

ANNUAL REPORT 2002-2003



INTERNATIONAL CONVEYORS LIMITED

NOTICE

(Pursuant to Section 192(A) of the Companies Act, 1956)

Dear Shareholder(s)

According to Section 77A of the Companies Act, 1956 ("the Act") read with Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998 ("the Regulations") a Special Resolution will have to be passed at a Meeting of the Shareholders of the Company for obtaining the shareholders approval to effect a buy back of shares of a total value not exceeding 25% of the paid up Capital and Free reserves of the Company.

The Board of Directors of the Company has decided to effect buy-back of equity shares, subject to shareholders approval and other appropriate consents. The details of the proposed buy back are given in the Special Resolution proposed to be passed for the purpose and in the explanatory statement annexed herewith.

As per Section 192A of the Act, read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 the shareholders consent for the buy-back of equity shares is required to be obtained through postal ballot.

Accordingly, resolution for the buy-back of equity share along with related explanatory statement and a postal ballot form is enclosed.

The Company has appointed M/s. K. C. Dhanuka & Co., Company Secretaries as Scrutinizer for the conducting the postal ballot process in a fair and transparent manner.

May we request you to please return the ballot form duly completed in the attached self addressed prepaid envelope, so as to reach the Scrutinizer on or before 22nd September, 2003. The Scrutinizer will submit the report to the Managing Director after completed forms received by the Company and the results of the postal ballot will be announced by the Managing Director of the Company on 27th September, 2003 at the 30th Annual General Meeting of the Shareholders of the Company.

SPECIAL RESOLUTION :

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

"RESOLVED that pursuant to Article 3B of the Articles of Association of the Company and pursuant to the provisions of Sections 77A, 77AA and 77B of the Companies Act, 1956 (hereinafter referred to as 'the Act') and Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 (hereinafter referred to as ('the Regulation')) (including any statutory modification(s) or re-enactment of the said act or rules framed there-under from time to time or the regulation, for the time being in force) and subject to such approvals, permissions and sanctions as may be necessary and further subject to such terms, conditions and modifications as may be prescribed or imposed by such authorities while granting approvals (which the Board



ANNEXTURE TO NOTICE (Contd.)

or its Committee as the case may be agree/accept), the Company be and is hereby authorized to buy-back its fully paid up equity shares of Rs. 10/- each, out of its free reserves or out of the proceeds of any shares or securities, not exceeding 3,60,000 equity shares of the Company of face value of Rs. 10/- each, representing not more than 15% of the total number of equity shares, from the existing shareholders on proportionate basis through tender offer method at a price not exceeding Rs. 30/- per share.”

“RESOLVED FURTHER that the Board of Director be and is hereby authorized to determine the time deemed appropriate by them, the amount to be utilized towards the buy-back including the number of equity shares to be bought back, the specific price for buyback of the equity shares of the Company up to a maximum price of Rs. 30/- per share.

RESOLVED FURTHER that the aggregate consideration for the shares bought back shall not exceed 25% of the equity share capital and free reserves of the Company.

RESOLVED FURTHER that nothing contained hereinabove shall confer any right on the part of any shareholder to offer and/or cast any obligation on the part of the company or the Board to buy-back any shares, and/or impair any power of the Company or the Board to terminate any process in relation to such buy-back, if so permissible by law.

RESOLVED FURTHER THAT the buy-back of shares from non-resident shareholders, and/or shareholders of foreign nationality shall be subject to such further approvals as may be required including approvals, if any, from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the Rules/Regulations framed there-under.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper with regard to the implementation of the buy-back including :

- a) Appointment of Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agencies, Compliance Officer, Investor Service Centers and other advisors, Consultants or representatives;
- b) Making of all applications to the appropriate authorities for their requisite approvals;
- c) Initiating all necessary action for preparation and issue of Public Announcement;
- d) Filing of Public Announcement and also the Certificates of Declaration of Solvency and all other documents required to be filed in the above connection with necessary authorities and for extinguishments and physical destruction of share certificates in respect of shares bought back; and
- e) Setting up all such questions or difficulties whatsoever which may arise in connection with the buy-back so as to take all such steps and decisions in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers to any Committee of Directors of the Company for giving effect to the aforesaid resolution.”

EXPLANATORY STATEMENT

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

As required under the provision of the Section 77A(3) of the Companies Act, 1956 ("the Act") and Regulation 5(1) and 7 of the Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998 ("The Regulations") read with Schedule I annexed thereto, the following Explanatory Statement sets out the various details required to be disclosed.

(i) **Date of Board Meeting :**

At the meeting of the Board of Directors of the Company held on 14.08.2003 (hereinafter referred to as "the Board Meeting date"), the proposal for buy-back of equity shares of the Company was considered and approved;

(ii) **Necessity for buy-back :**

The Company has substantial reserves and sufficient free cash flow. The proposed Buyback is for deploying the free cash surplus available with the company arising out of operating activities against which no feasible investment project is presently available with the Company that could ensure the required rate of return. Buyback will provide an opportunity to the shareholders to exercise an exit option should they so desire without affecting the prospects of the Company. Since the shares of the company are also very thinly traded on the stock exchanges, such exit option is presently not available to the shareholders of the Company and this may have hindered some of the shareholders in disinvesting their holding and realising the value of their investments. Buyback is a tax-efficient mechanism of returning surplus cash to the shareholders. It will also enhance the Return on Equity, Earnings per Share and Book Value of the Company in future, thereby creating long term shareholder value to the remaining shareholders who prefer to retain ownership of their shares.

The permission to buyback its own shares and securities by the Government has provided companies with an opportunity to return part of the accumulated reserves/cash to the shareholders enabling them to liquidate some of their holding in the company's shares and as a result re-align the capital structure of the Company.

(iii) **Method of buy-back :**

The Company will adopt 'Tender offer method' to buy-back its equity shares;

(iv) **Resource for buy-back :**

The maximum amount required for the buy-back is Rs. 108 lacs. The buy-back as proposed is to be effected out of its free reserves and funds as would be available from current surpluses and internal accruals of the Company. After the buyback, the debt equity ratio of the company shall be within the permissible limit of 2:1.

(v) **Basis of arriving at buy back price :**

The price for the Buyback of the equity shares at not exceeding Rs. 30/- per equity share has been arrived at based on return on networth, book value of the shares of the Company, earning per share, price earning multiple vis-a-vis industry average.

**EXPLANATORY STATEMENT (Contd.)****(vi) Size of buy-back offer :**

The number of shares proposed to be bought back is upto 3,60,000 fully paid equity shares of Rs. 10/- each, representing 15% of the equity shares comprised in the paid up equity share capital.

(vii) Time limit for completion of buy-back :

It is proposed to complete the buy-back of shares in terms of the proposed special resolution authorising the same within Twelve months from the date of passing of the resolution.

(viii) Details of shareholdings of and transactions by the promoters etc. :

- a) The promoters and the directors of the promoters, where the promoter is a company and of persons who are in control of the Company hold in aggregate 16,24,800 equity shares in the company, being 67.70% of the total paid-up capital, as on 14/08/2003 i.e. the date of the notice convening this 30th Annual General Meeting.
- b) Aggregate number of equity shares purchased or sold including inter se transfer by the persons mentioned in (a) above during a period of six months preceding the date of the Board Meeting at which the buy-back was approved till the date of notice convening the Extra-Ordinary General Meeting.

No. of Shares Purchased	No. of Shares sold
3,95,000	6,10,000

- c) The maximum and minimum price at which purchases and sales referred to in (b) above were made along with relevant date.

	Date of Purchase	Rate	Date of sale	Rate
Maximum Price	17.03.2003	12.53	17.03.2003	12.47
Minimum Price	14.02.2003	10.60	14.02.2003	10.55

(ix) Intention of the promoters to participate in the buy-back offer :

The promoters and the persons in control of the company intend to participate in the buy-back offer and intend to offer not exceeding 3,60,000 (Three Lacs Sixty Thousand only) equity shares in aggregate in the buy-back offer. The post buy-back shareholdings of the promoters and the persons in control of the Company would be 12,64,800 (Twelve lacs sixty four thousand eight hundred only) equity shares (52.70% of the total paid up capital), in aggregate, assuming all of them offer the aforesaid shares in the buy-back offer and the same are accepted in full.

EXPLANATORY STATEMENT (Contd.)
(x) Confirmations by the Board of Directors :

- (i) The Board of Directors of the Company confirms that there are no defaults subsists in repayment of deposits, redemption of debentures or repayment of term loans to any financial institutions or banks. The Company has not issued any Preference Shares since the date of its incorporation.
- (ii) The Board of Directors of the Company hereby confirms that it has made a full enquiry into the affairs and prospects of the Company and that they have formed the opinion that :
 - a) Immediately following the date on which this Annual General Meeting is convened, there will be no grounds on which the Company could be found unable to pay its debts;
 - b) As regards its prospectus for the year immediately following the date of this Annual General Meeting, having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in their view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and
 - c) In forming the above opinion, the Directors have taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

(xi) Auditor's Report :

The text of the report dated 14th August, 2003 received from M/s. Lodha & Co., the statutory auditors of the Company, addressed to the Board of Directors is reproduced below :

Report under Schedule I Clause (xi) of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998.

We have been requested by the Company vide letter dated 14th August, 2003 for the issuance of our report in accordance with Clause (xi) of Schedule I of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998.

"In connection with the proposal of your Company to buyback its shares and in pursuance to the provisions of Section 77A and 77B of the Companies Act, 1956 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and subsequent amendments thereof we have examine the audited annual accounts of the Company for the financial year ended 31st March, 2003 and according to the information and explanations given to us and on the basis of such verification of records as we considered appropriate, we report that :

- i) We have enquired into the state of affairs of the Company.

- ii) We are informed that the Company proposes to buyback equity shares from its shareholders at a price not exceeding Rs. 30/- per equity share. In our opinion, the amount of maximum permissible capital payment being 25% of the total paid-up capital and free reserves of the Company, for the shares to be bought back is Rs. 1,57,77,957/- properly determined in accordance with Section 77A(2)(c) of the Companies Act, 1956.
- iii) The Board of Directors at their meeting held on 14.08.2003 have formed their opinion as specified in clause (x) of Schedule I of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 on reasonable grounds that the Company will not, having regard to its present state of affairs, be rendered insolvent within a period of one year from the date of the aforesaid Annual Ordinary General Meeting of the members of the Company proposed to be held on September 27, 2003.

This report is restricted in use for the purpose of buy-back of the Company's equity shares in terms of the resolution of the Board of Directors passed at their Board Meeting held on 14.08.2003 and may not be relied for any other purpose.



For **Lodha & Co.**
Chartered Accountants

Place : Kolkata
Date : 14th August, 2003

P. L. Vadera
Partner

The resolution has been proposed to be passed as a special resolution in view of the requirements of Section 77A of the said Act. Your Directors, therefore, recommend the passing of the resolution as such.

All documents referred herein above are open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m excluding Saturdays upto the date of Annual General Meeting.

The Directors of the Company are concerned or interested in this resolution to the extent of the equity shares intended to be offered by the Companies controlled by them in the buy-back offer as aforesaid and any consequential increase/decrease in the percentage of their shareholdings in the post buy-back capital of the Company.

Registered Office :
10, Middleton Row
Kolkata-700 071
The 14th day of August, 2003

By Authority of the Board
For **International Conveyors Ltd.**

R. K. Dabriwala
Managing Director



INTERNATIONAL CONVEYORS LIMITED
10, MIDDLETON ROW, KOLKATA - 700 071

POSTAL BALLOT FORM

SR. NO. :

1. Name(s) Shareholder(s) :
(including Joint-holders, if any)

2. Registered Address of the sole/first
named shareholder :

3. Registered Folio No. * :
[* Applicable to shareholder(s)
holding shares in physical form]

4. DP ID No. & Client ID No. ** :
[** Applicable to shareholder(s)
holding shares in dematerialised form]

5. No. of share held :

I/We hereby exercise my/our vote in respect of the Special Resolution to be passed through Postal Ballot for the business stated in Item No. 7 of 30th Annual General Meeting Notice of the Company by sending my/our assent or dissent to the said Resolution by placing the tick (✓) mark at the appropriate box below :

Description	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Buy-back of Company's Equity Shares			

Place :

Date :

Signature of the shareholder

(PLEASE TURN OVER LEAF FOR INSTRUCTIONS)

INSTRUCTIONS

1. A member desiring to exercise vote by postal ballot may complete this Postal Ballot Form and send it to the Company in the enclosed self-addressed envelope. Postage will be borne and paid by the Company. However, envelopes containing postal ballot, if sent by courier at the expense of the registered shareholder will also be accepted.
2. The self-addressed envelope bears the address of the Scrutineer appointed by the Board of Directors of the Company.
3. This form should be completed and signed by the shareholder as per the specimen signature registered with the Company. In case of joint holding, this form should be completed and signed by the first named shareholder and in his absence, by the next named shareholder.
4. Unsigned Postal Ballot Form will be rejected.
5. Duly completed Postal Ballot Form should reach the addressee not later than the close of working hours on 22nd September, 2003. Postal Ballot Form received after this date will be strictly treated as if the reply from the member has not been received.
6. Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholders on the date of despatch of the notice.
7. In case of companies, trusts, etc., the Postal Ballot Form has to be signed by the Authorised Signatories, whose signatures are already registered with the Company. If any other person(s) signs the Postal Ballot Form, a specific Board Resolution/Representation, duly attested, authorising the said person(s) to sign the Postal Ballot Form should be attached to the Postal Ballot Form.
8. In case holders of Power of Attorney sign the Postal Ballot Form, reference of Power of Attorney registration by the Company should be mentioned in the Postal Ballot Form.
9. Shareholders holding shares in demat form should get their signature(s) verified by their banker/depository participants. Signature(s) should be verified by the manager by affixing a rubber stamp/seal mentioning name and address of the bank/depository participant and name, stamp and signature of the manager.
10. Shareholders are requested not to send any other papers with the Postal Ballot Form in the self-addressed postage prepaid envelope. Any extraneous paper found in such envelope will be destroyed.



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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)