



**ANNUAL REPORT  
2009 - 2010**

**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. Ray *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](mailto:info@internationalcombustion.in)  
 Website : [www.internationalcombustion.in](http://www.internationalcombustion.in)

### Contents

	Page No.
Notice	2
Explanatory Statement	5
Directors' Report	7
Annexures to Directors' Report	10
Report on Corporate Governance	12
CEO/CFO Certification	21
Compliance with Code of Conduct	21
Auditors' Certificate on Compliance of Corporate Governance	22
Management Discussion and Analysis	23
Auditors' Report	25
Balance Sheet	28
Profit and Loss Account	29
Cash Flow Statement	30
Schedules to the Balance Sheet	31
Schedules to the Profit and Loss Account	36
Accounting Policies	38
Notes on Accounts	39
Balance Sheet Abstract	51
Ten Years' Financial Statistics	52



## NOTICE

Notice is hereby given that the SEVENTY-FOURTH ANNUAL GENERAL MEETING of International Combustion (India) Limited will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700017 on Friday, the 20th August, 2010 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, 2010, 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 is eligible for reappointment.
4. To appoint a Director in place of Mr. R. L. Gaggar who retires by rotation and is eligible 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 an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 309, 310 and 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 payment to Mr. I. Sen during the tenure of his office as Managing Director for a period of three years with effect from 1st May, 2009 a remuneration by way of salary, perquisites and commission on net profits of the Company, 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. I. Sen, Managing Director, a draft of which is submitted to the Meeting and initialled by the Chairman for the purpose of identification, with a liberty to vary and modify the terms and conditions of the said reappointment and/or remuneration referred to above in such manner as may be agreed between the Board of Directors and Mr. I. Sen – within the ceiling limits laid down under Section 309 of the Act."

The Register of Members and the Share Transfer Books of the Company will remain closed from 13th August, 2010 to 20th August, 2010 (both days inclusive).

By Order of the Board

Kolkata  
The 21st May, 2010

**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 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.**
2. 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.
3. 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 12th August, 2010 or to their mandatees. The payments will be made to them **on and from 30th August, 2010.**

**NOTICE** (Contd.)

4. Copy of the Agreement with the Managing Director as referred in Item No. 6 are available for inspection at the Registered Office of the Company during the business hours on working days.
5. In order to provide better services to the shareholders, the Company has already introduced National Electronic Clearing Services (NECS) mode for payment of dividend directly to the credit of the members' Bank Accounts. Shareholders who are not availing the NECS facility, may provide the required information to the Company's Registrar & Share Transfer Agents – 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 Agent 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, 2010. The shareholders who have not encashed their dividend warrants for the years 2003-04 to 2008-09, 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 to 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 – 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 respect 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.

## NOTICE (Contd.)

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

Name of the Director :	Mr. Sanjay Bagaria	Mr. R. L. Gaggar
Age :	48 years	77 years
Qualification :	B.Com	B.A.(Hons.), LLB
Expertise in specific functional area :	22 years experience in Corporate Management.	Solicitor & Advocate
List of other Companies in which Directorship held :	<ul style="list-style-type: none"> <li>● Mahadeo Jute &amp; Inds.Ltd.</li> <li>● Jagatdal Jute &amp; Inds.Ltd.</li> <li>● Odyssey Travels Ltd.</li> <li>● Bagaria More Co. Ltd.</li> <li>● Stephen Court Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>● Somani Ceramics Ltd. (Formerly SPL Ltd.)</li> <li>● Sarda Plywood Inds. Ltd</li> <li>● TIL Ltd.</li> <li>● Peria Karmalal Tea &amp; Produce Co. Ltd.</li> <li>● Paharpur Cooling Towers Ltd.</li> <li>● Subhas Projects &amp; Mktg. Ltd.</li> <li>● Machino Plastics Ltd.</li> <li>● Sumedha Fiscal Services Ltd.</li> <li>● Shree Cement Ltd.</li> <li>● Financial &amp; Management Services Ltd.</li> <li>● Machino Bassel India Ltd.</li> <li>● Eastern Silk Industries Ltd.</li> <li>● Bhaskar Silicon Ltd.</li> </ul>
Member of the Committees of the Board of the other Companies on which he is a Director as on 31st March, 2010 :	Nil	<b>Audit Committee</b> <ul style="list-style-type: none"> <li>● TIL Ltd.</li> <li>● Somani Ceramics Ltd. (formerly SPL Ltd.)</li> <li>● Shree Cement Ltd.</li> <li>● Paharpur Cooling Towers Ltd.</li> <li>● Sarda Plywood Inds.Ltd.</li> </ul> <b>Shareholders' /Investors' Grievance Committee</b> <ul style="list-style-type: none"> <li>● TIL Ltd.</li> <li>● Somani Ceramics Ltd.</li> <li>● Shree Cement Ltd.</li> <li>● Sarda Plywood Inds.Ltd.</li> </ul>



**EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS TO BE INCORPORATED IN THE NOTICE CONVENING THE ENSUING ANNUAL GENERAL MEETING TO BE HELD ON 20TH AUGUST 2010**

Mr. I. Sen was reappointed as Managing Director of the Company for a period of three years with effect from 1st May, 2009, with the approval of the Members of the Company, obtained at the Annual General Meeting held on 14th August, 2009.

The proposed remuneration of the Managing Director being in excess of the ceiling limit laid down under Section 309 of the Companies Act 1956 (hereinafter referred to as the 'Act'), an application was made to the Central Government to obtain its approval under Section 269 of the Act for the reappointment of and the remuneration payable to Mr. I. Sen during the tenure of his office as Managing Director for a period of three years with effect from 1st May, 2009.

The Ministry of Corporate Affairs while approving the reappointment of Mr. I. Sen as Managing Director for a period of three years with effect from 1st May, 2009 – did not approve the quantum of the remuneration proposed to be paid to Mr. I. Sen, Managing Director.

The Remuneration Committee at its meeting held on 26th March, 2010, having decided to refix the remuneration of the Managing Director, recommended to the Board a revised remuneration for the Managing Director – within the limits specified under Section 198 and 309 of the Act.

The Board of Directors subsequently at its meeting held on 29th March, 2010 approved the revised remuneration recommended by the Remuneration Committee for Mr. I. Sen for a period of three years with effect from 1st May, 2009. Accordingly, a fresh Agreement was 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 the usual business hours and also be available at the Meeting. An extract of the revised remuneration effective 1st May, 2009 as well as the terms and conditions of the reappointment of Mr. I. Sen contained in the aforesaid Agreement as set out below for consideration of Members.

Subject to the provisions of Section 198, 309, 310 and other applicable provisions of the Companies Act 1956 (hereinafter to as 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'**

**I. SALARY AND PERQUISITES**

1. SALARY : Rs. 36,00,000/- 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.

**II. RETIREMENT BENEFITS**

The Managing Director shall also be entitled to the following retirement benefits :

- 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, as per Rules of the Company.
- c) Encashment of leave at the end of the tenure.

**III. 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 Section 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, provided that the total remuneration payable to Mr. I. Sen during a financial year, including the commission as aforesaid, should not exceed the limits laid down under Section 309 of the Act.

**PART 'B'**

- 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 within the limits 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. However, the remuneration payable to him require the approval of the Shareholders at the ensuing Annual General Meeting under Section 269 and 309 read with Schedule XIII of the Act.

The Resolution set out in the convening Notice is intended for the purpose.

Mr. I. Sen may be deemed to be interested in the said Resolution.

No other Directors are interested in this Resolution.

The Board recommends that the Resolution set out in 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 the Interest under Section 302 of the Act.

## DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the Seventy-fourth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2010 :

### FINANCIAL HIGHLIGHTS

			(Rs. in lac)
	2009-10	2008-09	
Profit before depreciation, interest and tax (PBDIT)	2128.44	1894.74	
Less : Interest	32.52	63.36	
Depreciation	351.03	383.55	314.96
Profit before Tax	1744.89	1516.42	
Less : Provision for Income Tax —			
Current Tax	563.20	560.39	
Earlier years' provision/(write back)	0.16	(7.34)	
Deferred Tax (reversal)/charge	(14.26)	(52.98)	
Fringe Benefit Tax	—	549.10	25.39
Profit after Tax	1195.79	990.96	
Profit brought forward from last year	139.90	143.76	
Profit available for appropriations	1335.69	1134.72	
Appropriation :			
General Reserve	1055.00	855.00	
Proposed Dividend	119.51	119.51	
Tax on Proposed Dividend	20.31	20.31	
Balance carried over to Balance Sheet	140.87	139.90	
	1335.69	1134.72	

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.5.00 per equity share of Rs.10/- each for the financial year ended 31st March, 2010. The total outgo on account of dividend, if declared, at the ensuing Annual General Meeting will be Rs.119.51 lac excluding tax on dividend of Rs.20.31 lac.

### OPERATIONS

For the year under review the turnover of the Company was Rs.9699 lac against Rs.9819 lac for the previous year. The profit before tax for the year increased to Rs.1745 lac, up from Rs.1516 lac for the previous year. As reported earlier the market remained depressed for the first six months of the year and recovered slowly in the later part of the year. The situation has improved considerably since the beginning of this year and a number of clients' projects kept in abeyance were cleared for execution. Your Directors view the prospects for the current year with optimism with concomitant improvement in the overall performance of your Company.



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

### **FUTURE OUTLOOK**

As a part of sustained efforts to expand the product portfolio, the Company entered into a license agreement with Advance Engineering Ltd., Brazil for manufacture of a range of Jaw Crushers, Cone Crushers and Roll Crushers. The crushers are synergic with the screens manufactured by the Company and would enable the Company to offer Crushing & Screening Plants and Systems for mining, cement and various other industrial applications. The Company also entered into a license agreement with Danfoss Bauer for manufacture of energy-efficient motors, currently a mandatory requirement in Europe and also expected to be applicable in India in the near future.

### **HUMAN RESOURCE MANAGEMENT**

The initiative towards human resource development through training at various levels is continuing both in India and at the premises of the license partners. The Company has also requested the license partners to send their specialists for providing extensive training for upgrading the manufacturing standards to the current international level. This initiative is expected to result in major long-term benefits.

### **FIXED DEPOSIT**

Total deposits with the Company as on 31st March, 2010 amounting to Rs.119.25 lac did not include any unclaimed matured deposit. All deposits matured during the year were either repaid or renewed.

### **INDUSTRIAL RELATIONS**

Relations with the staff and workers 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).

### **CAPITAL EXPENDITURE**

During the year under review the Company incurred capital expenditure of Rs.500.32 lac. This includes payments made for acquiring the patents rights of Omni Screens. The investment for plant and machinery was limited to balancing the capacity.

The current market trend indicates strong growth potential in the future years and to meet this demand, the Company plans to make substantial investments in the current year, in technology, plant and machinery to enhance and upgrade the manufacturing capability of all units.

### **CONSERVATION OF ENERGY**

The Company is continuing the efforts to conserve energy and plans to progressively undertake energy audit at all manufacturing plants for taking further appropriate measures as considered necessary.

### **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.

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

### **CORPORATE GOVERNANCE**

In compliance with Clause 49 of the Listing Agreement relating to Corporate Governance, the following Reports/Certificates are attached which 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.

### **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, if any ;
- 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, 2010 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. Sanjay Bagaria and Mr. R. L. Gaggar retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

### **AUDITORS**

M/s. Lodha & Company, Chartered Accountants, retire at the conclusion of the forthcoming 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 the operation of the Company. Your Directors also take this opportunity to thank the shareholders, customers and bankers for the continuous support extended to the Company.

For & on behalf of the Board

Kolkata  
21st May, 2010

**I. Sen**, *Managing Director*  
**R. L. Gaggar**, *Director*

**Sukhendu Ray**, *Director*  
**P. K. Mallik**, *Director*  
**S. Saha**, *Executive Director*