

ANNUAL REPORT 2007 - 2008

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International Combustion (India) Limited

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International Combustion (India) Limited

CORPORATE INFORMATION**Board of Directors**

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

R. L. Gaggar
 S. Ray
 P. K. Mallik

Board Committees**Audit Committee**

S. Roy *Chairman*
 R. L. Gaggar
 P. K. Mallik

Share Transfer/Shareholders' Grievance Committee

S. Bagaria *Chairman*
 I. Sen
 S. Ray

Remuneration Committee

R. L. Gaggar *Chairman*
 S. Ray
 P. K. Mallik

**Vice President (Finance) & Secretary/
Compliance Officer**

S. C. Saha

Auditors

Lodha & Co.
Chartered Accountants

Bankers

UCO Bank
 Axis Bank
 IDBI Bank

Registered Office

107/1 Park Street
 Kolkata 700 016
 Telephone : 2226-6508/1732/1734
 Fax : (033) 2249-3713
 Email : info@internationalcombustion.in

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Vice-President (Finance) & Secretary

SEVENTY-SECOND ANNUAL REPORT 2007-08

NOTICE

Notice is hereby given that the SEVENTY-SECOND ANNUAL GENERAL MEETING of **International Combustion (India) Limited** will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700017 on Friday, the 5th September, 2008 at 3.30 PM to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2008, the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Sanjay Bagaria who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. R. L. Gaggar who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

The Register of Members and the Share Transfer Books of the Company will remain closed from 29th August, 2008 to 5th September, 2008 (both days inclusive).

Kolkata
The 25th June, 2008

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By Order of the Board

S. C. Saha

Vice President (Finance) & Secretary

NOTES :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a Member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.**
2. The dividend, if declared at the Meeting, will be paid to those members/beneficial owners whose names appear on the Company's Register of Members on 28th August, 2008 or to their mandatees. The payments will be made to them on and from 15th September, 2008.
3. In order to provide better services to the shareholders, the Company has already introduced Electronic Clearing Services (ECS) for payment of dividend directly to the credit of the members' Bank accounts. Shareholders who are not availing the ECS facility, may provide the required information to our Registrar & Share Transfer Agents – M/s. C. B. Management Services (P) Ltd., P-22, Bondel Road, Kolkata 700019.
4. a) In order to provide protection against fraudulent encashment of the dividend warrants, shareholders

International Combustion (India) Limited

holding shares in physical form, are requested to intimate their Bank particulars, giving the name of the Bank and the Branch with address, the type of Account with Bank Account No. and also any change of address, to the Company's Registrar & Share Transfer Agents at their address given under item no. 3 above.

- b) Shareholders holding shares in electronic form, may kindly note that their Bank Account details as furnished by their Depositories to the Company, will be printed on their Dividend Warrants. Any change in Bank particulars and/or change of address may please be furnished immediately to their respective Depository participants.
 - c) Shareholders are hereby intimated that under instructions from SEBI furnishing of Bank particulars by the shareholders has become mandatory.
5. The unclaimed dividend for the financial year 1997-98 has been transferred to Investors' Education and Protection Fund (IEPF) pursuant to the provisions of Section 205A read with 205C of the Companies Act, 1956 (the Act) on 28th November 2005. The shareholders who have so far not encashed their dividend warrants for the years from 2003-04 to 2006-07, are requested to claim immediately the dividend in writing to the Company's Registrar & Share Transfer Agents at the address given under Item No. 3 above. It may please be noted that once the unclaimed dividend is transferred to IEPF, on expiry of 7 years from the date they first became due for payment, no claim shall lie against the Company or IEPF in respect of such unclaimed dividends.
 6. Shareholders holding shares in physical form are requested to notify immediately to the Registrar & Share Transfer Agents any change of address and/or "Pin Code" in case the mailing address mentioned on this Annual Report is without Pin Code/incorrect Pin Code.
 7. In terms of the provisions of Section 109A of the Act, individual shareholders holding shares in physical form, may make nomination in Form 2B which can be obtained from the Registrar & Share Transfer Agents of the Company. However, in case of demat holdings, the shareholders should approach their respective depository participants for making nominations.
 8. Members, who have multiple accounts in identical names or joint names in same order are requested to intimate the Registrar & Share Transfer Agents – M/s. C.B. Management Services (P) Ltd., the Ledger Folios of such accounts to enable the Company to consolidate all such shareholders into one account.
 9. Members are requested to fill in the Attendance Slips in all respects including Folio No. or DP ID, Client ID as the case may be and sign the same before presenting to registration desk at the venue of AGM.
 10. As a measure of economy, additional copies of Annual Report will not be available at the Annual General Meeting. Members are, therefore, requested to bring their copies of Annual Report at the Meeting.



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ANNEXURE TO THE NOTICE

**Details of Directors seeking reappointment at Annual General Meeting
(In pursuance to Clause 49 of the Listing Agreement)**

Particulars	Directors retiring by rotation and seeking re-appointment	
Name	Sanjay Bagaria	R. L. Gaggar
Age	46 years	75 years
Date of Appointment	13th April, 1989	11th January, 1989
Qualification/ Recognition	B. Com.	B.A. (Hons.), LLB
Experience	22 years' experience in Corporate Management	Solicitor & Advocate
Directorship of Other Companies (excluding foreign Companies and Private Limited Companies)	Mahadeo Jute & Inds.Ltd. Jagatdal Jute & Inds.Ltd. Odyssey Travels Ltd. Bagaria More Co. Ltd. Stephen Court Ltd.	Somani Ceramics Ltd. (Formerly SPL Ltd.) Sarda Plywood Inds. Ltd. TIL Ltd. Peria Karmalal Tea & Produce Co.Ltd. Paharpur Cooling Towers Ltd Subhas Projects & Mktg. Ltd. Machino Plastics Ltd. Sumedha Fiscal Services Ltd. Shree Cement Ltd. Financial & Management Services Ltd. Machino Bassel India Ltd. Eastern Silk Industries Ltd.
Chairman/Member of the Committees of the Board of other Companies	Nil	Audit Committee TIL Ltd. Somani Ceramics Ltd. Shree Cement Ltd. Paharpur Cooling Towers Ltd. Sarda Plywood Inds. Ltd. Shareholders' /Investors' Grievance Committee TIL Ltd. (Chairman) Somani Ceramics Ltd. Shree Cement Ltd. Sarda Plywood Inds. Ltd.

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the Seventy-second Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2008 :

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2007-08	2006-07
Profit before Depreciation, Interest and Tax (PBDIT)	2144.90	1588.84
Less : Interest	41.69	32.68
Depreciation	301.02	342.71
Profit before Tax	1802.19	1292.91
Less : Provision for Income Tax		
Current Tax	617.90	444.76
Deferred Tax/ (reversed)	(13.67)	(0.26)
Fringe Benefit Tax	24.50	20.66
Profit after Tax	1173.46	827.75
Profit brought forward from last year	140.12	160.47
Profit available for appropriations	1313.58	988.22
Appropriation :		
General Reserve	1030.00	714.00
Proposed Dividend	119.51	114.62
Tax on Proposed Dividend	20.31	19.48
Balance carried over to Balance Sheet	143.76	140.12
	1313.58	988.22

DIVIDEND

Your Directors are pleased to recommend a dividend of 50% (i.e. Rs. 5.00 per equity share) on 2390276 equity shares of Rs.10/- each for the financial year ended 31st March, 2008. The total outgo on account of dividend, if declared, at the ensuing Annual General Meeting will be Rs.119.51 lacs excluding tax on dividend of Rs. 20.31 lacs.

OPERATIONS

For the year under review the turnover of the Company increased to Rs. 9518 lacs from Rs. 7981 lacs of previous year. The profit before tax for the year also increased to 1802 lacs from Rs.1293 lacs of the previous year. The profit after tax for the year under review was Rs.1173 lacs. The Directors are pleased to report that the growth trend where the Company is active is continuing and the performance of the Company is expected to improve even further in the subsequent years.



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DIRECTORS' REPORT *(Contd.)*

The considered views of the Directors of the Company in regard to the future prospects have been provided in details in the "Management Discussion and Analysis Report" attached.

CAPITAL EXPENDITURE

During the year under review the Company has made a capital expenditure of Rs. 517 lacs for upgradation and expansion of the manufacturing and other operational infrastructures including installation of ERP system. The whole of the expenditure has been made out of the internal generation.

FIXED DEPOSIT

The total deposits with the Company as on 31st March, 2008 amounting to Rs. 59.75 lacs did not include any unclaimed matured deposit. All deposits matured during the year were either repaid or renewed.

HUMAN RESOURCES MANAGEMENT

Employees are vital to your Company. The Company has created a favourable work environment that encourages individual growth and innovation.

INDUSTRIAL RELATIONS

Industrial relations during the year under review continued to be cordial.

PARTICULARS OF EMPLOYEES

A statement as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forming part of this Report, is annexed. (Annexure – II).

CONSERVATION OF ENERGY

The Company is conscious of the need of conservation of energy and appropriate steps are being taken on an on-going basis in this regard.

TECHNOLOGY AND FOREIGN EXCHANGE

As required under 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, particulars regarding Technology Absorption, Foreign Exchange earnings and outgo are set out in Annexure-I, forming part of this Report.

CORPORATE GOVERNANCE

The Company has already put in place the SEBI revised guidelines pertaining to Corporate Governance. Accordingly, in terms of clause 49 of the Listing Agreement with the Stock Exchanges, the following reports/certificates etc. annexed, form part of this Annual Report:-

- i) Report on Corporate Governance
- ii) Certificate of CEO/CFO
- iii) Declaration from the Managing Director on compliance of Code of Conduct by the Directors and Senior Management Personnel
- iv) Auditors' Certificate regarding compliance of conditions of Corporate Governance
- v) Management Discussions and Analysis Report.

International Combustion (India) Limited

DIRECTORS' REPORT *(Contd.)***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, along with proper explanation relating to material departures.
- ii) appropriate accounting policies have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit of the Company for the year ended on that date.
- 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.

DIRECTORS

Mr. S. Bagaria and Mr. R.L. Gaggar retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

The Auditors of the Company – M/s. Lodha & Company, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation for the dedication and commitment of the employees at all levels in achieving and sustaining excellence in all areas of operations of the Company. Your Directors also take this opportunity to thank the shareholders, customers and bankers for the continuous support extended to the Company.

Kolkata
The 25th June, 2008

On behalf of the Board

S. Bagaria
Chairman



SEVENTY-SECOND ANNUAL REPORT 2007-08

ANNEXURE TO DIRECTORS' REPORT - I**TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO****A. TECHNOLOGY ABSORPTION****I. Research & Development (R&D)**

i) Specific areas :

The Company is carrying out R & D activities with a specified objective of absorption of advanced system and technology for manufacture of grinding, screening and transmission equipment.

ii) Benefits derived :

The Company obtains benefit of its R & D activities by acquiring required knowledge for manufacture of equipment of international standard.

iii) Future plan of action :

The Company has plan to upgrade certain areas of its R & D activities to obtain more benefits in the area of design and value engineering.

iv) Expenditure on R&D :

Expense heads	(Rs. in lacs)
a) Capital	—
b) Recurring	49.50
c) Total	49.50
d) Total R&D expenditure as a percentage of total turnover	0.52%

II. Technology Absorption, Adaptation and Innovation

i) Efforts made :

Successful absorption of imported technology and its application in the area of manufacture.

ii) Benefits derived :

Higher level of quality and of the output of the equipment manufactured by the Company.

iii) 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
Air classifiers for fine products ALPHA 200	2004	Yes	N. A.
B-2000 Series of Gear Box & Geared Motor	2005	Yes	N. A.

B. FOREIGN EXCHANGE EARNINGS & OUTGO

Total Earnings : Rs. 804.41, Total Outgo : Rs. 581.94

Encouraging growth in export business, during the year 2007-08 has been as a result of implementing specific plans in development of new markets, and particularly for countries in Europe. Strict adherence to high quality standards has made significant contribution in this regard. This trend is expected to continue in current year.

On behalf of the Board

Kolkata
The 25th June, 2008

S. Bagaria
Chairman

International Combustion (India) Limited

ANNEXURE TO DIRECTORS' REPORT - II**PARTICULARS OF EMPLOYEES**

Employed throughout the year

Name	Age Last Birthday (Years)	Designation & Nature of Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment
S. Saha	63	Executive Director (Wholetime Director)	27,61,678	B.E. (Met.)	41	15.02.1967	First Employment
I. Sen	68	Managing Director	58,49,886	B.E. (Mech.)	46	14.12.1971	Hooghly Docking & Engg. Co. Ltd.

Notes :

1. Gross remuneration comprises of salaries, commission, allowances, leave travel assistance, reimbursement of medical expenses, Company's contribution to Provident & Superannuation Funds. In addition to the above remuneration, the employee is entitled to gratuity & leave encashment in accordance with the Company's Rules.
2. Nature of employment is contractual.
3. No employee who receives remuneration exceeding Rs. 2,00,000/- per month was in the employment of the Company for a part of the year.

Kolkata
The 25th June, 2008

On behalf of the Board
S. Bagaria
Chairman