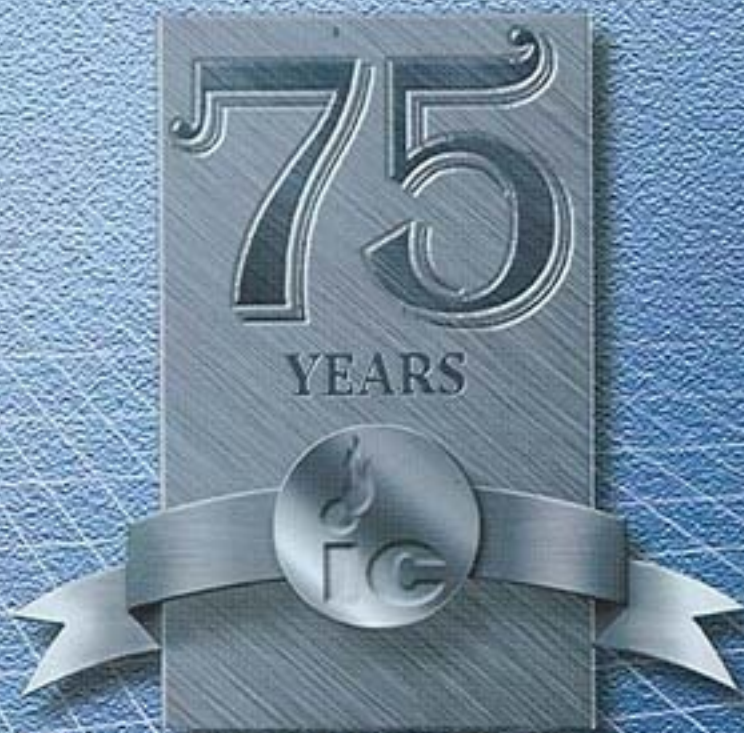




ANNUAL REPORT 2010-2011



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
 Website : www.internationalcombustion.in

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NOTICE

Notice is hereby given that the SEVENTY-FIFTH ANNUAL GENERAL MEETING of International Combustion (India) Limited will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700017 on Saturday, the 13th August, 2011 at 11.30 AM to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2011, 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.

The Register of Members and the Share Transfer Books of the Company will remain closed from 5th August, 2011 to 13th August, 2011 (both days inclusive).

By Order of the Board

Kolkata
The 25th May, 2011

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. 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 5th August, 2011 or to their mandatees. The payments will be made to them **on and from 26th August, 2011.**
3. 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 – 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 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. 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.

NOTICE (Contd.)

5. In accordance with the provisions of Section 205A read with 205C of The Companies Act, 1956 (the Act), the unpaid/unclaimed dividend for the year ended 31st March 2004 will be transferred to Investors' Education and Protection Fund (IEPF) of the Central Government on or before 14th October 2011. Shareholders who have not so far encashed their dividend warrants, are requested to claim the dividend in writing to the Company's Registrar & Share Transfer Agents on or before 13th September 2011. It may please be noted that once the unclaimed dividend is transferred to IEPF, no claim shall be made either to the Company or to the Fund.

The Shareholders who have not encashed their dividend warrants for the years 2004-05 to 2009-10, 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., at their address given under item no. 3 above, the Ledger Folios of such accounts to enable the Company to consolidate all such shareholdings 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. (a) Keeping in view the spirit of the Circular issued by Ministry of Corporate Affairs (MCA) in April 2011, a letter dated 6th June, 2011 has already been circulated among the shareholders, requesting them to provide their e-mail addresses to receive the Annual Report for the year 2010-11 in electronic form. Accordingly, this Annual Report will be sent by electronic mode to those shareholders who have already registered their e-mail address with their Depository Participants in case of demat shares, and in case of shares held in physical mode, by visiting www.cbmsl.com/green.php.
(b) This Annual Report would be sent only to those members who have indicated their desire to receive the documents in physical form.
11. It may please be noted that the full text of the Annual Report will also be available in an easily navigable format on the website www.internationalcombustion.in for download by the shareholders.

NOTICE (Contd.)

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

Name	SUKHENDU RAY	P. K. MALLIK
Age	88 years	80 years
Qualifications :	B. Sc.	B.Com., F.C.A., C.A.(Scotland)
Other Professional Membership :	<ul style="list-style-type: none"> Fellow of the Institute of Chartered Accountants of England & Wales 	<ul style="list-style-type: none"> Fellow of the Institute of Chartered Accountants of India Member of the Institute of Chartered Accountants of Scotland
Expertise in specific functional area :	39 years' experience in Corporate Management. Retired as Managing Director & CEO of Guest Keen Williams Ltd.	About four decades experience in Corporate Finance, Management, Account and Audit. Retired as a Sr. Partner of Price Waterhouse.
List of other public Companies in which Directorship held :	<ul style="list-style-type: none"> Asiatic Oxygen Ltd. Henkel India Ltd. Nagarjuna Agrichem Ltd. Henkel Marketing India Ltd. Stone India Ltd. 	<ul style="list-style-type: none"> Kesoram Industries Ltd. Peerless Financial Services Ltd. Nagarjuna Agrichem Ltd. NRC Ltd.
Member of the Committees of the Board of other Companies on which he is a Director as on 31st March 2011 :	<p>Audit Committee -</p> <ul style="list-style-type: none"> Stone India Ltd. (Chairman) Asiatic Oxygen Ltd. (Chairman) Nagarjuna Agrichem Ltd. Henkel India Ltd. <p>Shareholders'/Investors Grievance Committee</p> <ul style="list-style-type: none"> Stone India Ltd.(Chairman) 	<p>Audit Committee -</p> <ul style="list-style-type: none"> Kesoram Industries Ltd. (Chairman) NRC Ltd. (Chairman) Nagarjuna Agrichem Ltd. <p>Shareholders'/Investors Grievance Committee</p> <ul style="list-style-type: none"> Kesoram Industries Ltd. (Chairman) NRC Ltd. (Chairman) <p>Share Transfer & Finance Committee</p> <ul style="list-style-type: none"> Kesoram Industries Ltd.

For & on behalf of the Board

Kolkata
25th May, 2011

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

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the Seventy-fifth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2011 :

FINANCIAL HIGHLIGHTS

	(Rs. in lac)	
	2010-11	2009-10
Profit before depreciation, interest and tax (PBDIT)	1826.08	2128.44
Less : Interest	66.37	32.52
Depreciation	281.10	351.03
Profit before Tax	1478.61	383.55
Less : Provision for Income Tax —		1744.89
Current Tax	463.16	563.20
Earlier years' provision	14.11	0.16
Deferred Tax (reversal)/charge	(1.19)	(14.26)
Profit after Tax	1002.53	549.10
Profit brought forward from last year	140.87	1195.79
Profit available for appropriations	1143.40	139.90
Appropriations :		1335.69
General Reserve	863.00	1055.00
Proposed Dividend	119.51	119.51
Tax on Proposed Dividend	19.85	20.31
Balance carried over to Balance Sheet	141.04	140.87
	1143.40	1335.69

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, 2011. The dividend, if approved at the forthcoming Annual General Meeting, will absorb Rs.119.51 lac excluding tax on dividend of Rs.19.85 lac.

OPERATIONS

For the year under review the turnover of the Company was Rs.10556 lac against Rs.9699 lac for the previous year. During the year the Company achieved a milestone by crossing the Rs.100 crore mark in terms of turnover. The Profit Before Tax for the year is Rs.1478 lac as against Rs.1745 lac for the previous year. Though there has been some marginal increase in the turnover, stiff competition resulting in unfavourable prices as well as rise in input costs have affected the profit for the year.

Despite substantial increase in the inflow of orders, these could not be executed due to capacity constraints in our plants. To address these constraints, the Company has made substantial investments in plant and machinery, thereby enhancing the overall capacity.

DIRECTORS' REPORT *(Contd.)*

FUTURE OUTLOOK

As a part of sustained efforts to attain growth through expansion of 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 Company is pleased to report that the technology transfer of the Crushers is complete and the prototype is under manufacture. Commercial production is expected to commence during this year.

The Crushers not only have a stand-alone market but with the introduction of the product, your Company would be able to enter in the area of Crushing and Screening Projects.

In regard to Bauer Division, various investments made by the Company have significantly enhanced the production capacity. Your Company enjoys a strong reputation regarding quality and technology. The market of the Geared Motor segment is large and it is expected that there would be a significant growth of the business in this area in the current and future years.

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 licensing partners. The Company has also engaged the services of specialists from Danfoss Bauer, who are providing extensive in-house training on lean manufacturing techniques to both engineers and blue-collared employees for upgrading the manufacturing and managerial skills as well as for improving the quality and productivity of all products.

FIXED DEPOSIT

Total deposits with the Company as on 31st March, 2011 amounting to Rs.139.25 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.

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.

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 investments of Rs.937 lac which included investments made in both Heavy Engineering Division and Bauer Division. Keeping with the growing demands of the domestic market and export market and the requirement to upgrade the product standards to the international level, the Company will embark upon further investments in the current year after due evaluation.

CONSERVATION OF ENERGY

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

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, 2011 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. Sukhendu Ray and Mr. P. K. Mallik retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

COST AUDIT

The Central Government's directions vide their Order dated 25th March, 1992 pursuant to Section 233B of the Companies Act, 1956, require the audit of the cost accounting records for one of the Company's products viz. Vacseal Pumps (Power Driven Pumps) which are manufactured at the Company's Baidyabati unit.

Accordingly, Mr. Anup Laha, Cost Auditor, who conducted the audit of the cost accounting records relating to Power Driven Pumps manufactured at the Company's Baidyabati unit for the financial year 2009-10 filed the Cost Audit report with the Ministry of Corporate Affairs, Government of India on 6th September, 2010. The due date for filing the said report was 30th September, 2010.

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all government authorities, banks, customers and shareholders for the continuous support extended by them to the Company. Your Directors place on record their appreciation for the dedication and commitments of the employees at all levels in achieving and sustaining excellence in all areas of the operation of the Company.

For & on behalf of the Board

Kolkata
25th May, 2011

S. Bagaria
Chairman

ANNEXURE TO DIRECTORS' REPORT - I

TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

A. TECHNOLOGY ABSORPTION

I. Research & Development (R&D)

i) Specific Areas:

Research & Development activities have been focused on upgrading the quality of the product and adaptation of new technology.

ii) Benefits derived:

Quality upgradation resulted a competitive edge in enhancement of domestic and export market.

iii) Future plan of action:

The Company has committed to continue its programme of upgrading the products through latest available technology.

iv) Expenditure on R&D

Expense heads	(Rs. in lac)
a) Capital	—
b) Recurring	62.16
c) Total	62.16
d) Total R&D expenditure as a percentage of total turnover	0.58%

II. Technology Absorption, Adaptation and Innovation

i) Efforts made:

Efforts are made for absorption of technology received from its licensed partners and commercial implementation of the same.

ii) Benefits derived:

Successful implementation of technology and customer satisfaction.

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 Classifier for fine products ALPHA 300	2009	Yes	N. A.
BM Ball Mill for fine grinding	2009	Yes	N. A.
Cone Crushers, Jaw Crushers & Roll Crushers	2010	No	Under process of absorption

B. FOREIGN EXCHANGE EARNINGS & OUTGO

During the year foreign exchange earnings was Rs. 817.22 lac against outgo of Rs. 1370.54 lac.

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
Sen I.	71	Managing Director	82,01,928	B.E.(Mech)	49	14.12.1971	Hooghly Docking & Engg. Co.Ltd.

Notes :

- 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 Managing Director is entitled to gratuity in accordance with the Company's Rules.
- The appointment of the Managing Director is contractual.

For & on behalf of the Board

Kolkata
25th May, 2011

S. Bagaria
Chairman

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

The Company's Report on Corporate Governance for the year ended 31st March, 2011 as required under Clause 49 of the Listing Agreement, is furnished below :

A. Company's Philosophy on Corporate Governance

The philosophy of the Company is to strike for optimum performance at all levels. For achieving the same, the Company follows the basic Corporate Governance practices viz. fair and transparent business practices, effective management control by the Board, compliance of laws, monitoring of executive performance, accountability for performance and monitoring of business risks. The Company believes that good Corporate Governance generates from mind-set of the organisation and is based on the principles of equity, accountability and commitment to do things in a manner where the resources available can be effectively utilised to meet the stakeholders aspirations and social expectations.

B. Board of Directors

(i) Composition

The Board of Directors of the Company as on 31st March, 2011 comprised of 6 (six) members with two Executive Directors – Managing Director and Executive Director (Wholtime Director) and four Non-Executive Directors. The Chairman of the Board is a Non-Executive Director. The Non-Executive Directors with specialization in their respective fields are bringing in a wide range of skill and experience.

- (ii) Attendance of the Directors at the Board Meetings of the Company held during the year ended 31st March, 2011 and at the last Annual General Meeting(AGM) along with no. of other Directorship(s), other Committee Membership(s) and the Directors' shareholding as on 31st March, 2011 are given below :-

Sl. No.	Name of Director	Nature of Category	No. of Board Meetings attended	Attendance at last AGM held on 14.08.10	No. of Other Directorships	Other Membership of Committees		Shares held (Nos.)
						Chairman	Member	
1.	Mr. S. Bagaria	Chairman & Non-Executive Director – Promoter	2	No	5	—	—	43,900
2.	Mr. I. Sen	Managing Director	6	Yes	1	—	2	625
3.	Mr. S. Saha	Executive Director (Wholtime Director)	6	Yes	—	—	—	44
4.	Mr. R. L. Gaggar	Non-Executive Independent Director	6	Yes	10	—	9	—
5.	Mr. Sukhendu Ray	Non-Executive Independent Director	6	Yes	5	3	2	—
6.	Mr. P. K. Mallik	Non-Executive Independent Director	6	Yes	4	4	2	—

- i For the purpose of above information in computing 'Other Directorship' Private Limited Companies have been excluded and for Committee Membership, Chairmanship/membership in Audit Committee & Shareholders' Grievance Committee only have been considered.
- i None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement) across all the Companies in which he is a Director.

(ii) Meetings of the Board of Directors

The meetings of the Board are held at the Registered Office of the Company at 107/1, Park Street, Kolkata 700016. During the year under review 6 (six) Board Meetings were held on 12.04.2010, 21.05.2010, 28.07.2010, 20.08.2010, 03.11.2010 & 31.01.2011. The Company Secretary prepares the Agenda in consultation with the Chairman of the Board, for each meeting and circulates the same in advance to the Directors. The Board meets at least once in every quarter to review the Quarterly Results and other items on the Agenda. The information as required under Annexure