

On the trajectory of  
sustainable **growth!**



International Conveyors Limited | Annual Report 2011-12

## Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## Across the pages

Corporate identity **02** | Managing Director's review **04** | Growth of our financials **06** | On a trajectory of sustainable growth **08** | Key competitive advantages **10** | Managing risks **12** | Financial review **15** | Commitment to health, safety, environment and sustainability **16** | Corporate information **17** | Notice **18** | Directors' Report **22** | Management Discussion and Analysis Report **26** | Corporate Governance Report **28** | Auditors' Report on Financial Statements **37** | Balance Sheet **40** | Statement of Profit & Loss **41** | Cash Flow Statement **42** | Notes on Financial Statements **44** | Auditors' Report on Consolidated Financial Statements **65** | Consolidated Balance Sheet **66** | Consolidated Statement of Profit & Loss **67** | Consolidated Cash Flow Statement **68** | Notes on Consolidated Financial Statements **70**

At International  
Conveyors Limited,  
we are deeply passionate  
to drive our business  
ahead in all times.

This is visibly reflected in the fact that in 2011-12, even as the world economy was sluggish and tumultuous, we reported a 26.49% increase in revenue and a substantial 273.82% surge in net profits.

2011-12

26.49%

increase in revenue

273.82%

surge in net profits

Reinforcing the belief that at our Company, unwavering focus, rock solid commitment, steadfast dedication and relentless perseverance represent the core elements required to remain on the trajectory of sustainable growth.

International Conveyors Limited (ICL) enjoys India's leading 40% share in the PVC Conveyor Belting market for underground mines.

It is also one of the country's largest PVC Belting exporters to the demanding markets of USA and Canada.

Enabling it to capitalize on opportunities arising in the core sector industries of coal and fertilizers.

## We stand tall

### Vision

To be a globally respected enterprise that strives to achieve and maintain the highest parameters in quality and customer service.

### Legacy

ICL possesses a rich industry presence of about 40 years, promoted by Mr. R.K. Dabriwala, an industrialist of repute.

### Spread

The Company's solid woven PVC Conveyor Belting manufacturing facilities are located in Aurangabad (Maharashtra, the largest such manufacturing facility in the world) and its 100% subsidiary, International Belting Limited's (IBL's) manufacturing facilities are located in Falta SEZ (West Bengal). The combined PVC Belting installed capacity at Aurangabad and Falta stands at 11,25,800 metres per annum.

## We have performed well in 2011-12



## Products

PVC fire-resistant anti-static solid woven coal Conveyor Belting and wind power.

## Green power

Operates a cumulative 4.65 MW wind generation capacity dispersed across the states of Karnataka, Maharashtra, Gujarat and Andhra Pradesh.

## Listing

Equity scrip listed on the BSE and CSE

## Stock details

Scrip code: 509709

Scrip ID: INTLCONV

# We cater to several brand-enhancing customers

## India

- ▶ South Eastern Coalfields Limited
- ▶ Western Coalfields Limited
- ▶ The Singareni Collieries Company Limited
- ▶ Eastern Coalfields Limited
- ▶ Monnet Ispat and Energy Limited
- ▶ Bharat Coking Coal Limited
- ▶ Jayaswal Neco Industries Limited
- ▶ Mahanadi Coalfields Limited
- ▶ Sunflag Iron and Steel Company Limited
- ▶ Central Coalfields Limited

## International

- ▶ Potash Corp'n. of Saskatchewan Inc. through Continental Mine and Industrial Supply Ltd. (Canada)
- ▶ Mosaic Potash Carlsbad Inc., Silverspur Conveyors, RBH Mill & Elevator, Rosebud Mining Co., Empire Rubber, ICL (Harbor Freight) (USA)
- ▶ CC Components Pty Limited (Australia)

%

Dividend\*

25

\*proposed

₹

Earnings per share

1.52

₹

Book value per share

9.87

Debt-equity ratio

1:1.27

“We are leveraging our robust business insights and aiming to double our turnover over the next two/three years”

Mr. R.K. Dabriwala, *Managing Director*, looks back on the year 2011-12 and looks ahead with optimism.

**How have you created a sustainable business model at ICL?**

Our business is a faithful proxy of the coal and fertiliser industries.

The coal mining sector is gaining traction on account of the growing demand from power plants. The fertilizer industry is also witnessing healthy demand towards ensuring food security for an ever growing population.

In line with the upcoming opportunities, several of our customers are ramping up their capacities. At ICL, we are reinforcing our focus on developing innovative products and strengthening our quality standards to strengthen business sustainability with an overall focus on doubling our topline over the next two / three years.

**You mentioned innovation as a key focus area. Can you elaborate?**

At ICL, research and development is an ongoing effort towards creating new products and strengthening value engineering initiatives. During the year under report, we developed the value-added Type-10 products, a 72-inch wide PVC belt and supplied it to Potash Corporation of Canada. The advantages of this product include:

- ▶ Carriage of larger tonnage on account of a wider 72 inch surface area.
- ▶ Cost-effective transportation because of heavy loads.

**What were some of the key highlights of 2011-12?**

Several in fact:

- ▶ Manufactured 3,90,701 metres of PVC Belting.
- ▶ Attained the prestigious 'Export House' status, which will reinforce our global image and visibility.
- ▶ Revenue from export of PVC Conveyor Belting amounted to ₹7,491.53 lacs (₹5,565.75 lacs in 2010-11).
- ▶ Received product approvals from China and Australia and we intend to commence supplies to these countries during 2012-13, thereby reinforcing our export presence.
- ▶ Commissioned a new 4,25,000 metres annual installed capacity PVC

Belting manufacturing facilities at Falta in IBL, 100% subsidiary and proposes to merge this subsidiary with the parent with a view to achieve higher operational synergies.

- ▶ Strengthened average realizations and achieved turnover growth of 28.5% to ₹9662 lacs.
- ▶ Executed major modernization initiatives at our Aurangabad facilities, which will strengthen output, streamline production and optimize cost structures.
- ▶ Proposed a dividend of 25% (₹0.25 per equity share of face value of ₹1) as compared to a dividend of 15% in previous year (₹0.15 per equity share of face value of ₹1).
- ▶ Invested ₹22 cr. (funded 32.34% through Promoter's contribution and rest 67.66% through debt) at the new Falta plant of IBL, a 100% subsidiary.

### What is the status of your order book?

Our order book of ₹5163 lacs as on 31 March 2012 (₹3310 lacs as on 31 March 2011) provides robust revenue visibility over the next 5 months. Besides, with a renewed focus on strengthening customer relationships, we intend to strengthen our order book, going ahead.

### How are you rightly positioned in the industry landscape to tap emerging opportunities?

We are rightly positioned as India offers

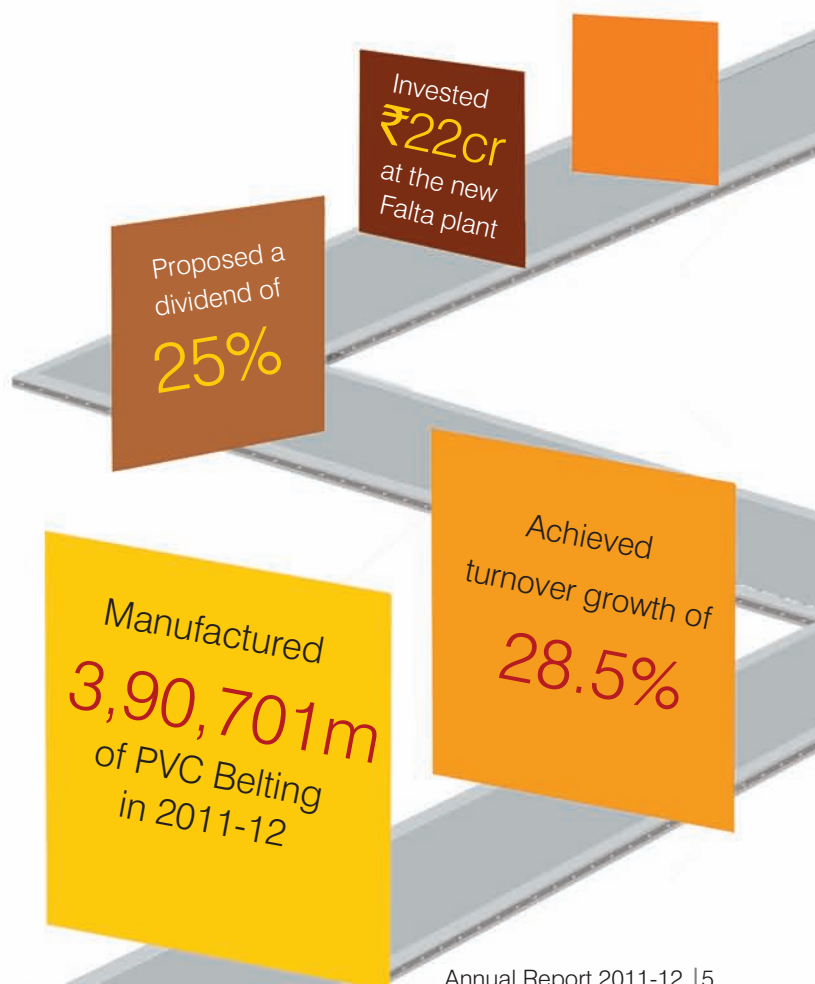
low-cost manufacturing for the skills needed to produce PVC mining belting, among several other advantages.

### What is the blueprint for 2012-13 and beyond?

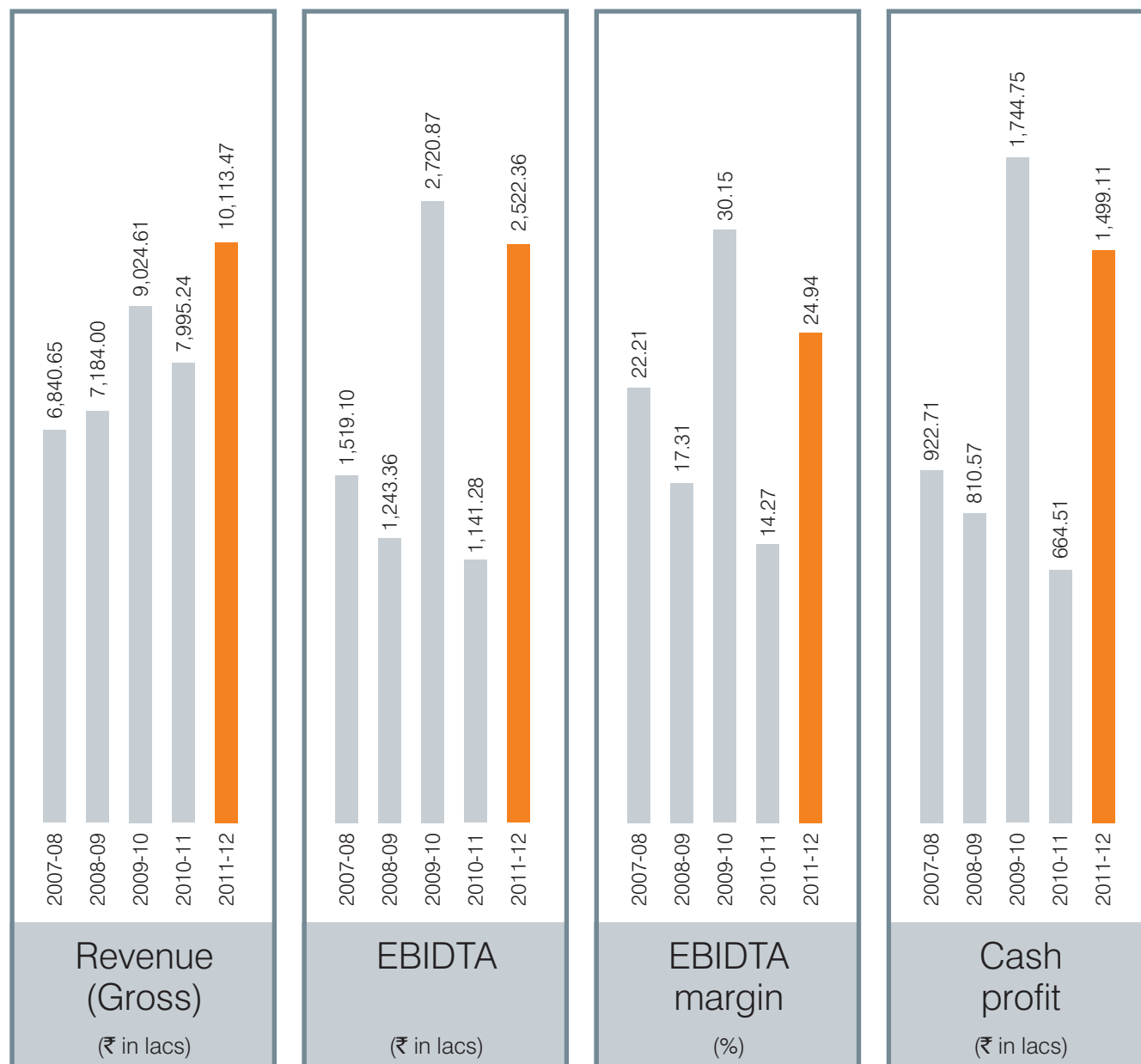
We will launch new value-added product, Type-12 (72-inch, 12,000 lb/ inch) in 2012-13 and we have already booked orders for this product. With a sharper focus on value-added products in the overall sales mix, we expect to strengthen our margins, going forward. We are tapping newer geographies with a special focus on the coal mining sector.

### How do you expect to continue to generate shareholder value?

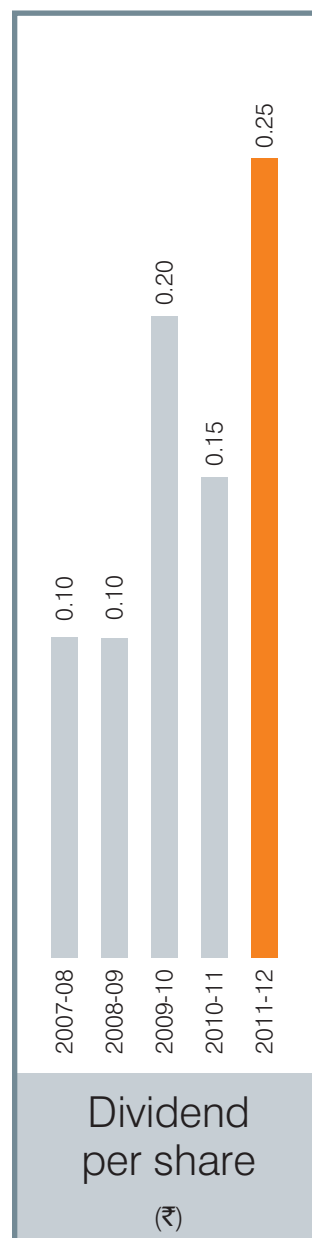
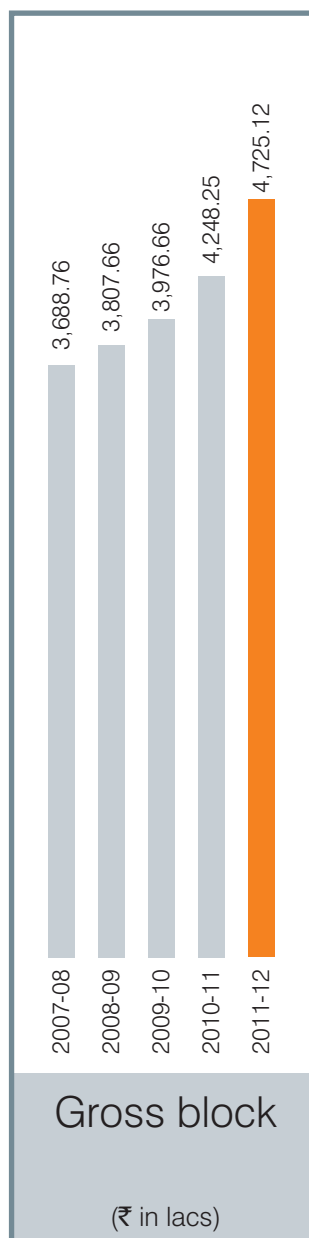
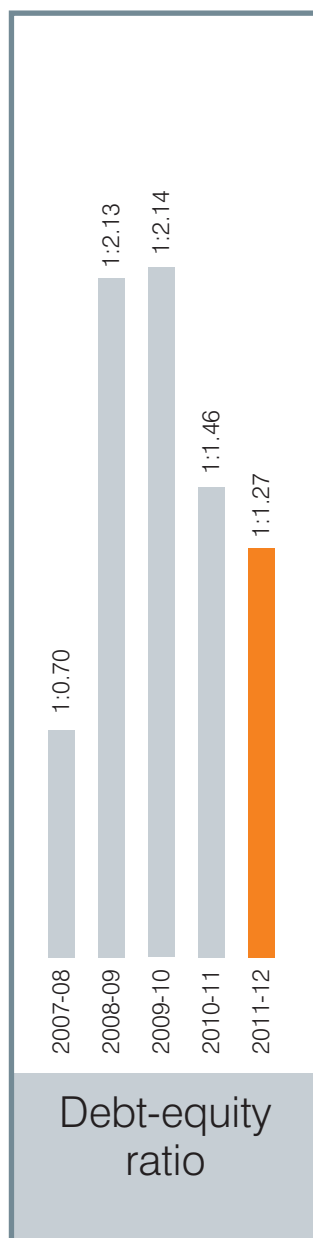
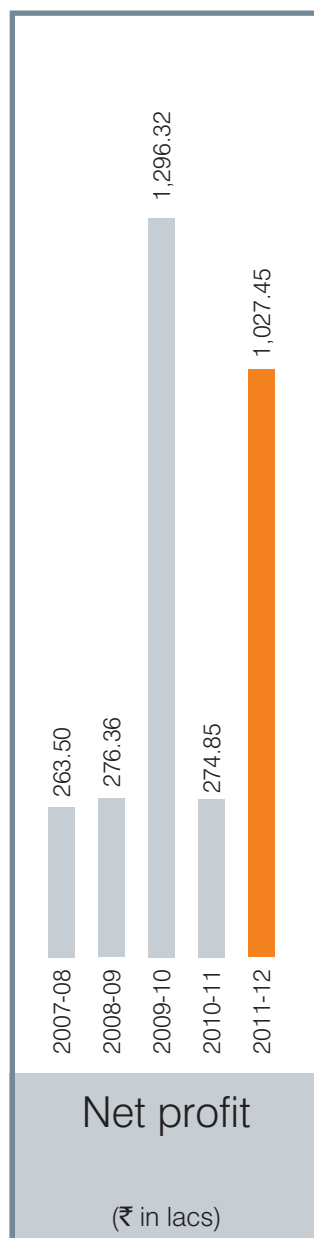
At ICL, we balance the need of conserving funds on the one hand and dividend payouts on the other. We have declared a dividend of 25% (₹0.25 per equity share of face value of ₹1) for 2011-12, up from 15% in 2010-11. We are passionate in our Company's future and with a focus on doubling our topline over the next two/three years, we expect to continue to enrich shareholder value, going ahead.



# Success of the past, excitement of the future!









On the trajectory of sustainable growth

## Unwavering focus on innovation

At ICL, we continually focus on enhancing our engineering skills, developing new products and strive to meet the customers' evolving requirements.

During the year 2011-12, we introduced a value-added product, Type-10, a 72-inch PVC Belting that was widely accepted by one of our global customers, Potash Corporation of Canada. With a wider 72 inch surface area, this product strengthens customer business by carrying a higher tonnage and transports material at a significantly lower cost.

Over 2012-13, we expect to introduce Type-12 (72-inch, 12,000 lb/ inch) PVC Belting for which we have already received confirmed orders.