the Directors of the Company other than Mr. John P. Petrillo is, in any way, concerned or interested in the passing of this Resolution.

ITEM NO. 6:

Mr. M. Ramkumar was initially appointed as Manager of the Company for a period of five years with effect from 25th August 1997.

The Board of Directors of the Company, at its 52nd Meeting held on 12th June 2002, re-appointed Mr. M. Ramkumar as Manager of the Company as defined under Section 2(24) of the Companies Act, 1956 designated as Chief Executive Officer for a period of 5 (five) years with effect from 25th August 2002 upto 24th August 2007, on the terms and conditions including remuneration set out in the Board Resolution. Remuneration as set out in the Board Resolution was approved by a resolution passed by the Remuneration Committee of the Board at its 1st Meeting held earlier on 12th June 2002. Form No. 25C has been filed with the Registrar of Companies, Tamilnadu, Chennai on 24th July 2002.

As Mr. M. Ramkumar's remuneration had not been increased since the date of his re-appointment in 2002, the Board of Directors of the Company, at its 64th Meeting held on 25th February 2004 accorded its approval to the revision of the existing remuneration and perquisites of Mr. M. Ramkumar with effect from 1st January 2004 upto 24th August 2007 on the terms and conditions set out in the Resolution. Revision of remuneration as set out in the Resolution was approved



by a resolution passed by the Remuneration Committee of the Board at its 2nd Meeting held earlier on 25th February 2004.

In terms of Section 310 read with Section 388 of the Companies Act, 1956, any provision relating to the remuneration of a manager or amendment thereto which has the effect of increasing the remuneration of a manager shall not have any effect unless such increase is in accordance with the terms and conditions specified in Schedule XIII to the Companies Act, 1956.

In terms of Part III of Schedule XIII to the Companies Act, 1956, the revision of the remuneration as above shall be subject to approval by a resolution of the shareholders in a general meeting and accordingly, the subject is placed before the Members of the Company for their approval.

All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days upto the date of the Eleventh Annual General Meeting.

Mr.M.Ramkumar, Manager of the Company, is concerned and interested in the passing of this Resolution which pertains to revision of his remuneration and sets out the terms and conditions thereof. None of the Directors of the Company is, in any way, concerned or interested in the passing of this Resolution.

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By Order of the Board

Maraimalai Nagar
12th June 2004

M.RAMKUMAR
Manager



DIRECTORS' REPORT

Your Directors present their Eleventh Annual Report with the Audited Accounts for the financial year ended 31st March 2004.

FINANCIAL HIGHLIGHTS

	(Rupees in lacs)	
	12 Months ended 31.3.2004	12 Months ended 31.3.2003
Sales (Exports)	1187.33	329.76
Sales (Domestic)	140.86	218.95
Other Income	45.48	84.71
Total Income	1373.67	633.42
Profit/(Loss) before Depreciation and Tax	11.12	(149.71)
Less : Depreciation	73.14	101.12
Profit/(Loss) before Tax	(62.02)	(250.83)
Less: Provision for Taxes	4.11	1.68
Profit/(Loss) after Tax	(66.13)	(252.51)
Add: Extraordinary items	27.48	Nil
Add: Balance brought forward from last year	(12.42)	335.99
Less: Opening Deferred Tax Liability	Nil	95.90
Amount available for Appropriation	(51.07)	(12.42)
Proposed Appropriations:		
Dividend	Nil	Nil
General Reserve	Nil	Nil
Balance carried to Balance Sheet	<u>(51.07)</u>	<u>(12.42)</u>
	<u>(51.07)</u>	<u>(12.42)</u>
Earnings per Share (Rs)	(0.77)	(2.95)



OPERATIONS

Total sales during the financial year ended 31st March 2004 more than doubled to Rs 1328 lacs from Rs 549 lacs during the previous financial year ended 31st March 2003.

Profit before depreciation and tax was Rs 11 lacs compared to Loss before depreciation and tax of Rs 150 lacs for the previous financial year. Loss after tax reduced to Rs 66 Lacs from Rs 253 Lacs for the previous financial year.

The Company has embarked upon a plan to return to profitability through several efforts at material cost reduction and improvement in operational efficiencies together with a re-direction of the Company's marketing efforts to increase the customer base.

DIVIDEND

In view of the loss, no dividend is recommended by the Directors for the financial year ended 31st March 2004.

DIRECTORS

Mr. Stephen M. McClure and Mr. C.R.Varier retire by rotation at the ensuing 11th Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. John P. Petrillo was appointed as a Director on 10th December 2003 to fill the casual vacancy caused by the resignation of Mr.Stuart B.Oakes pursuant to Section 262 of the Companies Act,1956 and he holds office upto the date of the ensuing Annual General Meeting. Mr.Petrillo is the Vice President – Operations of International Components Corporation, Illinois, USA. Your Company has received a notice from a member pursuant to Section 257 of the Companies Act,1956 signifying his intention to propose the candidature of Mr.Petrillo for the office of Director.

The office of Mr.Ted Kwong, Alternate Director appointed by the Board to act for Mr.Stuart B. Oakes was vacated on 10th December 2003 when the term of office of the Original Director Mr.Stuart B.Oakes was determined.

The Board of Directors places on record its appreciation for the valuable services rendered by Mr.Stuart B.Oakes and Mr.Ted Kwong during their tenures of office as Director.

MANAGER

Mr.M.Ramkumar was re-appointed as Manager of the Company as defined under Section 2(24) of the Companies Act, 1956 designated as Chief Executive Officer for a period of five years with effect from 25th August 2002. As Mr.Ramkumar's remuneration has not been increased from the date of his re-appointment in 2002, his remuneration was revised by the Remuneration Committee and thereafter the Board of Directors of the Company, at its meeting held on 25th February 2004 accorded its approval for the revision of the remuneration and perquisites of Mr.Ramkumar with effect from 1st January 2004. The terms and conditions of the revision of the remuneration of Mr.Ramkumar are contained in the accompanying Notice of the ensuing 11th Annual