



International Conveyors Limited

Annual Report
2013-14

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.

Sneak-Peak into ICL

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Corporate Information

Directors

Mr. M. P. Jhunjhunwala
Mr. L. K. Tibrawalla
Mr. A. Hussain (upto 14.02.2014)
Mr. J. S. Vanzara
Mr. K. T. Reddy
Mr. Sunit Mehra (from 17.01.2014)

Managing Director

Mr. R. K. Dabriwala

Company Secretary

Ms. Mohita Agrawal

Auditors

M/s. Lodha & Co.
Chartered Accountants
14, Government Place East
Kolkata - 700 069

Bankers

State Bank of India

Registered Office & Works I

Falta SEZ, Sector-II, Near Pump House No. 3
Village & Mouza - Akalmegh
Dist. South 24 Parganas, West Bengal - 743 504
CIN : L21300WB1973PLC028854
E-Mail : icltd@iclbeltng.com

Works-II

E-39 and H-19, MIDC Industrial Area
Chikalthana
Aurangabad - 431 006
(Maharashtra)

Corporate Office

10, Middleton Row
Kolkata - 700 071
E-Mail : investors@iclbeltng.com

Registrar & Share Transfer Agents

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

Directors Report

Dear members

Your Directors take pleasure in presenting the Forty First Annual Report of the Company with Audited Accounts for the year ended March 31, 2014.

FINANCIAL RESULTS

(Amount in ₹)

Particulars	31.03.2014	31.03.2013
Profit before depreciation and taxation	186,427,534	193,105,017
Less: Depreciation	60,031,859	48,290,580
	126,395,675	144,814,437
Less : Provisions for Taxation	42,675,380	42,493,450
Profit after taxes	83,720,295	102,320,987
Add : Profit brought from last year	38,561,148	55,983,068
Profit available for appropriation	122,281,443	158,304,055
Balance appropriated as under :		
Transfer to General Reserve	60,000,000	100,000,000
Proposed Dividend	16,875,000	16,875,000
Tax on Dividend	2,867,907	2,867,907
Balance Carried to Balance Sheet	42,538,536	38,561,148
	122,281,443	158,304,055

DIVIDEND

Your Directors are pleased to recommend dividend of ₹0.25 per share on Equity Share of ₹ 1/- each or 25 % on paid up capital (Previous year ₹ 0.25 per share on Equity Share of ₹1/- each), the consequent outflow will be ₹197.43 lacs including dividend tax (Previous year ₹ 197.43 lacs including dividend tax).

RESULT OF OPERATIONS

Your Company's operation during the year was satisfactory. The turnover of the Company including the excise duty for the year amounted to ₹13,860 lacs (Previous year ₹ 12,016 lacs).

SUBSIDIARY

In view of growing business needs and to explore opportunities for its products in the Australian, Chinese and Russian

Directors' Report

market your Company has acquired on 25th April, 2013, 100% equity shares of a newly incorporated entity under the laws of the Republic of the Singapore, Conveyor Holdings Pte. Limited ("CHPL").

CHPL owns 100% shareholding of International Conveyors Australia Pty. Limited ("ICAL"), another newly incorporated entity under the laws of Australia.

Subsequently to the acquisition, CHPL and ICAPL have become a wholly owned subsidiary of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of subsidiaries and joint-ventures have been prepared in accordance with Accounting Standard 21 of The Institute of Chartered Accountants of India which forms part of the Annual Report and are reflected in the Consolidated Accounts of the Company. The consolidated financial results include the operations of its wholly owned Subsidiary Companies viz. M/s International Belting Limited, M/s Conveyor Holdings Pte. Limited and International Conveyors Australia Pty. Limited.

In terms of section 212 of the Companies Act, 1956, your Company is required to attach the Directors Report, Balance Sheet, Statement of Profit and Loss of its subsidiary Companies to its Annual Report. However, the Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No. 2/2011, dated: 08-02-2011 has granted a general exemption to all the Companies for not attaching the above documents of subsidiaries with the Annual Report of the Holding Company, subject to compliance of the conditions specified therein. As required under the said general circular, the Board of Directors of your Company at its Meeting held on May 30, 2014 gave its specific consent for not attaching the Balance Sheet of its subsidiary, as they would be made available to its members at the Company's website.

In terms of the said notification of the MCA, a summary of the financial information of the subsidiary of your Company is provided in the Accounts portion of this Annual Report. Any member intends to have a certified copy of the Balance Sheet and other financial statements of the subsidiary may write to the Company Secretary. Accordingly, this Annual Report does not contain the reports and other statements of the subsidiary Company. These documents will also be available for inspection during the business hours at the Registered Office of the Company and also at the Registered Office of the subsidiary Company.

LISTING

The Securities of your Company are listed with the BSE Ltd. and the Calcutta Stock Exchange Limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing Fees for the year 2014-2015 have been paid to them well before the due date i.e. April 30, 2014. The Company has also paid the annual custodian fees to NSDL and CDSL for the Securities of the Company held in dematerialized mode with them for the year 2014-2015.

INSIDER TRADING REGULATIONS

Based on the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Code of Conduct for the Prevention of Insider Trading and the Code of Conduct for Directors and Senior Management Personnel continue to be in operation in your Company.

DIRECTORS

Mr. Anver Hussain (DIN: 00568329), Non Executive Independent Director of the Company (since 31st January, 2001), resigned from the Board of Directors of the Company with effect from 14th February, 2014. The Board places on record its appreciation of the contributions made by him during his tenure on the Company's Board as Directors of the Company.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Sunit Mehra (DIN: 00359482) was appointed as an Additional Director w.e.f. January 17, 2014 and he shall hold office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Mr. Sunit Mehra for appointment as a Director of the Company.

In terms of the Articles of Association of the Company, Mr. Mahadeo Prasad Jhunjunwala (DIN: 00567070) and Mr. Lakshmikant Tibrawalla (DIN: 00423521), Directors are liable to retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. In terms of Sections 149, 150, 152 and all other applicable provisions, if any, of

Directors' Report

the Companies Act, 2013, Mr. Mahadeo Prasad Jhunjhunwala (DIN: 00567070) and Mr. Lakshmikant Tibrawalla (DIN: 00423521) being eligible and offering themselves for re-appointment, are proposed to be re-appointed as Independent Directors of the Company for a term of five consecutive years from the date of this AGM. They shall not, henceforth, be liable to determination by retirement of Directors by rotation.

Pursuant to the provision of Section 196 of the Companies Act, 2013 and subject to the approval of the members in the General Meeting, the Board of Directors re-appointed Mr. Rajendra Kumar Dabriwala (DIN: 00086658) as Managing Director effective from October 1, 2014 for a period of 1 year as per the terms specified in the draft agreement to be placed before the ensuing AGM.

As per provisions of Sections 149, 150, 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Jinesh Suryakant Vanzara (DIN: 00239574) and Mr. Kunchala Thirupal Reddy (DIN: 03330182), who were appointed as Directors on the Board of International Conveyors Limited w.e.f. April 28, 2008 and February 14, 2012 respectively and are continuing as Independent Directors and who meet the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013, are proposed to be formally appointed as Independent Directors on the Board of the Company not liable to retire by rotation and shall hold office for a term of 5 consecutive years from the date of this AGM.

None of the Directors of the Company is disqualified under Section 274(1)(g) of the Companies Act, 1956. As required by law, this position is also reflected in the Auditors' Report.

In accordance with provisions of Section 149 of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges, Mr. Mahadeo Prasad Jhunjhunwala, Mr. Lakshmikant Tibrawalla, Mr. Jinesh Suryakant Vanzara and Mr. Kunchala Thirupal Reddy have given a declaration to the Company that they meet the criteria of Independence as mentioned in Section 149(6) of the Companies Act, 2013 read with Clause 49 (1) (A) (iii) of the Listing Agreement.

COMMITTEES OF THE BOARD

During the year, in accordance with the Companies Act, 2013, the Board re-constituted some of its Committees and also formed a Corporate Social Responsibility Committee. There are currently four Committees of the Board, as follows:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholder Relationship Committee
- Corporate Social Responsibility Committee

Details of all the Committees along with their charters, composition and meetings held during the year, is provided in the "Report on Corporate Governance", a part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the Provisions of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards read with the requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the Profit of the Company for the year ended on that date;
- 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
- the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

Directors' Report

AUDITORS

M/s. Lodha & Co., Chartered Accountants, Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint M/s. Lodha and Co., Chartered Accountants as Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the forty-fourth AGM to be held in the year 2017, subject to ratification of their appointment at every AGM.

The Company has received letters from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment. They have furnished to the Company a Certificate regarding eligibility for their re-appointment.

COST AUDITORS

The Company had appointed M/s. M. R. Pandit & Co., Cost Accountants as the Cost Auditor of the Company for the financial year 2013-14 to conduct the Audit of the cost records of the Company.

As per Section 148 read with the Companies (Audit & Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 the Board of Directors of the Company has appointed M/s. M.R. Pandit & Co., Cost Accountants as the Cost Auditor of the Company for the financial year 2014-15 on the recommendations made by the Audit Committee. The remuneration proposed to be paid to the Cost Auditors, subject to the ratification by the members at the ensuing Annual General Meeting, would be ₹ 1,50,000 (Rupees One Lack Fifty Thousand only).

The Cost Audit Report for the financial year 2012-13 was filed within due date. The due date for submission of the Cost Audit Report for the year 2013-14 is within 180 days from 31st March, 2014.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is set out in the Annexure to the Directors Report. Having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement executed with the Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report, Managing Director's and Auditor's Certificate regarding compliance of conditions of Corporate Governance is made a part of the Annual Report.

The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid clause 49, is attached to the Report on Corporate Governance.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Inclusive growth and sustainable development are strong pillars of your Company's responsible corporate citizenship and are a part of the core values and driving force for many of its initiatives. The Company believes that responsible investments in this regard will generate long term value for all the stakeholders.

The Companies Act, 2013 has prescribed provisions with regard to Corporate Social Responsibility. We, at International Conveyors Limited, have mapped our status with the requirements of the Act and are working towards full-fledged compliance with the law. Pursuant to the provision of Section 135 of the Companies Act, 2013, your Directors have constituted the Corporate Social Responsibility Committee comprising Mr. Mahadeo Prasad Jhunjunwala as the Chairman and Mr. Jinesh Suryakant Vanzara and Mr. Rajendra Kumar Dabriwala as other members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

Directors' Report

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed 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 provided in Annexure, which is attached to and form part of this report.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Sections 205A (5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 4, 2013 (date of last Annual General Meeting) on the Ministry of Corporate Affairs' website.

ACKNOWLEDGEMENTS

Your Directors would like to express their deep and sincere appreciation for the continued co-operation and support extended to the Company by the Government authorities, Company's Bankers, Vendors, Customers and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation to all employees for the diligence and contribution to the growth of the Company.

For and on behalf of the Board of Directors

May 30, 2014

R. K. Dabriwala
Managing Director

M. P. Jhunhunwala
Director

Annexure to the Directors' Report

Particulars pursuant to Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

The Company has always been a frontrunner in continually improving its operational performance in all areas, like production, yield, plant utilisation and others, while reducing the consumption of fuel, power, stores and others. Continuous efforts are being made to reduce energy consumption in KWH per meter in our both factories located at E-39, M.I.D.C. Area, Chikalthana, Auragabad – 431 006, Maharashtra (India) and Falta SEZ, Sector-II, Near Pump House No. 3, Village and Mouza - Akalmegh, Dist.: 24 Parganas(S), West Bengal-743504. The following steps were taken towards our objective during the year under review :

At Aurangabad, Maharashtra

- All 250 watt mercury vapour lamps are replaced with 32 watt, CFL.
- Old ACs have been replaced with, energy efficient ACs.
- All computer CRT monitors are being replaced with LED, monitors
- 3 BIG looms have been modified and all worn out gear boxes and motors have been removed.
- Rain water harvesting has been introduced.
- Roof top turbo ventilators have been installed to save electricity.
- Natural cooling tower has been designed and installed, to save electricity.
- At Aurangabad Plant the power factor is being monitored constantly and maintained at less than 1, thereby availing 7% rebate on MSEDCL power tariff every year. GTL Limited has been appointed as franchise of MSEDCL and power distribution and revenue are being managed by this private sector franchise on behalf of MSEDCL.
- Spare capacitor bank has been fitted with main power connection to improve power factor.

At Falta SEZ

- All lamp posts have been fitted with low watt CFL.
- Stagging connections have been made to control consumption.
- Fitted capacitor on individual loom to improve power utilization.
- PLC system has been introduced to reduce electricity consumption.
- Natural spray cooling tower has been installed.

Consumption per unit of production for the year 2013-14 :

Particulars	(KWH)	(₹)
Purchased Units from Electricity Board	4,192,891	31,574,115
Units generated (DG)	15,928	390,328
Total	4,208,819	31,964,443
Rate per unit	–	7.59
Consumption per meter of manufacture	9.99	–

- Major price changes took place under various heads during the year under review:
 1. Diesel Rate has been increased to ₹ 63.01 per litre from ₹ 52.76 per litre.

Annexure to the Directors' Report

- Due to price escalation, the cost of diesel consumption for running DG sets has increased from ₹ 2.23 lacs in 2012-13 to ₹3.90 lacs in 2013-14.
- Power Charges Tariff has been decreased by GTL from ₹ 7.01 in 2012-2013 to ₹ 7.00 per unit in 2013-2014.
- The power cost has been increased from 7.26 in 2012-2013 to 7.59 in 2013-2014. The net cost impact has been ₹.0.33 per Unit.

The Company presently has in total 5 Wind Mills. All these Wind Mills are generating green energy in the states of Karnataka, Maharashtra, Gujarat and in Andhra Pradesh and the same is supplied to respective state consumers through state grids.

Sl. No.	Product Name	Unit of Capacity / production	Installed Capacity in 'KWH'	Quantity produced in 'KWH'	Capacity utilised (%)	Value of Production (₹ Lakh)
1	Wind Mill at Chitradurga Dist., Karnatka	KWH	1400000.00	1277223.00	91.23	15.20
2	Wind Mill at Panchpatta Dist., Maharashtra	KWH	1600000.00	1673672.00	104.60	21.91
3	Wind Mill at kutch Dist., Gujarat	KWH	4700000.00	2212439.00	47.07	73.63
4	Wind Mill at Kurnool Dist., Phase - 1, Andhra Pradesh	KWH	1700000.00	1750576.00	102.98	100.56
5	Wind Mill at Kurnool Dist., Phase - 2, Andhra Pradesh	KWH	1700000.00	1695453.00	99.73	100.54

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company continues to use the latest technologies for improving the productive and quality of its services and products.

C. FOREIGN EXCHANGE EARNING AND OUTGO

(Amount in ₹)

	2013-14	2012-13
1. Foreign Exchange Earned		
a. Sale of Beltings	1,043,756,028	829,086,670
2. Foreign Exchange Outgo		
a. C.I.F. Value of Imports		
i. Raw Materials	317,576,134	283,538,560
ii. Components and Spare Parts	2,652,783	1,673,453
iii. Trading Goods	10,720,036	14,105,453
b. i. Traveling and Hotel Boarding Expenses	2,976,318	2,597,937
ii. Rent	–	959,130
iii. Commission	40,125,725	29,687,750
iv. Freight	62,661,788	61,563,910
v. Interest on PCFC, FCNRB-DL and Buyers Credit	4,758,926	8,669,228
vi. Other Expenses	10,207,797	11,653,114

For and on behalf of the Board of Directors

R. K. Dabriwala
Managing Director

M. P. Jhunjunwala
Director

May 30, 2014