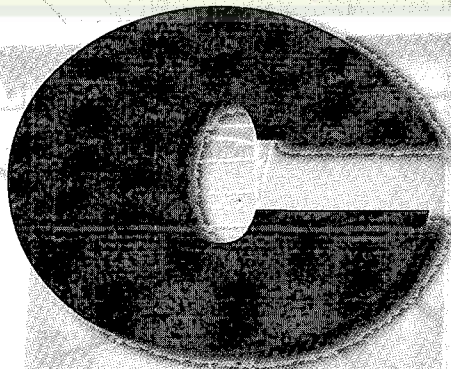
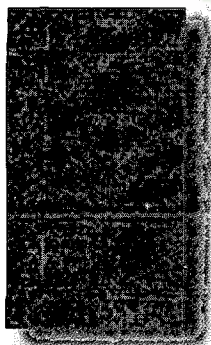


# International Combustion (India) Limited



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**ANNUAL REPORT 2008-09**



## International Combustion (India) Limited

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

# Notice of Annual General Meeting

Notice is hereby given that the SEVENTY-THIRD ANNUAL GENERAL MEETING of International Combustion (India) Limited will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700017 on Friday, the 14th August, 2009 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, 2009, 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. Sukhendu Ray who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. P.K. Mallik who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

### Special Business

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

“RESOLVED THAT subject to the approval of the Central Government and such consent, permission and approval as may be required and pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as “the Act”) read with Schedule XIII of the Act, the Company hereby accords its approval for the reappointment of Mr. I. Sen, as Managing Director of the Company for a period of three years with effect from 1st May, 2009 on such terms and conditions including remuneration by way of salary, perquisites and commission on net profit of the Company during the aforesaid period, as set out in the Explanatory Statement annexed to the Notice, provided that in the event of loss or inadequacy of profit in any financial year the aforesaid remuneration shall be considered as a minimum remuneration payable to Mr. I. Sen during the currency of his tenure as aforesaid, and that an Agreement, a draft of which is placed before the Meeting approved and initialled by the Chairman for the purpose of identification, be entered into with Mr. I. Sen as Managing Director – with a liberty to the Board of Directors, to alter, vary and modify the terms and conditions of the said reappointment and/or remuneration as may be approved by the Central Government and also as approved by the Remuneration Committee.”



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7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

“RESOLVED THAT subject to such consent, permission and approval, as may be required and pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as “the Act”) read with Schedule XIII of the Act, the Company hereby approves the reappointment of Mr. S. Saha as Executive Director (Wholetime Director) of the Company for a period of three years with effect from 1st May, 2009 on such terms and conditions including remuneration by way of salary, perquisites and commission on net profit of the Company during the aforesaid period as set out in the Explanatory Statement annexed to the Notice and also in an Agreement to be entered into between the Company and Mr. S. Saha, Executive Director (Wholetime Director), a draft of which is submitted to the Meeting, approved and initialled by the Chairman for the purpose of identification, with a liberty to vary and modify the terms and conditions of the said appointment and/or remuneration and/or terms of the Agreement referred to above in such manner as may be agreed between the Board of Directors and Mr. S. Saha, within the ceiling limits laid down under Section 309 of the Act or an amendment/statutory modifications thereto.”

The Register of Members and the Share Transfer Books of the Company will remain closed from 7th August, 2009 to 14th August, 2009 (both days inclusive).

Kolkata  
The 3rd July, 2009

By Order of the Board

**S. C. Saha**  
*Vice President (Finance) & Secretary*

## NOTES :

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such 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.**
- Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the meeting is annexed hereto and forms a part of this NOTICE.
- 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 6th August, 2009 or to their mandatees. The payments will be made to them **on and from 24th August, 2009.**
- Copies of the Agreements with the Managing Director and Wholetime Director as referred in Item No. 6 & 7 are available for inspection at the Registered Office of the Company during the business hours on working days.

## International Combustion (India) Limited

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5. In order to provide better services to the shareholders, the Company has already introduced Electronic Clearing Services (ECS) mode 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 the Company's Registrar & Share Transfer Agents – M/s. C. B. Management Services (P) Ltd., P-22, Bondel Road, Kolkata-700019.
6.
  - a) In order to provide protection against fraudulent encashment of the dividend warrants, shareholders 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. 5 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.
7. There is no amount required to be 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') as on 31st March, 2009. The shareholders who have not encashed their dividend warrants for the years 2003-04 to 2007-08, are requested to claim immediately the dividend in writing to the Company's Registrar & Share Transfer Agents at the address given under Item No. 5 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.



**BRIEF PROFILE OF DIRECTORS SEEKING REAPPOINTMENT AT THE FORTHCOMING  
ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

<b>Name of the Director:</b>	<b>MR. SUKHENDU RAY</b>	<b>MR. P.K. MALLIK</b>	<b>MR. I. SEN</b>	<b>MR. S. SAHA</b>
<b>Age:</b>	86 years	78 years	69 years	64 years
<b>Qualifications:</b>	B.Sc.	B.Com., F.C.A., C.A. (Scotland)	B.E. (Mech.)	B.E. (Met.)
<b>Other Professional Membership:</b>	Fellow of the Institute of Chartered Accountants of England & Wales			
<b>Expertise in specific functional area:</b>	37 years experience in Corporate Management. Retired as Managing Director & CEO of Guest Keen Williams Ltd.	Over three decades' experience in Corporate Finance, Management, Accounts and Audit, Retired as a Sr. Partner of Price Waterhouse.	47 years experience in Engineering Industries and Corporate Management	42 years experience in Engineering Industry and Corporate Management
<b>List of public companies in which outside Directorship held:</b>	<ul style="list-style-type: none"> <li>● Asiatic Oxygen Ltd.</li> <li>● Henkel India Ltd.</li> <li>● Nagarjuna Agrichem Ltd.</li> <li>● Henkel Marketing India Ltd.</li> <li>● Unimers India Ltd.</li> <li>● Stone India Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>● Gujarat Carbon &amp; Industries Ltd.</li> <li>● Kesoram Industries Ltd.</li> <li>● Peerless Financial Services Ltd.</li> <li>● Nagarjuna Agrichem Ltd.</li> </ul>	Stone India Ltd.	None
<b>Member of the Committees of the Board of the other Companies on which he is a Director as on 31st March 2009:</b>	<b>Audit Committee</b> <ul style="list-style-type: none"> <li>● Stone India Ltd. (Chairman)</li> <li>● Nagarjuna Agrichem Ltd.</li> <li>● Asiatic Oxygen Ltd. (Chairman)</li> <li>● Unimers India Ltd.</li> <li>● Henkel India Ltd.</li> </ul> <b>Shareholders'/ Investors' Grievance Committee</b> <ul style="list-style-type: none"> <li>● Stone India Ltd. (Chairman)</li> </ul>	<b>Audit Committee</b> <ul style="list-style-type: none"> <li>● Nagarjuna Agrichem Ltd.</li> <li>● Gujarat Carbon &amp; Industries Ltd.</li> <li>● Kesoram Industries Ltd. (Chairman)</li> </ul> <b>Shareholders'/ Investors' Grievance Committee</b> <ul style="list-style-type: none"> <li>● Kesoram Industries Ltd. (Chairman)</li> </ul> <b>Share Transfer &amp; Finance Committee</b> <ul style="list-style-type: none"> <li>● Kesoram Industries Ltd.</li> </ul>	<b>Audit Committee</b> <ul style="list-style-type: none"> <li>● Stone India Ltd.</li> </ul> <b>Shareholders'/ Investors' Grievance Committee</b> <ul style="list-style-type: none"> <li>● Stone India Ltd.</li> </ul>	None



## EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS SET OUT IN THE NOTICE CONVENING THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON AUGUST 14, 2009.

### Item No. 6

Mr. I. Sen had been reappointed as Managing Director of the Company for a period of three years w.e.f. 1st May, 2006 with the approval of the members of the Company obtained at the Annual General Meeting held on 1st September, 2006. In terms of the said appointment, the tenure of office of Mr. I. Sen having expired on 30th April 2009, the Board of Directors at its meeting held on 25th May, 2009 reappointed Mr. I. Sen as Managing Director for a further term of three years on and from 1st May, 2009 at a remuneration recommended by the Remuneration Committee at its meeting held on 3rd July, 2009.

The Board of Directors subsequently at its meeting held on 3rd July, 2009 approved the remuneration recommended by the Remuneration Committee for Mr. I. Sen w.e.f. 1st May, 2009. Accordingly a separate Agreement is to be entered into between the Company and Mr. I. Sen specifying the remuneration effective 1st May, 2009 and also the terms and conditions of his remuneration as Managing Director, a draft of which will be available for inspection by the members at the Registered Office of the Company on any working day during usual business hours and also be available at the meeting. An extract of the remuneration effective from 1st May, 2009 as well as the terms and conditions of the reappointment of Mr. I. Sen contained in the aforesaid Agreement is set out below for consideration of members.

"Subject to the provisions of the Companies Act, 1956 ('the Act'), Mr. I. Sen during the currency of his tenure as Managing Director for a period of three years from 1st May, 2009 shall be entitled to the following remuneration:

### PART 'A'

Notwithstanding anything stated elsewhere, Mr. I. Sen during the currency of his tenure as Managing Director, shall be entitled to the following remuneration by way of salary, perquisites and commission, irrespective of the condition that the said remuneration will exceed the ceiling on remuneration under Sections 198 and 309 of the Act and also of the condition where the Company has no profits or its profits are inadequate:

### I. SALARY AND PERQUISITES

1. SALARY : Rs. 50,00,000/- per annum

#### 2. PERQUISITES -

In addition to his salary, the Managing Director shall be entitled to the following perquisites, the monetary value of which will be restricted to an amount equal to his annual salary:

- a) Housing : 60% of the salary.
- b) Gas, Electricity & Furnishing Allowance: Not exceeding 40% of the salary.
- c) Medical Reimbursement : Reimbursement of medical expenses actually incurred along with medical insurance premium for self and family subject to a ceiling of 30% of annual salary.
- d) Leave Travelling Concession : For self and family including Air/AC Class train fare and other incidental holiday expenses subject to a ceiling of 30% of annual salary per year.
- e) Club Fees : Fees of Clubs, subject to a maximum of three Clubs shall be paid.



## SEVENTY-THIRD ANNUAL REPORT 2008-09

**II. COMMISSION**

The Managing Director shall be entitled to a commission @ 1% of the net profit of the Company, to be calculated in the manner set out under Sections 349 & 350 of the Act, subject to a ceiling of the annual salary payable to Mr. I. Sen during a financial year or part thereof as may be applicable, with effect from 1st May, 2009 till the expiry of his term on 30th April, 2012.

**PART 'B'**

The Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of ceiling on remuneration under Sections 198 and 309 of the Companies Act, 1956:

- a) Contribution to Provident Fund and Superannuation Fund or Annuity Fund as per Rules of the Company to the extent these either singly or together are not taxable under Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- c) Encashment of leave at the end of the tenure.

**PART 'C'**

- a) Provisions of car for use on Company's business and telephone facilities at the residence will not be considered as perquisites provided that personal long distance calls shall be billed by the Company to him.
- b) The Managing Director shall be entitled to earn Privilege Leave on full pay and allowances as per the rules of the Company but not more than one month's leave for every eleven months of service.
- c) The Managing Director shall be entitled to reimbursement of entertainment expenses actually and properly incurred by him in connection with the business of the Company.
- d) The Managing Director shall not, as long as he functions as Managing Director of the Company, be entitled to receive any fee for attending any meeting of the Board or a Committee thereof.

**Termination** – Either party hereto may terminate this Agreement by giving to the other party not less than six months' notice in writing provided that either party may in the alternative terminate this Agreement by paying to the other six months' salary in lieu of such notice."

The proposed remuneration of Mr. I. Sen, Managing Director being in excess of the ceiling limit laid down under Section 309 of the Act, and also in excess of the minimum remuneration laid down in Schedule XIII of the Act, Central Government's approval under Section 269(2) of the Act is to be obtained for the reappointment of and remuneration payable to Mr. I. Sen as Managing Director in terms of proviso (ii) of category 1(C) of Section II of Part II of Schedule XIII of the Act.

However, the reappointment of Mr. I. Sen as Managing Director and the remuneration payable to him require the approval of the Company at the ensuing Annual General Meeting by a Special Resolution in terms of the provisions of Schedule XIII of the Act. The resolution set out in Item No.6 is intended for the purpose.

Mr. Sen may be deemed to be interested in the said resolution. No other Director is interested in this resolution. The Board recommends that the resolution set out in Item No.6 of the accompanying Notice convening the meeting be approved by the members.

The above may please be considered as an abstract of the terms of the Draft Agreement and Memorandum of Interest under Section 302 of the Act.

**Item No. 7**

Mr. S. Saha had been reappointed as Executive Director (Wholetime Director) of the Company for a period of three years w.e.f. 1st May, 2006 with the approval of the members of the Company obtained at the Annual

## International Combustion (India) Limited

General Meeting held on 1st September, 2006. In terms of the said appointment, the tenure of office of Mr. S. Saha having expired on 30th April, 2009, the Board of Directors at its meeting held on 25th May, 2009 reappointed Mr. S. Saha as Executive Director (Wholetime Director) for a further term of three years on and from 1st May, 2009 at a remuneration recommended by the Remuneration Committee at its meeting held on 3rd July, 2009.

The Board of Directors subsequently at its meeting held on 3rd July, 2009 approved the remuneration recommended by the Remuneration Committee for Mr. S. Saha w.e.f. 1st May, 2009. Accordingly a separate Agreement is to be entered into between the Company and Mr. S. Saha specifying the remuneration effective 1st May, 2009 and also the terms and conditions of his remuneration as Executive Director (Wholetime Director), a draft of which will be available for inspection by the members at the Registered Office of the Company on any working day during usual business hours and also be available at the meeting. An extract of the remuneration effective from 1st May, 2009 as well as the terms and conditions of the reappointment of Mr. S. Saha contained in the aforesaid Agreement is set out below for consideration of members

"Subject to the provisions of the Companies Act, 1956, Mr. S. Saha during the currency of his tenure as Executive Director (Wholetime Director) for a period of three years from 1st May, 2009 shall be entitled to the following remuneration:

### PART 'A'

Mr. S. Saha during the currency of his tenure as Executive Director (Wholetime Director) shall be entitled to the following remuneration with effect from 1st May, 2009:

#### I. SALARY AND PERQUISITES

1. SALARY : Rs. 16,00,000/- per annum
2. PERQUISITES -

In addition to his salary, the Executive Director (Wholetime Director) shall be entitled to the following perquisites, the monetary value of which will be restricted to an amount equal to his annual salary:

- a) Housing : 60% of the salary.
- b) Gas, Electricity & Furnishing Allowance : Not exceeding 40% of the salary.
- c) Medical Reimbursement : Reimbursement of medical expenses actually incurred along with medical insurance premium for self and family subject to a ceiling of 30% of annual salary.
- d) Leave Travelling Concession : For self and family including Air/AC Class train fare and other incidental holiday expenses subject to a ceiling of 30% of annual salary per year.
- e) Club Fees : Fees of Clubs, subject to a maximum of three Clubs shall be paid.

#### II. COMMISSION

The Executive Director (Wholetime Director) shall be entitled to a commission @ 0.5% of the net profit of the Company, to be calculated in the manner set out under Sections 349 and 350 of the Act, subject to a ceiling of the annual salary payable to Mr. S. Saha during a financial year or part thereof as may be applicable, with effect from 1st May, 2009 till the expiry of his term on 30th April, 2012, provided that the salary and perquisites to which Mr. Saha is entitled as stated in Part 'A' above, together with the commission as aforesaid, should not exceed the limits laid down under Section 309 of the Act.





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**PART 'B'**

The Executive Director (Wholetime Director) shall also be entitled to the following perquisites which shall not be included in the computation of ceiling on remuneration under Sections 198 and 309 of the Companies Act, 1956:

- a) Contribution to Provident Fund and Superannuation Fund or Annuity Fund as per Rules of the Company to the extent these either singly or together are not taxable under Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- c) Encashment of leave at the end of the tenure.

**PART 'C'**

- a) Provisions of car for use on Company's business and telephone facilities at the residence will not be considered as perquisites provided that personal long distance calls shall be billed by the Company to him.
- b) The Executive Director (Wholetime Director) shall be entitled to earn Privilege Leave on full pay and allowances as per the rules of the Company but not more than one month's leave for every eleven months of service.
- c) The Executive Director shall be entitled to reimbursement of entertainment expenses actually and properly incurred by him in connection with the business of the Company.
- d) The Executive Director (Wholetime Director) shall not, as long as he functions as Wholetime Director of the Company be entitled to receive any fee for attending any meeting of the Board or a Committee thereof.

**Termination** – Either party hereto may terminate this Agreement by giving to the other party not less than six months' notice in writing provided that either party may in the alternative terminate this Agreement by paying to the other six months' salary in lieu of such notice."

The proposed remuneration of Mr. S. Saha, Executive Director (Wholetime Director) being within the limit laid down under Section 309 read with Section I of Part II of Schedule XIII of the Act, it would not call for Central Government's approval for the remuneration payable to Mr. S. Saha, Executive Director (Wholetime Director) with effect from 1st May, 2009.

However, the reappointment of Mr. S. Saha, Executive Director (Wholetime Director) and the remuneration payable to him require the approval of the Shareholders at the ensuing Annual General Meeting under Sections 269 and 309 read with Schedule XIII of the Act. The resolution set out in Item No. 7 of the convening Notice is intended for the purpose.

Mr. Saha may be deemed to be interested in the said resolution. No other Director is interested in this resolution. The Board recommends that the resolution set out in Item No.7 of the accompanying Notice convening the meeting be approved by the members.

The above may please be considered as an abstract of the terms of the Draft Agreement and Memorandum of Interest under Section 302 of the Act.

**Registered Office:**

107/1, Park Street  
Kolkata - 700 016  
The 3rd July, 2009

By Order of the Board

**S.C. Saha**  
Vice President (Finance) & Secretary

**ANNEXURE FORMING PART TO THE EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION II(1C)(iv) OF PART II OF SCHEDULE XIII****I. GENERAL INFORMATION**[As required under Section II(C)(iv) of Part II of Schedule XIII in respect of **Mr. I. Sen, Managing Director**]**i) Nature of Industry**

The Company operates in Engineering Sector and caters to the need of Core Sector Industries like Steel, Cement, Fertiliser, Chemical, Mining, Infrastructure etc. It manufactures Heavy Duty Grinding Mills, Screening & Feeding Equipment, Bulk Material Handling Equipment and Industrial Gear Boxes and Geared Motors.

**ii) Date of commencement of commercial production**

The Company was incorporated on 22nd April, 1936. Commercial production has already commenced.

**iii) In case of new companies, expected date of commencement of activities as per project approved by financial Institutions appearing in the prospectus.**

Not Applicable.

**iv) Financial Performance Based on given indicators :**

(Rs. in lac)

Financial Parameters	Year				
	2008-09	2007-08	2006-07	2005-06	2004-05
(a) Turnover	9819.52	9518.44	7981.00	6684.09	4587.69
(b) Net Profit/(Loss)-u/s 198	1636.71	1930.16	1348.58	991.09	374.60
(c) Net Profit/(Loss) as per Profit & Loss Account	1516.42	1802.19	1292.91	905.33	316.65
(d) Amount of Dividend paid/payable	119.51	119.51	114.62	109.22	54.01
(e) Rate of Dividend	50%*	50%	50%	50%	25%
*Proposed					

**v) Export performance and net foreign exchange collaborations**

The Company has wide experience in dealing with export markets in various countries of Europe, South-East Asia, Middle East and other neighbouring countries. The export performances for last 5 years are given below :

(Rs. in lac)

Years	2008-09	2007-08	2006-07	2005-06	2004-05
Export performance	1087.34	800.88	529.49	542.43	219.11

**vi) Foreign investments or collaborators, if any**

The Company entered into a number of technical collaborations with the leading Companies in different