

ANNUAL REPORT 2000-2001



INTERNATIONAL CONVEYORS LIMITED



**INTERNATIONAL
CONVEYORS LIMITED**

ANNUAL REPORT 2000-2001

BOARD OF DIRECTORS

Directors

Shri S. C. Dabriwala
Shri M. P. Jhunjhunwala
Shri L. K. Tibrawalla
Shri G. S. Mantry
Shri M. W. Hinchliffe
Shri S. Dalmia
Shri A. Hussain

Managing Director

Shri R.K. Dabriwala

Auditors

M/s. LODHA & CO.
Chartered Accountants
14, Government Place East
Kolkata - 700 069

Bankers

State Bank of India

Registered Office

10, Middleton Row
Kolkata - 700 071

Works

E-39, MIDC Industrial Area
Chikalthana
Aurangabad - 431 210
(Maharashtra)

**INTERNATIONAL
CONVEYORS LIMITED**

CONTENTS	Pages No.
Notice	3
Directors' Report	5
Auditors' Report	9
Balance Sheet	12
Profit & Loss Account	13
Schedules to Accounts	14
Cash Flow Statement	29


**INTERNATIONAL
CONVEYORS LIMITED**

NOTICE

Notice is hereby given that the 28th ANNUAL GENERAL MEETING of the members of **INTERNATIONAL CONVEYORS LIMITED** will be held at 10, Middleton Row, Kolkata - 700 071, on Thursday, the 20th day of September 2001, at 3.30 p.m. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the audited Profit & Loss Account of the Company for the year ended 31st March, 2001, the Balance Sheet as at that date together with the report of the Directors thereon, and to consider the report of the Auditors.
2. To declare a dividend for the financial year ended 31st March, 2001.
3. To appoint a Director, in place of Shri G. S. Mantry who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director, in place of Shri L. K. Tibrawalla who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditors and fix their remuneration. The retiring Auditors M/s. Lodha & Company, Chartered Accountants, are eligible for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution :
 "Resolved that Sri Anver Hussain, be appointed as an Ordinary Director of the Company liable to retire by rotation".

Registered Office :
 10, Middleton Row,
 Kolkata - 700 071
 The 31st day of July, 2001

By Order of the Board
 For International Conveyors Ltd.

P. K. Rajagopal
 Company 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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
 2. Proxy form is enclosed. Proxy in order to be effective must be received at the Company's Registered Office not less than 48 hours before the time fixed for the meeting.
 3. The Register of Members and Transfer Books will remain closed from Friday, 14th September 2001 to Thursday, 20th September, 2001, both days inclusive.
 4. Explanatory statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of business under item 6 is annexed hereto.
 5. Members holding shares in the electronic form are advised that address/bank details as furnished to the Company by the respective Depositories, viz. NSDL & CDSL, will be printed on the dividend warrants.
 6. As per the recent amendment to the Companies Act, 1956 the dividends for the year 1995-96, 1996-97, 1997-98 & 1998-99 which would remain unclaimed for a period of seven

**INTERNATIONAL
CONVEYORS LIMITED**

NOTICE (Contd.)

years, will be transferred to a specific fund viz. 'Investor Education and Protection Fund' within a specified time period.

Member who have not encashed their dividend warrant(s) for the financial year ended 31st March, 1995, or any subsequent financial year(s), are requested to make their claim to the Company.

7. By virtue of an amendment in the Companies Act, 1956, every member is now entitled to nominate a person to whom his shares in the Company shall vest in the unfortunate event of his death.

a) Nomination by Joint Holders : where the shares are held jointly by two persons, the joint holders may together nominate a person to whom all rights in the shares shall vest in the event of death of both the joint holders. It may be noted that nomination of separate persons by the joint holders is not permitted.

b) Nomination of a minor : where the nominee is a minor, the member may appoint any person to become entitled to the securities in the event of his death during minority.

The members who want to avail of the facility of nomination may send their nomination in Form 2B as prescribed under the Companies Act, 1956.

EXPLANATORY STATEMENT

Attached to the Notice convening the Twenty Eighth General Meeting to be held on Thursday, the 20th day of September, 2001, at 3.30 p.m.

ITEM NO. 6

Shri Anver Hussain was appointed on 31st January, 2001, as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 ('the Act').

Shri Hussain vacate his office at this Annual General Meeting pursuant to the provisions of Section 260 of the Act. The Board of Directors of your Company ('the Board') at its meeting held on 31st July 2001, recommended for the approval of the Members, the appointment of Shri Hussain as Director of the Company, liable to retire by rotation.

Due notice under Section 257 of the Act have been received from a member proposing the appointment of Shri Hussain as Director of the Company. Requisite consent have been filed by Shri Hussain, pursuant to the provisions of Section 264(1) of the Act, to act as Director, if appointed.

None of the Directors except Shri Hussain is interested in the foregoing Resolution.

The Board recommends the Resolutions for your approval.

Registered Office :
10, Middleton Row,
Kolkata - 700 071
The 31st day of July, 2001

By Order of the Board
For International Conveyors Ltd.

P. K. Rajagopal
Company Secretary


**INTERNATIONAL
CONVEYORS LIMITED**

DIRECTORS' REPORT

TO THE MEMBERS OF INTERNATIONAL CONVEYORS LTD.

We have pleasure in presenting the Audited Accounts of the Company for the year ended March 31, 2001.

WORKING RESULTS

	2000-2001	1999-2000
	Rs.	Rs.
Profit / (Loss) before depreciation and taxation	1,55,72,326	(1,30,60,826)
Less : Depreciation	54,29,100	19,54,116
	<u>1,01,43,226</u>	<u>(1,50,14,342)</u>
Less : Provision for taxation / Income tax paid	10,00,000	—
	<u>91,43,226</u>	<u>(1,50,14,342)</u>
Add : Profit / (Loss) brought from last year	—	43,66,346
	<u>91,43,226</u>	<u>(1,06,48,596)</u>
Less : Transfer to General Reserve	50,00,000	—
	<u>41,43,226</u>	<u>(1,06,48,596)</u>
Less : Proposed Dividend on Equity Shares	24,00,000	—
	<u>17,43,226</u>	<u>(1,06,48,596)</u>
Less : Corporate Dividend Tax on Proposed Dividend	2,44,800	—
	<u>14,98,426</u>	<u>(1,06,48,596)</u>
Add : Investment Allowance Reserve	—	12,66,084
	<u>14,98,426</u>	<u>(93,82,512)</u>
Less : Provision of Taxation for earlier years	—	5,41,829
	<u>14,98,426</u>	<u>(99,24,341)</u>
Transfer from General Reserve	—	99,24,341
Balance carried to next year	<u>14,98,426</u>	<u>—</u>

Operations

Your Company's operations during the year was satisfactory. Quality has been further improved to meet international standards and the beltings were exported to Australia.

Production

During the year, the Company produced 97288 Mtrs. (Previous year 18220 Mtrs.) of PVC Conveyor Belting.

Sales

The turnover of the Company including excise duty for the year amounted to Rs.1746.85 Lacs (Previous year Rs.462.77 Lacs.)


DIRECTORS' REPORT (Contd.)

Dividend

Your directors are pleased to recommend a dividend of Rs. 1.00 per share or 10% on paid up capital (exclusive of dividend tax) (Previous year Rs. Nil), the consequent outflow including dividend tax of Rs. 2.45 lac will be Rs. 26.45 lac (Previous year Rs. Nil).

Dematerialisation of Shares and Liquidity

As on 31st July 2001, 80% of the equity shares had been dematerialised. The Company entered into an agreement with both National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) whereby shareholders retained the option to dematerialise their shares. As per the directives issued by the SEBI, it became compulsory to trade the Company's equity shares in the dematerialised form with effect from 26th February 2001.

Future Prospects

Your Company has secured an order for supply of conveyor belting from Coal India Ltd. worth Rs. 13.85 crores. The Company is in active negotiation for export of the beltings.

Directors

Shri G. S. Mantry and Shri L. K. Tibrawalla, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

Shri Anver Hussain was appointed as an additional Director on the Board with effect from 31st January 2001. The Company has received a notice from member of the Company proposing appointment of Shri Hussain as a Director of the Company at the forthcoming Annual General Meeting.

Directors' Responsibility Statement

Pursuant to the provision of Section 217(2AA) of the Companies Act, 1956, the Directors give hereunder the Director's Responsibility Statement relating to the Accounts of the Company :

- i) All the applicable Accounting Standards have been followed in the preparation of the accompanying Accounts;
- ii) The Directors have selected such Accounting Policies and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on March 31, 2001 and of the Profit and Loss of the Company for the said period;
- iii) The Directors have taken proper and sufficient care 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 Directors have prepared the Annual Accounts on a going concern basis.

Auditors

Messrs. Lodha & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the Twenty Eighth Annual General Meeting and offer themselves for re-appointment. They have furnished to the Company a Certificate regarding their eligibility for their re-appointment.

Explanation to the Auditors Remarks

Leave encashment - In accordance with the accounting policy consistently followed, liability for leave encashment is accounted for as and when it becomes due for payment at the time of retirement/termination of service and no significant liability is expected on this account.

Government Grants - In view of the uncertainty as regards the time of receipt of Government Grants the same are accounted for on cash basis.


**INTERNATIONAL
CONVEYORS LIMITED**
DIRECTORS' REPORT (Contd.)
Particulars of Employees

None of the employees of the Company employed throughout the year were in receipt of remuneration of Rs. 12,00,000/- more per annum or employed for part of the year were in receipt of Rs. 1,00,000/- or more per month.

Particulars of Energy Conservation etc.

Disclosure of particulars of energy conservation measures, technology absorption efforts, foreign exchange earnings and outgo 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 are given in Annexure – I, which is attached to and form part of the Directors' Report.

Financial Institutions

We wish to place on record our appreciation for the co-operation and assistance extended by State Bank of India and The State Industrial and Investment Corporation of Maharashtra Ltd., during the year of operation.

For and on behalf of the Board of Directors

R. K. Dabriwala

Managing Director

S. C. Dabriwala

M. P. Jhunjhunwala

L. K. Tibrawalla

Directors

10, Middleton Row,

Kolkata - 700 071

The 31st day of July 2001

Encl : Information under Sections 217(1)(e)

ANNEXURE - I

Disclosure of Particulars under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended March 31, 2001.

A. CONSERVATION OF ENERGY :

Continuous efforts are being made to reduce energy consumption following actions have been taken :

- a) 'Generation' through DG set is reduced since February 2001 by insulating the coating plant and conserving the energy.
- b) Insulation of heating chambers of coating machine improved to avoid heat loss and reduce electricity consumption.
- c) Air leaks survey is being done regularly to reduce air leaks.
- d) Improvement in power factor by installation of capacitors.
- e) *Consumption per unit of production :*

	(KWH)	(Rs.)
i) Purchased Unit MSEB	535985	25,54,546
ii) Units Generated	340116	19,26,608
iii) Total	876101	44,81,154
iv) Rate per unit	—	5.11
v) Consumption per mtr. of production	9.01 Units	—

**INTERNATIONAL
CONVEYORS LIMITED**

B. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per form 'B' of the Annexure to the Rules :

Research and Development (R & D)

Specific areas in which R and D carried out by Company and benefits derived therefrom :

1. Process changes have been made by way of integration of operation to further improve quality with reduction in energy consumption and lower maintenance cost.

2. *Expenditure on R and D :*

Technology Absorption, Adaptation and Innovation :

	<i>(Rs. in lacs)</i>
a) Capital	23.08
b) Recurring	4.32
c) Total	27.40
d) Total R and D Expenditure as a percentage of total turnover	1.57%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	<u>2000-2001</u>	<u>1999-2000</u>
	<u>(Rs.)</u>	<u>(Rs.)</u>
1. Foreign Exchange Earned :		
a) Service Charges	1,37,910	1,63,879
b) Sale of Beltings	3,85,958	—
2. Foreign Exchange Outgo :		
a) C.I.F. Value of Imports		
i) Raw Materials	2,47,68,991	16,13,127
ii) Components and Spare Parts	3,92,422	1,78,604
b) i) Travelling Expenses and Other Payments	53,736	76,483

For and on behalf of the Board of Directors

R. K. Dabriwala

Managing Director

S. C. Dabriwala

M. P. Jhunjhunwala

L. K. Tibrawalla

Directors

10, Middleton Row,
Kolkata - 700 071
The 31st day of July 2001

AUDITOR'S REPORT

To The Members,

We have audited the annexed Balance Sheet of **INTERNATIONAL CONVEYORS LIMITED** as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date and report that :-

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in exercise of powers conferred under Section 227 (4A) of the Companies Act, 1956 and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we report that :
 - i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the fixed assets have not been verified by the management during the year . According to the information and explanations given to us , there is a regular programme of verification which, in our opinion , is reasonable having regard to the size of the Company and nature of its assets. As explained , no material discrepancies have been noticed on such verification.
 - ii) None of the fixed assets have been revalued during the year.
 - iii) The stock of Finished Goods , Stores , Spare Parts and Raw Materials have been physically verified by the management during the year at reasonable intervals.
 - iv) In our opinion and according to the information and explanations given to us the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - v) The discrepancies noticed on verification between the physical stocks and the book records were not material, and the same have been properly dealt with in the books of account.
 - vi) *On the basis of our examination of stock records , subject to note no.13 regarding quantities and valuation of stocks is as certified by the management , the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.*
 - vii) In our opinion , the rate of interest and other terms and conditions on which the unsecured loans have been taken from Company and a firm listed in the register maintained under Section 301 of the Companies Act, 1956, are prima facie not prejudicial to the interest of the Company. As explained, there is no Company under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
 - viii) In our opinion, the rate of interest charged, where applicable, and other terms and condition on which loans have been granted to a Company and parties listed in the register maintained under section 301 of the Companies Act, 1956 are primafacie not prejudicial to the interest of the Company. As explained, there is no Company under the same management as defined under section 370(1-B) of the Companies Act, 1956.
 - ix) Parties to whom loans or advances in the nature of loans have been given by the Company are stated to be repayable on demand. These loans together with interest has been recovered during the year. In case of loan and advances in the nature of loans given to employees, which are interest free are being generally repaid as stipulated.