

ANNUAL REPORT 2004-2005



INTERNATIONAL CONVEYORS LIMITED

ANNUAL REPORT 2004-2005

BOARD OF DIRECTORS

Directors

Shri M. P. Jhunjhunwala
Shri L. K. Tibrawalla
Shri A. Hussain
Smt. R. Dalmia
Shri S. Dabriwala
Shri H. Khaitan

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)

Registrar & Share Transfer Agents

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor
Kolkata - 700 001

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NOTICE

NOTICE is hereby given that the 32nd ANNUAL GENERAL MEETING of **INTERNATIONAL CONVEYORS LIMITED** will be held at 10, Middleton Row, Kolkata-700 071, on Thursday, the 11th August, 2005, 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, 2005, 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, 2005.
3. To appoint a Director, in place of Shri A. Hussain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director, in place of Shri S. Dabriwala 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 modifications the following Resolution as an Ordinary Resolution :

“RESOLVED THAT Shri Haigreve Khaitan, be appointed as an Ordinary Director of the Company”

Registered Office :
10, Middleton Row
Kolkata-700 071
The 28th June, 2005

By Authority of the Board
For International Conveyors Ltd.

R. K. Dabriwala
(Managing 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.

NOTICE (Contd.)

3. The Register of Members and Transfer Books of the Company will be closed from 8th day August, 2005 to 11th day August, 2005, both days inclusive.
4. As per the amendments to the Companies Act, 1956 the dividends for the year 1997-98, 1998-99, 2000-2001, 2001-2002, 2002-2003 and 2003-2004 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 & 9 is annexed hereto.

EXPLANATORY STATEMENT

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

ITEM NO. 6

Shri Haigreave Khaitan was appointed as Additional Director in terms of Section 260 of the Companies Act, 1956.

Shri Khaitan vacates office at the 32nd Annual General Meeting pursuant to Section 260. The Board of Directors of your Company in their meeting held on June 28, 2005 recommended for the approval of members the appointment of Shri Khaitan as Director of the Company, liable to retire by rotation.

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 except Mr. Khaitan himself.

Registered Office :
 10, Middleton Row
 Kolkata-700 071
 The 28th day of June, 2005

By authority of the Board
 For International Conveyors Ltd.

R. K. Dabriwala
(Managing 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 31.03.2005.

WORKING RESULTS

	31.03.2005 Rs.	31.03.2004 Rs.
Profit before depreciation and taxation	2,59,98,769	3,66,05,096
Less : Depreciation	94,57,194	79,87,948
	1,65,41,575	2,86,17,148
Less : Provision for Current tax	16,75,000	90,00,000
Profit after Current Tax	1,48,66,575	1,96,17,148
Less : Provisions for Tax for earlier years	5,78,288	3,16,390
Profit after Tax	1,42,88,287	1,93,00,758
Less : Provision for deferred tax	(14,55,687)	7,90,776
Profit after deferred tax	1,57,43,974	1,85,09,982
Add : Profit brought from last year	8,35,217	2,52,535
Profit available for appropriation	1,65,79,191	1,87,62,517
Balance appropriated as under :		
Transfer to General Reserve	1,25,00,000	1,25,00,000
Proposed Dividend on Equity Shares	24,00,000	48,00,000
Corporate Dividend Tax on Proposed Dividend	3,36,600	6,27,300
Balance Carried to next year	13,42,591	8,35,217
	1,65,79,191	1,87,62,517

Operations :

Your Company's operation during the year was satisfactory. Logistic expenses being major portion in Export Sales has affected profitability of the Company substantially.

Production :

During the year the Company produced 2,07,341 Mtrs (Previous year 1,72,529 Mtrs) of PVC Conveyor Belting.

Sales :

The turnover of the Company including the excise duty for the year amounted to Rs. 3353.70 Lacs (Previous year Rs. 2710.31).

Dividend :

Your directors are pleased to recommend a dividend of Rs. 1.00 per share or 10% on paid up capital (Previous year Rs. 2.00 per share), the consequent outflow will be Rs. 27.37 lacs including dividend tax (Previous year Rs. 54.27 lacs including dividend tax).

Future Prospects :

Your Directors are optimistic about future growth of the Company although competition will be there in the export market.

Wind Mill Project-New Business :

Your Company has set up a 0.60 MW Wind Energy Converter Turbine (Wind Mill) project in Chitradurga District of Karnataka at a Cost of Rs. 3.01 Crore and same has started producing electricity during the year.

Directors :

Shri A. Hussain and Shri S. Dabriwala, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

DIRECTORS' REPORT (Contd.)

Shri H. Khaitan was appointed as additional director on April 23, 2005 pursuant to Section 260 of the Companies Act, 1956. He holds office upto the ensuing Annual General Meeting. The Company has received notice from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose candidature of Shri Haigreave Khaitan as Director of the Company.

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 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, 2005 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 :

Messrs. Lodha & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the Thirty Second Annual General Meeting and offer themselves for re-appointment. They have furnished to the Company a Certificate regarding 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 the State Bank of India and The State Industrial and Investment Corporation of Maharashtra Ltd., during the year of operation.

Regd. Office :
 10, Middleton Row
 Kolkata-700 071
 The 28th day of June, 2005
 Encl : Information Under Sections 217(1)(e).

For and on behalf of the Board
 R. K. Dabriwala
Managing Director
 M. P. Jhunjhunwala
 L. K. Tibrawalla
Directors

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, 2005.

A. CONSERVATION OF ENERGY :

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

- a) Utilisation of DG set was minimized only to the extent of power failure from MSEB. The earlier use of DG set for coating thicker 2mm PVC covers has also been discontinued and the coating plant is run for all types of belt with MSEB power.
- b) Better utilization and longer continuous run of the coating plant with reduced number of start-n-stops have also lowered the consumption.
- c) Power factor being maintained at 1. Hence, availing 5% rebate on MSEB power tariff.
- d) Consumption per unit production :

	(KWH)	(Rs.)
i) Purchased Unit MSEB	1829545	63,01,674
ii) Units Generated	33468	2,57,586
iii) Total	1863013	65,59,260
iv) Rate per unit		3.52
v) Consumption per mtr. of production	8.99	

B. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	2004-2005	2003-2004
1. Foreign Exchange Earned :		
a) Service Charges	—	95,543
b) Sale of Beltings	6,77,99,134	2,13,21,050
2. Foreign Exchange Outgo :		
a) C.I.F. Value of Imports		
i) Raw Materials	6,79,35,320	4,98,86,203
ii) Components & Spare Parts	12,77,271	4,52,157
iii) Trading Goods	26,80,382	19,84,732
b) i) Travelling Expenses	11,14,724	12,96,439
ii) Books and Periodicals	8,020	19,039
iii) Rent	8,06,400	6,72,450
iv) Commission	8,53,860	6,54,193
v) Other Expenses	11,31,494	8,73,286
vi) FCNRB Interest	14,98,542	3,91,842

Regd. Office :
10, Middleton Row
Kolkata-700 071
The 28th day of June, 2005
Encl : Information Under Sections 217(1)(e).

For and on behalf of the Board
R. K. Dabriwala
Managing Director
M. P. Jhunhunwala
L. K. Tibrawalla
Directors

AUDITORS' REPORT

To
The Members,

1. We have audited the attached Balance Sheet of **INTERNATIONAL CONVEYORS LIMITED** as at 31st March, 2005, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditors' Report) (Amendment) Order, 2004 ('the order') issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 ('the act') and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

3. Attention is invited to the following Notes of Schedule 19 :

- (a) *Note no. B. 2 regarding non-provision and non-ascertainment of leave encashment liabilities to the employees, the impact presently not ascertainable.*
- (b) *Note no. B. 8 regarding non-availability of confirmation and consequential reconciliation in respect of sundry debtors, creditors and advances, adjustment required, if any, is presently not ascertainable.*
- (c) *Note no. B. 14 regarding overdue loans and interest amounting to Rs. 20,38,519 the recoverability and provision there against presently cannot be commented upon.*

4. We further report that the overall impact of the items mentioned in paragraph 3 above could not be ascertained and hence could not be commented upon by us.

5. Further to the above, we report that :

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, subject to *Paragraph 3(a)* above, regarding accounting of leave encashment on cash basis, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
- (c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, *excepting accounting of Leave encashment as given in paragraph 3(a) above* the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section 3(C) of Section 211 of the Act.
- (e) On the basis of written representations received from the directors as on 31st March, 2005 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2005 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Act.
- (f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts subject to our remarks as given in paragraph 3 above, the impact of which on the profit for the year and net current assets and net worth at the year end is not ascertainable as given in paragraph 4 above and read together with the other notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In so far as it relates to the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2005.
 - ii) In so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **LODHA & CO.**
Chartered Accountants
H. K. Verma
Partner

Place : Kolkata
Date : The 28th day of June, 2005

Membership Number : 55104