

ANNUAL REPORT 2001-2002

BOARD OF DIRECTORS

Directors

Shri S. C. Dabriwala
Shri M. P. Jhunjhunwala
Shri L. K. Tibrawalla
Shri G. S. Mantry
Shri M. W. Hinchliffe
Smt. R. 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)

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NOTICE

NOTICE is hereby given that the 29th ANNUAL GENERAL MEETING of **INTERNATIONAL CONVEYORS LIMITED** will be held at 10, Middleton Row, Kolkata-700 071, on Friday, the 27th September, 2002, 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, 2002, 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, 2002.
3. To appoint a Director, in place of Shri M. P. Jhunjhunwala who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director, in place of Smt. R. Dalmia who retires by rotation and being eligible offers herself 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(s), the following Resolutions as a Special Resolution :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association be and are hereby amended by inserting the following Article as Article no. 12A after Article 12 :

DEMATERIALIZATION OF SECURITIES

1) Definitions 12A(1) for the purpose of this Article

"Beneficial Owner" means a person or persons whose name is recorded as such with a Depository.

"SEBI" means Securities & Exchange Board of India established under Securities and Exchange Board of India Act, 1992.

"Depository" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under SEBI Act, 1992.

"Depositories Act" means the Depositories Act, 1996 or any statutory modification re-enactment thereof.

"Registered Owner" means a Depository whose name is entered as such in the records.

"Security" means such security as may be specified by the SEBI from time to time.

Dematerialization/Re-materialization of Securities

- 2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize/re-materialize its securities and to offer securities in the dematerialized form pursuant to the Depositories Act.

Option for Investors

- 3) Every person subscribing to Securities offered by the Company shall have the option to receive

NOTICE (Contd.)

Security Certificates or to hold the Securities with a depository. Such a person who is the beneficial owner of the securities can at any point of time opt out of depository if permitted by law, in respect of any security in the manner provided by the Depository Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record, the name of the allottee as the beneficial owner of the security.

Securities in Depositories to be in Fungible Form

- 4) All securities held by a Depository shall be dematerialised and shall be in Fungible form. No certificate shall be issued for the securities held by the Depository. Nothing contained in Section 153, 153A, 153B, 187B and 372 of the Companies Act, 1956 shall apply to a depository in respect of the Securities held on behalf of the beneficial owners.

Transfer of Securities

- 5) Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee, both of whom are entered as beneficial owners in records of a depository.

Allotment of Securities dealt with in a Depository

- (6) Notwithstanding any thing contained in the Act or these Articles, where the securities are dealt with in or by a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository immediately on allotment of such securities.

Distinctive Nos. of Securities held in a Depository

- 7) Nothing contained in the Act of these Articles regarding the necessity of having distinctive number for securities issued by the Company shall apply to securities held with a depository.

Register and Index of Beneficial Owners

- 8) The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and Index of members and other security holders for the purposes of these Articles.

Rights of Depositories and Beneficial Owners

- 9) (a) Notwithstanding anything contrary in the Companies Act, 1956 or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the securities held by us.
- (c) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owners of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of their securities which are held by the Depository.



NOTICE (Contd.)

Service of Documents

- 10) Notwithstanding anything in the Act or these Articles to the contrary, where Securities are held in a depository, the records of the beneficial ownership may be served by such depository of the company by means of Electronic mode or by delivery of floppies of discs.
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :
- “RESOLVED that pursuant to Section 198, 269 and other applicable provisions of the Companies Act, 1956, the re-appointment of Shri R. K. Dabriwala as the Managing Director of the Company for a further period of two years from September 1, 2002 on such terms and conditions as are set out in draft agreement to be entered into between the company and Shri R. K. Dabriwala and approved by the Board of Directors in their meeting held on August 13, 2002 be and is hereby approved.”
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :
- “RESOLVED that subject to provisions of Section 372A of the Companies Act, 1956 approval of the Company be and is hereby given for investing funds of the Company in Shares, Securities and other financing activities as may be decided by the board of directors from time to time, subject to an overall limit of Rs. 10.00 crore at any point of time.”

Registered Office :
10, Middleton Row
Kolkata-700 071
The 13th day of August, 2002

By Authority of the Board
For International Conveyors Ltd.

S. C. Dabriwala
Director

- 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 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 of the Company will be closed from Monday 23rd September, 2002 to Monday 30th September, 2002, both days inclusive.
4. As per the amendment to the Companies Act, 1956 the dividends for the year 1995-96, 1996-97, 1997-98 & 1998-99 and 2000-2001 which would remain unclaimed for a period of seven years, will be transferred to a specific fund viz. 'Investor Education and Protection Fund' within a specified time period.
5. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company, the prescribed Form 2B.
6. Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 in respect of business under 6, 7 & 8 is annexed hereto.

ANNEXTURE TO NOTICE

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 6

Your Company has made available dematerialization facility to its shareholders and pursuant to its dematerialization agreement with National Securities Depository Limited and Central Depository Services (India) Ltd Company needs to amend the Articles of Association by inserting provision of dematerialized trading and holding of shares in the Company. Such amendment in Articles of Association requires your approval by way of Special Resolution, hence the item at point no. 6.

Your directors recommend the resolution for your approval.

None of the director of the Company is any way concerned or interested in the above resolution.

ITEM NO. 7

The present terms of appointment of Shri Rajendra Kumar Dabriwala as Managing Director of the Company expires on August 31, 2002. His re-appointment as Managing Director, for a further period of TWO YEARS from September 01, 2002 was approved by the Board of Directors in their meeting held on August 13, 2002. The re-appointment and other terms and conditions, need approval of the members. Hence this resolution at point no. 7. The proposed agreement shall be available for inspection of any member during 10 A. M. to 12 Noon on working days at the Registered Office. The remuneration proposed does not require approval of the Central Government being in terms of Schedule XIII of the Companies Act, 1956. Considering all aspects, the Board has approved and now proposes for your consideration the terms and conditions of his appointment.

The material provisions of the draft agreement approved by the Board are as follows :

I. SALARY :

Rs. 60,000/- p.m (Rupees Sixty thousand only)

II. PREQUISITES :

A : (1) a) The expenditure incurred by the company on hiring unfurnished accomodation in Calcutta, subject to a ceiling of 50% of salary over and above 10% of such salary being payable by him.

b) In case no accomodation is provided by the company, House Rent allowance will be paid subject to ceiling laid down in (a) above.

(2) Medical expenses re-imbusement for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

(3) Leave Travel concession for self and family once in year subject to a ceiling of one month's salary.

(4) Club fees (other than admission fees) subject to a maximum of two clubs.

(5) Personal accident insurance of which premium shall not exceed Rs. 6000/- per annum.

B : (1) Company's contribution to Provident Fund for 12% of salary.

(2) Gratuity of half a month's salary for each completed year of service.

ANNEXTURE TO NOTICE (Contd.)

- (3) Leave – one month's leave for every eleven months' service with full pay and allowances and also encashment of unutilised leave at the end of the tenure.

C : (1) Car for use on Company's business.

- (2) One telephone at residence for official purposes.

Perquisites referred above under category "A", "B" & "C" except for B(1), B(3), C(1) and C(2) shall be restricted per annum to the annual salary earned.

III. COMMISSION :

1% of Net Profits of the Company in a particular year subject to overall ceilings laid down in Sections 198 & 309 of the Companies Act, 1956.

- IV. In case of loss or inadequacy of profits in any financial year, only remuneration by way of salary and perquisites as detailed in Parts I & II aforesaid shall be paid by way of minimum remuneration.

The Managing Director shall have substantial powers of management of entire affairs of the Company subject to overall control of the Board of Directors of the Company.

In compliance with Section 309 of the Companies Act, 1956 and considering the responsibility and functions of the Managing Director and his experience in the business activities of the company, the terms of remuneration specified above are commensurate and your directors commend the passing of the resolution.

Except Shri R. K. Dabriwala, Shri S. C. Dabriwala and Smt. R. Dalmia, none of the director is concerned or interested in this resolution.

The accompanying Notice together with the Explanatory Statement be treated as an abstract of the terms of re-appointment of Shri R.K. Dabriwala and Memorandum of Interest under Section 302 of the Companies Act, 1956.

ITEM NO. 8

The present limit of investment in shares, securities and finance pursuant to Section 372A of the Companies Act, 1956 is 60% of Company's Share Capital and Free Reserves. Your directors expect that at any one point of time there may be idle fund which can be better used in these activities for better yield. Such investment in excess of above specified limit will require your prior approval by way of Special Resolution. Hence the above resolution at point no. 8.

Your directors recommend the resolution for your approval.

None of the director of the Company is any way concerned or interested in the above resolution.

Registered Office :
10, Middleton Row
Kolkata-700 071
The 13th day of August, 2002

By authority of the Board
For International Conveyors Ltd.

S. C. Dabriwala
Director

DIRECTORS' REPORT
TO THE MEMBERS OF INTERNATIONAL CONVEYORS LTD.

Your Directors take pleasure in presenting the Audited Accounts of the Company for the year ended March 31, 2002.

WORKING RESULTS

	31.03.2002 Rs.	31.03.2001 Rs.
Profit before depreciation and taxation	3,00,53,507	1,55,72,326
Less : Depreciation	43,88,443	54,29,100
	2,56,65,064	1,01,43,226
Less : Provision for Current tax	65,00,000	10,00,000
Profit after Current Tax	1,91,65,064	91,43,226
Less : Provision for deferred tax	27,59,609	—
Profit after deferred tax	1,64,05,455	91,43,226
Add : Profit brought from last year	14,98,426	—
	1,79,03,881	91,43,226
Less : Transfer to General Reserve	1,00,00,000	50,00,000
	79,03,881	41,43,226
Less : Proposed Dividend on Equity Shares	54,00,000	24,00,000
	25,03,881	17,43,226
Less : Corporate Dividend Tax on Proposed Dividend	—	2,44,800
Balance Carried to next year	25,03,881	14,98,426

Operations :

Your Company's operation during the year was satisfactory.

Production :

During the year, the company produced 1,27,160 Mtrs (Previous year 97,288 Mtrs) of PVC Conveyor Belting.

Sales :

The turnover of the Company including excise duty for the year amounted to Rs. 1997.11 Lacs (previous year Rs. 1746.85 Lacs).

Dividend :

Your directors are pleased to recommend a dividend of Rs. 2.25 per share or 22.5% on paid up capital (Previous year Rs. 1.00 per share), the consequent outflow will be Rs. 54.00 lac (Previous year Rs. 26.45 lac including dividend tax).

Future Prospectus :

Your Company is in the process of getting order from Coal India Ltd. and has been able to make break through in Export Market.

Directors :

Shri M. P. Jhunjhunwala and Smt. R. Dalmia, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

Shri S. Dalmia resigned from the board on 31st January, 2002 and Smt. R. Dalmia was appointed in his place.

DIRECTORS' REPORT (Contd.)

The Board places on record its sincere appreciation of valuable services rendered and matured advices given by him during his tenure on board.

Directors Responsibility Statement :

Pursuant to the Provisions of Section 217(2AA) of the Companies Act, 1956, the Directors give hereunder the Directors 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 Director 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, 2002 and of the Profit 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 :

M/s. Lodha & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the Twenty Ninth 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.

Particulars of Employees :

None of the employees of the Company employed throughout the year were in receipt of remuneration of Rs. 24,00,000/- or more per annum or employed for part of the year were in receipt of Rs. 2,00,000/- 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

S. C. Dabriwala

M. P. Jhunjhunwala

G.S. Mantry

L. K. Tibrawalla

A. Hussain

Directors

10, Middleton Row

Kolkata-700 071

The 13th day of August, 2002

Encl : Information Under Sections 217(1)(e).

DIRECTORS' REPORT (Contd.)

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, 2002.

A. CONSERVATION OF ENERGY :

Continuous efforts are being made to reduce energy consumption and cost per meter output. The following actions have been taken towards this goal during the year under review :

- a) Utilisation of DG set has been limited only to the extent of power failure from MSEB and use of coating plant when run for 2mm thick PVC covers, where MSEB power is inadequate and unsuitable. The per unit cost of power is reduced despite increase in power tariff.
- b) Power factor being maintained at 1. Hence, availing 5% rebate on MSEB power tariff.
- c) Replacement of asbestos sheets with transparent plastic sheets on shed roof, reducing the requirement of electrical lighting during the day.
- d) Replacement of AC/PIV drive with DC in W/L Warper machine. This has resulted in reduction in power consumption and in increase in yield.
- e) Consumption per unit of production :

	(KWH)	(Rs.)
i) Purchased Unit MSEB	958110	40,18,798
ii) Units Generated	52926	3,03,994
iii) Total	1011036	43,22,792
iv) Rate per unit	—	4.28
v) Consumption per mtr. of production	7.95	—

B. TECHNOLOGY ABSORPTION :

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

Research & Development (R&D) :

- a) *Specific areas in which R & D carried out by Company :*
 Steps for full implementation of combination of process were taken to reduce wastages.
 Better utilization of Plant and Machinery has resulted in optimum utilization and savings in wastage due to increase in loading lengths.
- b) *Future plan of action :*
 By addition of Vacuum Tower to Post Impregnation Plant for up-gradation of impregnation which will result in improvement in certain quality parameters.
 Replacement of infra-red Hereaus tube emitters of longer length for the coating plant to up-grade