

Providing a one-stop material transportation solution...

INTERNATIONAL CONVEYORS LIMITED

Annual Report 2007-08

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Credentials

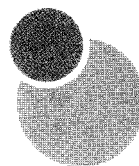
International Conveyors Limited (established in 1973) is a leading manufacturer of PVC conveyor belt solutions, promoted and managed by Mr. R. K. Dabriwala and Mr. A. Hussain.

Forward looking statement

The statements in this report detailing the Company's objectives, projections, estimates, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. As these statements are based on certain assumptions and expectations of future events, actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global or domestic demand and supplies, political and economic developments in India or other countries, government regulations and taxation policies, prices and availability of raw materials, prices of finished goods, abnormal climatic and geographical conditions, etc. The Company assumes no responsibility in respect of forward looking statements that may be revised or modified in the future on the basis of subsequent developments, information or events.

International Conveyors Limited is one of the fastest growing companies in providing a one-stop transportation solution for the mining sector and across all the industries. Going forward, the Company is going to strengthen its business through increased geographical penetration, economies of scale, resource optimisation and enhanced focus to build a progressively de-risked business model.

Engaged in providing transportation solution across industry verticals, International Conveyors is truly recognised as the 'driving' force of the nation.



10 minutes with the Managing Director

“We are passing through the tough times and are confident to extract value and come out winners by extended reach and superior solutions to the transport sector”

Mr. R. K. Dabriwala

analyses the Company's positioning, performance and prospects

Were you satisfied with the company's performance in 2007-2008 ?

I am satisfied on two counts.

Firstly, as a policy, we are strengthening our global footprints through increased penetration in the served markets and by expanding our reach to newer geographies. As a result of this, we are getting about 60% of our revenues from the export market. This global vision has helped us in establishing our image as a global transport solution provider (truly signifying the name of the Company) and has also fetched us higher value.

Secondly, the cost of raw materials and logistics has increased manifold as most of our inputs are derivatives of petroleum products and are imported. We have faced testing times and have come out stronger because of economics of scale which would be evident from the operating margins.



**We are getting
about 60% of our
revenues from the
export market.**

What were the basic highlights of the year under review ?

I would consider the following developments to the noteworthy :

- We increased volumes from 2,48,767 metres in 2006-07 to 329,919 metres in 2007-08, servicing the growing needs of our customers.
- We introduced value-added PVC beltings with a mirror finish, emerging as the only producer in India to offer this product.
- We grew our Canada and American turnover from Rs. 2487 lacs in 2006-07 to Rs. 3328 lacs in 2007-08, emphasizing our global viability.

Why are you putting thrust increasingly on the exports ?

Our increased focus on the export market is a long term vision to build a de-risked and robust business which can

be sustained in the long run. There being no growth in domestic market we reshaped our vision and focused on global markets. Our modified strategies not only helped us to redefine our corporate image but also has helped us to attract value in our business.

What is your outlook on the industry ?

PVC Solid Woven Conveyor Belting, besides conveying goods is also a safety product and requires stringent adherence to technical specifications. As a result there are few players in this particular segment. Furthermore, with the growth in mining and general industry, prospects are quite promising. The global market is vast and the supply limited. Overall there is going to a Demand – Supply gap so the outlook is quite positive.



PERFORMANCE

Highlights

Core products and services

These comprise solid woven fabric-reinforced PVC impregnated and PVC-coated fire retardant, anti static conveyor belting. The Company is also engaged in renewable power generation.

Customers

These comprise companies engaged in the business of coal, mining, extraction, steel, potash mining, material handling, ports and commodity supplies based in India and abroad.

Capacities

- 5,75,000 metres per annum (manufacturing unit) in Aurangabad, Maharashtra.
- 3.85 MW wind turbine generator (approximately 9.3 mn KWH a year).

• PVC conveyor belt manufacturing unit	Chikalthana, Aurangabad, Maharashtra
Windmill 1 (0.6 MW)	Chitradurga, Karnataka
Windmill 2 (0.8 MW)	Tumkur, Karnataka
Windmill 3 (0.8 MW)	Ahmednagar, Maharashtra
Windmill 4 (1.65 MW)	Kutch, Gujarat

Certifications

- ISO 9001 certification from manufacturing to marketing.
- A Dun & Bradstreet-registered Company with D-U-N-S number 86-225-1696.
- US mine Safety and Health Administration – Part 18, Title 30 (CFR).
- Council of South African Bureau of Standards – SABS 971/1980.
- Bureau of Indian Standards – IS 3181 : 1992 (second revision).
- Canadian Standards Association-CAN/CSA M422-M87 (reaffirmed 2000), Category A1.
- MSHA and OHSAS compliances.

Public Holding

The Company's stocks are traded in the Kolkata and Bombay Stock Exchange.

Highlights of 2007-08

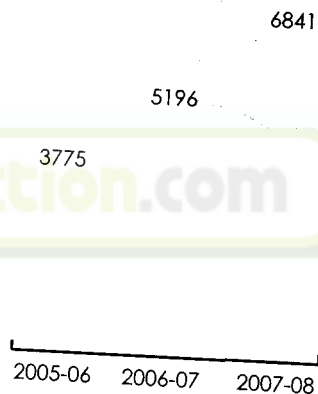
31.66% growth in the gross revenues from **Rs. 5195.67** lacs in 2006-07 to **Rs.6840.65** lacs in 2007-08.

203 basis points increase in EBIDTA margin from **21.75%** in 2006-07 to **23.79%** in 2007-08.

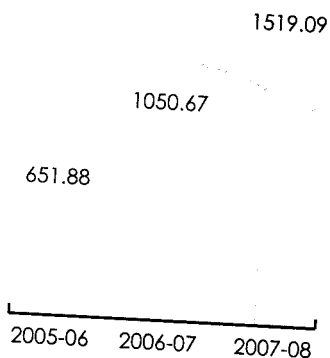
33.81% increase in exports from **Rs.2487** lacs in 2006-07 to **Rs.3328** lacs in 2007-08.

International Conveyor's image of a preferred supplier of the total transportation solution to all the industries and miners has reflected in its excellent performance over the years.

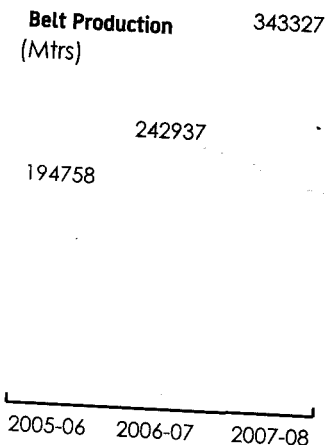
Gross Revenues (Lacs)

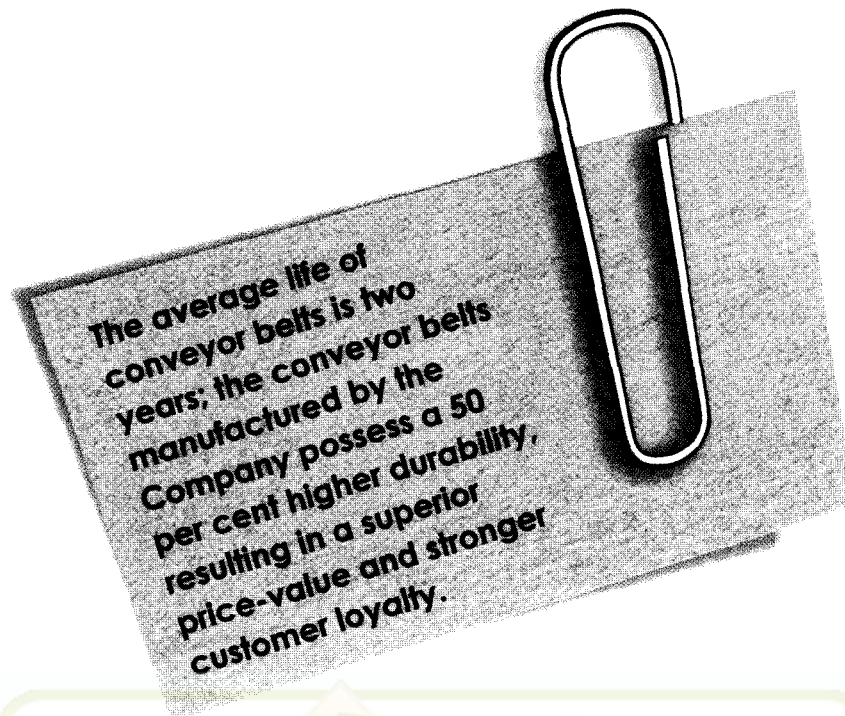


EBIDTA Margin



Belt Production (Mtrs)



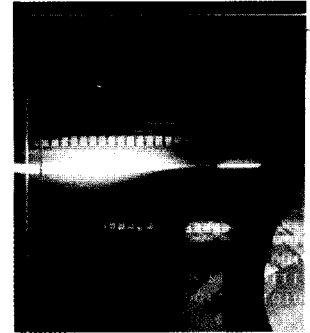


At International Conveyors, a more durable product means slower replenishment but a wider market and stronger customer loyalty

Conveyors are susceptible to damage arising from improper alignment of belt tension, vibration, overloading and friction.

- The Company's conveyor belting solution is designed to suit Indian underground mine safety norms and international MSHA and OHSAS certifications.
- The Company is ISO 9001-certified across its entire operations (manufacturing to marketing); it possesses confidence-enhancing mine certifications given by US, South African and other Indian regulatory agencies.
- The Company is engaged in extensive in-house manufacture : from yarn preparation to fabric weaving to compound mixing to belt finishing, protecting quality control and enhancing value-addition.
- The Company's belting rolls are individually tested – a rare industry practice – across physical, fire-retardant and anti-static properties.
- The Company's testing laboratory conducts quality checks on all inputs (yarns and chemicals) and finished product; these tests include tests for flame, static conductivity, drum-friction, limited oxygen index, tensile strength, elongation, tear, adhesion, fastener holding, troughability and other routine tests.

The Company's products maintain consistent belt tension across the entire operation. This has translated into a presence across several industry verticals like material transportation, coal, ports and potash extraction.



Customised features = enhanced convenience = good business

Conveyors represent the most economical mode of mineral or resource transportation from a mine to processing facility. Their profitable use requires adequate process control and reduced component friction leading to an enhanced product life.

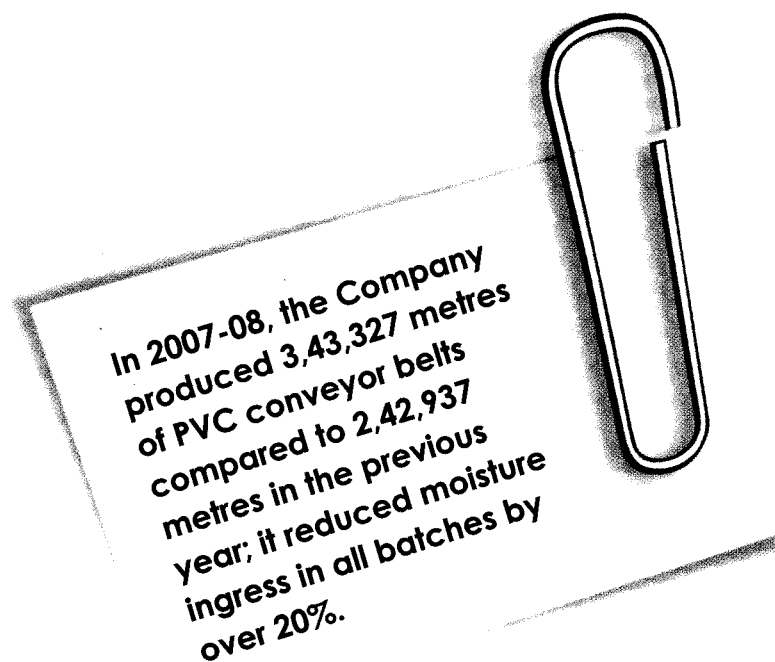
Over the years, the Company's brand has been strengthened through the following policies, inputs and processes :

- Active product management by the Company's R&D division comprising continuous evaluation, testing and feedback analysis.
- All-synthetic high tenacity center wrap yarns for strength and minimum elongation; the use of solid woven PVC eliminates ply separation.
- All-synthetic pile wrap yarns to protect damage from impact, enhance adhesion and superior fastener holding.
- Composite weft yarn that provides optimum transverse rigidity and superior fastener holding.
- Woven selvedge to reduce peripheral damage and improve belt longevity.
- Complete vacuum impregnation and consolidation of PVC compounds through the solid woven fabric, improving tear strength and reducing moisture ingress.
- Special PVC coatings on the belts reduce abrasion and enhance carrying capacity throughout product life.

Report



Summary



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Superior
manufacturing =
better

Products = good
business

For a number of reasons

- The manufacture of conveyor belts is critical as the product requires to undergo constant technology upgradation, research and development and conformance to evolving industry safety and quality mandates.

ICL possesses the following :

- Twisting and doubling machines, capable of handling upto 20 tonnes of yarn in a single batch.
- One of the widest and heaviest beaming machines in the world-96 inch (2400 mm) beam width.
- Weaving looms capable of handling upto 22 tonnes of beamed yarn in a single load.
- At least three of the widest and heaviest solid woven belting looms in the world, comprising 84 inch (2100 mm) reed space.
- A quartz infra-red heat curing facility and a fully-equipped testing laboratory.
- A six-storey vacuum impregnation tower that reduces the moisture content in the final product, enhancing longevity and durability.
- A controlled integrated coating plant (ICP2) that increased plant capacity from 4,75,000 metres per annum to 5,75,000 metres per annum in 2007-08.