



International Conveyors Limited

**Annual Report
2010-2011**



What's inside ?

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Shaping the *f*uture

**TO SHAPE THE FUTURE IS TO THINK NEW AND
CREATE NEWER PATHS.**

TO SHAPE THE FUTURE IS TO SET NEWER GOALS.

**TO SHAPE THE FUTURE IS TO BUILD ON THE PRESENT
AND PREPARE FOR THE TOMORROW.**

TO SHAPE THE FUTURE IS TO CAPITALIZE ON OPPORTUNITIES.

TO SHAPE THE FUTURE IS TO EXPAND REACH.

TO SHAPE THE FUTURE IS TO INTEGRATE KNOWLEDGE.

**TO SHAPE THE FUTURE IS TO THINK ON FUTURES
SUSTAINABILITY.**

**TO SHAPE THE FUTURE IS TO TAKE THE BUSINESS OF OUR
CUSTOMERS AHEAD.**



**International Conveyors Limited having
experience of the past.**

Addressing the realities of the present.

To emerge into the markets of the future.

At, International Conveyors Limited, we are shaping the future and making a reality through safe transportation of mineral resources from underground to respective pitheads and thus helping our customers to drive their business ahead.

Vision

Through an effective system of techniques and training, constantly thriving to achieve and maintain the highest quality parameters and serve customers.

Mission

The mission of ICL is to empower the dominance of the company not only in the Indian market but also through a robust expansion of its products in the international market.



Values

Excellence :

Strive relentlessly and constantly to improve offering.

Integrity :

Conduct business fairly, with “total” honesty and transparency.

Learning :

To question, share and improve.

Passion :

Passionate and committed to deliver excellence in performance.

Governance :

We are committed to best standards of safety and corporate governance practices.

Responsibility :

To serve our stakeholders, environment and community.

Our calling card

Pedigree

- ▶ Headquartered in Kolkata, ICL was incorporated during the year 1973 and commercial production started during 1979 from the Aurangabad plant.
- ▶ The Company is promoted by Kolkata based entrepreneur, Shri R. K. Dabriwala.
- ▶ The shares of the Company are listed at Bombay Stock Exchange Ltd. and The Calcutta Stock Exchange Ltd.

Product portfolio

- ▶ PVC Fire Resistant Antistatic Solid Woven Coal Conveyor Belt with an annual production capacity of 7,00,800 meters at Aurangabad in Maharashtra.
- ▶ 3.85 MW Wind Turbine Generator :
 - a) 0.6 MW Capacity at Chitradurga in Karnataka.
 - b) 0.8 MW Capacity at Ahmednagar in Maharashtra.
 - c) 1.65 MW Capacity at Kutch in Gujarat.
 - d) 0.8 MW Capacity at Tumkur in Karnataka.

Quality Accreditations

General Category:

- ▶ India - Directorate General of Supplies and Disposals Registration.
- ▶ Global - Dun & Bradstreet assigned D&B D-U-N-S Number: 86-225-1696.
- ▶ Global - ISO 9001:2008 Certification.

Country specific Mine Safety Approval (Fire Retardant Antistatic - FRAS) for product usage:

- ▶ India - Directorate General of Mines Safety (DGMS) approval conforming to IS 3181:1992 (Second Revision).
- ▶ USA - Mine Safety and Health Administration approval conforming to US-MSHA Part-14, Title 30 of Code of Federal Regulations (CFR).
- ▶ USA - Mine Safety and Health Administration approval conforming to US-MSHA Part-18, Title 30 of Code of Federal Regulations (CFR).
- ▶ Canada - Canada Centre for Mineral and Energy Technology (CANMET) conforming to CAN/CSA-M422-M87 (Reaffirmed 2005), Category A-1.
- ▶ Australia - TestSafe Australia conforming to AS 4606:2000 Grade 'S'.
- ▶ South Africa - South African Bureau of Standards conforming to SANS 971:2003.

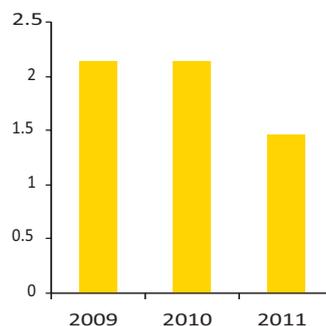
Patrons

- ▶ Domestically, the Company enjoys a market share of about 40% from customers like Bharat Coking Coal Limited (Dhanbad, Jharkhand), Central Coalfields Limited (Ranchi, Jharkhand), Eastern Coalfields Limited (Sanctoria, Asansol, West Bengal), Jayaswal Neco Industries Limited (Raipur, Chhattisgarh), Mahanadi Coalfields Limited (Sambalpur, Orissa), Monnet Ispat and Energy Limited (New Delhi), The Singareni Collieries Company Limited (Kothagudam, Andhra Pradesh), South Eastern Coalfields Limited (Bilaspur, Chhattisgarh), Sunflag Iron and Steel Company Limited (Nagpur, Maharashtra), Western Coalfields Limited (Nagpur, Maharashtra).
- ▶ Public Sector Companies account for 90% product demand in India. The balance demand is from private sector companies operating in India.
- ▶ Our international clients includes CC Components Pty Limited (Australia), Continental Mine & Industrial Supply Limited (Canada) and ICL America Limited (USA).

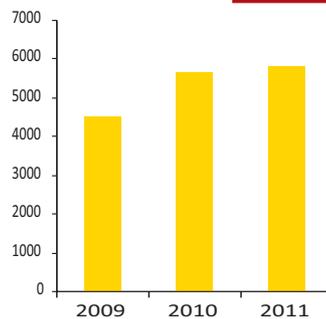
Value enhancement

Achieved a total Turnover of ₹ 7,991.31 Lacs.
Achieved a total Post-Tax Profit of ₹ 274.85 Lacs.
Achieved an EPS of ₹ 0.41 per share.
Achieved an Export Income of ₹ 5,565.75 Lacs.
Produced a total 4,33,048 Meters of PVC Fire Resistant Antistatic Solid Woven Conveyor Belt.

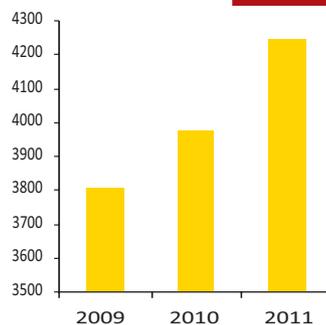
Debt Equity Ratio



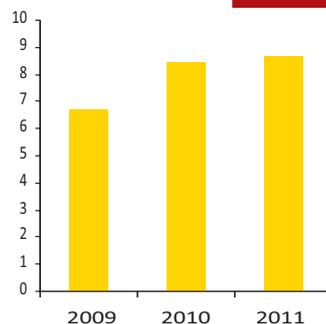
Networth



Gross Block



Book Value



International Conveyors

Compelling Strengths.
Competitive industry position.

Scale

The largest Indian listed Company engaged in the manufacture of Solid Woven Fire – Retardant Antistatic PVC Conveyor Belting for underground mining.

Product Portfolio

From Type 3 to Type 6, the most suitable grades catering to the requirements of the Indian markets and from Type 3 to Type 12, most popular ones for the overseas market.

Rich experience

No terrain has been challenging for the products of ICL. It possesses a rich experience of more than three decades into the manufacture of conveyor belting. Our products are well accepted all over.

Customers

ICL customers include public sector coal mining companies, private sector giants alongwith renowned multinationals.

The Company has maintained a steady business relationship with some of its customers for more than 30 years.

Intellectual Asset

ICL's strength lies in its intellectual manpower, which helps the company in moving ahead with their rich experience in the underground mining industry. The Company represents a prudent balance between technical personnel with hands-on experience of conveyor belting on one hand and a competent workforce on the other hand.

Caring

Besides being a business focused organisation, we also care for our employees and stakeholders. The result is clearly seen through NIL attrition during the year 2010-11.

Relationship driven

The Company enjoys long-term relationships with major suppliers of input materials in India and abroad.

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

Quality

ICL brand is synonymous with quality. The Company always try to improve upon international quality standards and practices. Thus, the products of the Company have consistently been accepted across the markets.

The result is seen through consistent product quality and a market leadership of about 40% share of the domestic market.

We are getting about 70% of our revenues from the export market

Face to Face

Managing Director
Mr. R. K. Dabriwala
explains the Company's
performance in 2010-11
with a hint of optimism on
how things will shape up
in 2011-12 and after.

The first thing that the shareholders would like to know the reasons for the decline in the performance during 2010-11?

2010-11 was a study which would always be a guiding force for our future course of actions. While we remained committed to enhance our operational efficiencies and improving our financial performances through a more deep penetration into domestic and global markets, we clearly had our share of challenges during the financial year under review.

Our total revenue declined from ₹ 8788.63 Lacs in 2009-10 to ₹ 7805.96 Lacs in 2010-11. Consequently, our Cash Profits also saw a steep decrease from ₹ 1744.75 Lacs in 2009-10 to ₹ 664.51 Lacs in 2010-11.

The input prices of raw materials which are derivatives of petroleum products increased unprecedently due to increase in crude prices. The product prices in the market place came down due to severe competition from increase in capacity all over. This resulted in our revenue declining per metre and our expenditure of raw materials increasing per metre.

What are the positives to have emerged out of the Company's performance in 2010-11?

We have undertaken a mission to reduce cost on all fronts. We are conducting audits on every aspect of our business verticals and we are trying to minimize costs, wherever possible. We expect to become lean and fit with the completion of these exercises.

What were the other positive developments in 2010-11?

The other notable developments made by the Company during 2010-11 were :

Initiatives were taken to vertically grow towards higher strength (Type-10 & above) higher width (1500 mm & above) belts for higher price realisation and better market penetration with wider basket.

Addition of a separate captive rapier weaving facility at H-19 premises, in addition to the present E-39 premises in Aurangabad to improve productivity and availability of carcass at a cheaper cost.

What is the outlook for 2011-12?

The strategies that we formulate 'now' and the discipline with which we move forward will ultimately shape the 'face of our future'.

The year 2011-12 looks better for the following reasons :

- ▶ Stability with regards to the prices of raw materials.
- ▶ The price of PVC belting is showing an upward trend, which is a positive sign.

How the Company does intend to strengthen its competitive position?

Mine conveyor belting is a safety product which requires stringent adherence to technical specifications. As a result there are only few players

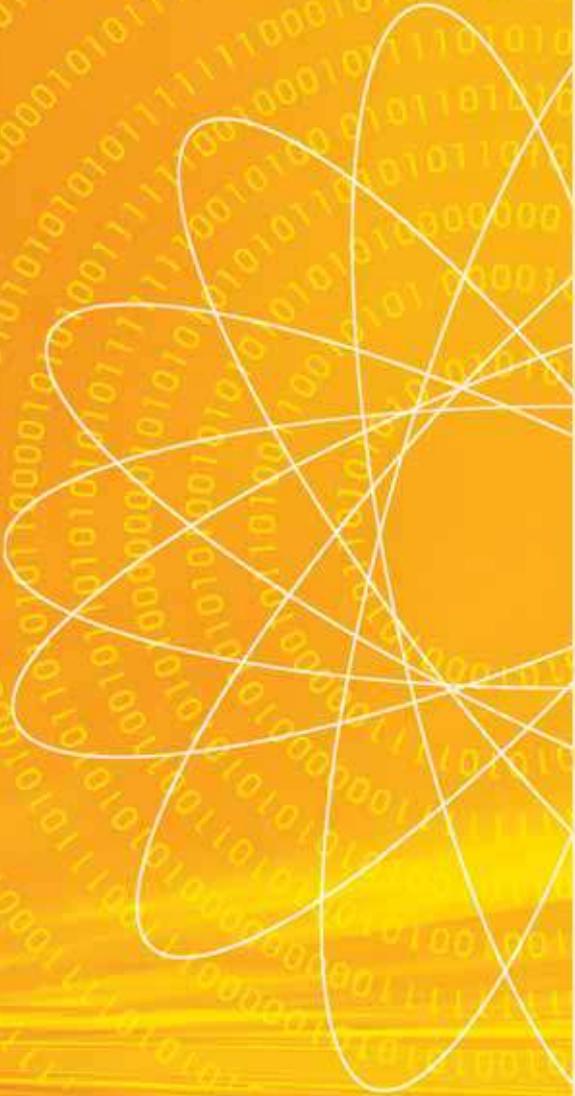
in this particular segment which can match the standards in terms of quality on various market fronts. With increase in capacity we are trying to decrease the cost of production.

Emphasis has been given to preventive maintenance for better machine output, higher productivity through manpower training and motivation and lower quality re-working through better awareness.

We have also taken initiatives for mine safety product approval from China and recertification from Australia for growth.

Did you know?

China consumes more PVC mine belting than USA, Canada, India, Australia and South Africa put together.



SPIRIT which drive us ahead
and **SHAPES** our
FUTURE

Solid Woven Fire – Retardant Anti-static PVC Conveyor Belting manufactured by International Conveyors Limited, finds its main usage in the mining industry for the safe transportation of mineral deposits from respective mines to pitheads.

Conveyor Belting are susceptible to damage due to improper alignment of belt tension, vibration, overloading, friction and catching of fire due to presence of highly inflammable methane and other gases in the mines. The conveyor belting manufactured by our company are specially designed and produced to suit the underground mines safety norms.

As Quality has always been of paramount importance to International Conveyors Limited, our Quality assurance and R&D section constantly checks the input raw materials and the finished products. The tests includes normal flame resistance – spirit burner test, tensile strength test, fastener holding strength

test and other routine tests. Over and above we conduct mini-gallery methane/propane flame test.

Customer satisfaction is the main agenda at ICL. Our Technical Service Team takes constant feedback from customers and customises them in line with the customer needs.

We always believe that, it is the quality which keeps one ahead of others. Since last three decades the Company is well supported by various certifications from different regulatory authorities.

The strategic focus of our Company is value based growth. Constant innovations and growth at our company has enhanced the brand image of our company and has made us the preferred choice of quality conscious buyers in India as well in the overseas markets.

The key to the success of our organisation lies on our people who are highly committed, dynamic assets

– and the Company continues to draw on them for its future success. It's our people technical know-how, innovative ability and performance driven mindset that enable us to move ahead & achieve success in our various modes of operations. That's why we always invest in our employees personal development through proper training and seminars to hone their skills.

The robust foundation built by our company is ready to be unleashed to address opportunities ahead.

Did you know?

Primitive conveyor belts were used since the 19th century. In 1892, Thomas Robins began a series of inventions which led to the development of a conveyor belt used for carrying coal, ores and other products

Financial Review

| | (₹ in Lacs) | |
|---------------------------------------------------------|----------------|----------------|
| | 2010-11 | 2009-10 |
| Net Sales and other income | 8128.40 | 9019.10 |
| EBITDA | 1142.38 | 2720.87 |
| Profit before Tax | 427.41 | 2057.10 |
| Profit after Tax | 274.85 | 1296.32 |
| Cash Profits | 664.51 | 1744.75 |
| Earning Per Share after extraordinary items (Basic) (₹) | 0.41 | 1.92 |

Margins

There was a decline in EBIDTA and PAT margins for the year under review. Net margins also saw a declining trend during the year under review.

- ▶ EBIDTA margin stood at 15% in 2010-11 compared with 31% in 2009-10.
- ▶ PAT margin stood at 4% in 2010-11 compared with 15% in 2009-10.

The return on capital employed stood at 10.08% in 2010-11 compared with 23.56% in 2009-10, the decline was largely owing to an increase in prices of raw materials and decline in

prices of our finished products.

Despite the decline in margins the Company's proposed dividend amounted to ₹ 101.25 Lacs in 2010-11 which is at par with the final dividend in 2009-10.

Cost Analysis

The total operating cost (excluding depreciation and financial charges) increased 12% from ₹ 6289.87 Lacs in 2009-10 to ₹ 7036.64 Lacs in 2010-11. Operating Cost, as a proportion of the total income, increased from 70% in the year 2009-10 to 86% in the year 2010-11.

Segment break up of key expenses

| Segment | Absolute Cost (₹ in Lacs) | | As a % of total cost | |
|---------------------------------------------------------------------------|------------------------------|---------|-------------------------|---------|
| | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| Material consumed (including adjustment of increase/decrease in stock) | 4911.16 | 4255.45 | 63.36 | 61.20 |
| Employee Cost | 545.56 | 477.68 | 7.04 | 6.87 |
| Power and Fuel | 256.44 | 215.36 | 3.31 | 3.10 |
| Manufacturing Expenses | 98.76 | 124.78 | 1.27 | 1.79 |
| Administrative and Selling expenses | 1174.08 | 1224.95 | 15.15 | 17.62 |

SOURCES OF FUNDS

Capital employed : The capital employed in the business escalated from ₹ 8318.53 Lacs to ₹ 9820.78 Lacs. Working capital, as a proportion of capital employed, was 80% with a substantial increase over the last year.

Networth : The company's networth per share increased by 2.74% from ₹ 8.40 per share as on 31.03.2010 to ₹ 8.63 per share as on 31.03.2011. Return on net worth stood at 4.72% in 2010-11 compared with 22.86% in 2009-10.

Equity Share Capital : Company's share capital comprised of 6,75,00,000 equity shares of ₹ 1/- each which remained unchanged from the previous year. As on 31-03-2011 the promoters share holding in the company stood at 53.18% whereas public share holding in the company stood at 46.82%.

Debt equity ratio

| 2008-09 | 2009-10 | 2010-11 |
|---------|---------|---------|
| 2.13 | 2.14 | 1.46 |

Gross Block : The company's gross block increased marginally by 6.83% from ₹ 3976.66 Lacs in 2009-10 to ₹ 4248.25 Lacs in 2010-11, owing to investment in Plant & Machinery and other tangible and intangible fixed assets. The Company provided depreciation as per the written down value method. Addition to the gross block was around ₹ 272 Lacs. The depreciation charge declined by 13.11% from ₹ 448.43 Lacs in 2009-10 to ₹ 389.66 lacs in 2010-11, reducing the deferred tax liability by 7.97% from ₹ 11.82 Lacs in 2009-10 to ₹ 10.88 Lacs in 2010-11.

Investments : The company's investment increased by 7.50% from ₹ 400.12 Lacs in 2009-10 to ₹ 430.12 Lacs in 2010-11, the principal portion being long term in nature.

Working Capital : The Company's working capital increased substantially by 28.59% from ₹ 6099.06 Lacs in 2009-10 to ₹ 7842.56 Lacs in 2010-11, indicating company's growing scale of operations. Net Current Assets, as a proportion of capital employed, stood at 79.86% in 2010-11 as compared to 73.32% in 2009-10.

Inventory : Inventory increased from ₹ 613.67 Lacs in 2009-10 to ₹ 741.22 Lacs in 2010-11 even as turnover decreased.

Sundry Debtors : Debtors constituted 37.56% of the total current assets as on 31.03.2011 and it increased 80% from ₹ 1894.44 Lacs in 2009-10 to ₹ 3418.98 Lacs in 2010-11. Out of the total debtors, only 12.84% were over six months old while the balance were considered good and fully recoverable.

Cash and Bank balances : The company's cash and bank balance was ₹ 307.28 Lacs in 2010-11, considered sufficient, while almost 96% lay in the deposit account.

Loans and Advances : Loans and Advances, constituting 50.92% of the company's total current assets, increased from ₹ 4430.28 Lacs in 2009-10 to ₹ 4635.53 Lacs in 2010-11.

Current Liabilities and Provisions : The company's current liabilities increased 21.90% from ₹ 1033.98 Lacs in 2009-10 to ₹ 1260.46 Lacs in 2010-11, attributed mainly to an increase in sundry creditors.

Taxation : The company made a total tax provision of ₹ 152.55 Lacs in 2010-11.



CORPORATE INFORMATION

DIRECTORS

Shri M. P. Jhunjhunwala
Shri L.K. Tibrawalla
Shri A. Hussain
Smt. R. Dalmia
Shri J. S. Vanzara

MANAGING DIRECTOR

Shri R. K. Dabriwala

COMPANY SECRETARY

Ms. Alka Malpani

AUDITORS

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

BANKERS

State Bank of India

REGISTERED OFFICE

10, Middleton Row
Kolkata - 700 071
West Bengal, India
E-mail - investors@iclbeltng.com

WORKS

E-39 and H-19, M.I.D.C. Industrial Area
Chikalthana
Aurangabad - 431 210
Maharashtra, India

REGISTRAR & SHARE TRANSFER AGENTS

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

NOTICE

NOTICE is hereby given that the 38th Annual General Meeting of **INTERNATIONAL CONVEYORS LIMITED** will be held at 10, Middleton Row, Kolkata - 700 071 on Wednesday the 28th day of September 2011 at 3:30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account of the company for the year ended 31st March, 2011, 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, 2011.
3. To appoint a Director, in place of Shri M. P. Jhunjhunwala who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director, in place of Shri A. Hussain 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 Special Resolution :
"RESOLVED THAT pursuant to Sections 198, 269, 309 & Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to all such approvals as may be required, the Company hereby approves the payment of remuneration to Shri R. K. Dabriwala as Managing Director of the Company for the period from April 1, 2010 to March 31, 2011 as set out in the explanatory statement annexed hereto as minimum remuneration in case the Company has in any financial year no profits or if its profits are inadequate with the liberty to the Board of Directors (the "Board") to revise, amend, alter and vary the terms and conditions of his remuneration in such manner as may be permitted in accordance with the provisions of the Companies Act, 1956 and Schedule XIII or any modification thereto and as recommended by the Remuneration Committee and as may be agreed to by the Board and Shri R. K. Dabriwala.
RESOLVED FURTHER THAT the Board or any committee thereof be and is hereby authorized to do and perform all such acts, deeds, matter and things as may be considered desirable or expedient to give effect to this resolution."
7. To consider and, if thought fit, to pass, with or without modifications the following resolution as Special Resolution :
"RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311 & Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to all such approvals as may be required, the Company hereby approves the reappointment and payment of remuneration to Shri R. K. Dabriwala as Managing Director of the Company for a further period of one year effective from October 1, 2011 on the terms and conditions as set out in the explanatory statement annexed hereto and also draft agreement submitted to this meeting, with the liberty to the Board of Directors (the "Board") to revise, amend, alter and vary the terms and conditions of his appointment and remuneration in such manner as may be permitted in accordance with the provisions of the Companies Act, 1956 and Schedule XIII or any modification thereto and as recommended by the Remuneration Committee and as may be agreed to by the Board and Shri R. K. Dabriwala.
RESOLVED FURTHER THAT the Board or any committee thereof be and is hereby authorized to do and perform all such acts, deeds, matter and things as may be considered desirable or expedient to give effect to this resolution."

Registered Office :
10, Middleton Row
Kolkata - 700 071
Date : May 28, 2011

By Order of the Board
For **INTERNATIONAL CONVEYORS LTD.**

Alka Malpani
Company Secretary



NOTICE

NOTES :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxy forms 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.

The Register of Members and Transfer Books of the Company will be closed from 20th September, 2011 to 28th September, 2011, both days inclusive.

As per the amendments to the Companies Act, 1956 the dividends for the year 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 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.

Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrar and Share Transfer Agents, M/s Maheshwari Datamatics Private Limited.

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.

At the ensuing Annual General Meeting Shri M. P. Jhunjunwala and Shri A. Hussain, retires by rotation and, being eligible, seek re-appointment. Pursuant to Clause 49 of the Listing Agreement relating to the Code of Corporate Governance, brief particulars of the aforesaid Directors to be re-appointed are given below :

Profiles of Directors seeking re-appointment at the ensuing AGM

Shri M. P. Jhunjunwala

| | |
|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of birth | 02.05.1928 |
| Qualifications | B. Com. |
| Expertise and experience in specific functional areas | He has 63 years of experience in the field of Finance and Taxation, Corporate Legal Matters, Administrative and Functional areas of Corporate Entity. He is also having thorough knowledge of Direct and Indirect Taxation. Shri M. P. Jhunjunwala has got in-depth knowledge of Capital Market and Stock Market, Funding and their administration. |
| Directorship/Partnership held in other Companies as on 31.03.2011 | Nil |
| Membership in other Board Committees as on 31.03.2011 | Remuneration Committee, Shareholders Committee and Audit Committee of the Company. |
| Shareholding in the Company as on 31.03.2011 | 200 Equity shares |

NOTICE

Shri A. Hussain

| | |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Birth | 28.12.1941 |
| Qualifications | G.C.E. - University of Cambridge |
| Expertise and Experience in specific functional areas | He has 40 years of experience in the field of PVC Coal Conveyor Belting Industry. He is one of the founder Director of the Company. Shri A. Hussain has got in depth knowledge of PVC belting manufacturing process, raw material sources worldwide and end use details and requirements. He is well versed with competitions, Government restrictions and product compliance norms. |
| Directorships/Partnership held in other companies as on 31.03.2011 | International Belting Limited |
| Membership in other Board Committees as on 31.03.2011 | Nil |
| Shareholding in the Company as on 31.03.2011 | Nil |

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

At the 36th Annual General Meeting (AGM) of the Company held on 17th September, 2009 the shareholders had approved the reappointment and terms of remuneration of Shri R. K. Dabriwala as Managing Director of the Company for a further period of 2 years with effect from October 1, 2009. The profits of the Company during the year ended on March 31, 2011 were inadequate due to stiff competition both in domestic and overseas markets. The payment of existing remuneration to the Managing Director shall be as per Schedule XIII to the Companies Act, 1956. Further a special resolution has to be passed at a General Meeting of the Company for payment of such remuneration from April 1, 2010 to September 30, 2011. The Board of Directors at its meeting held on May 28, 2011, have pursuant to the recommendation of Remuneration Committee had approved the payment of such remuneration in view of inadequate profits of the Company. The Salary, perquisites and allowances as mentioned below are the same as approved by the shareholders at their AGM held on 17th September, 2009.

- I. **SALARY** : ₹ 1,75,000/- p.m. (Rupees One Lac Seventy Five Thousand Only)
- II. **PERQUISITES**
 - A. (1) a) The expenditure incurred by the company in hiring unfurnished accommodation in Kolkata, subject to a ceiling of 50% of salary, over and above 10% of such salary being payable by him.
 - b) In case no accommodation is provided by the Company, House rent allowance will be paid subject to ceiling laid down in (a) above.
 - (2) Medical expenses re-imburement for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
 - (3) Leave Travel concession for self and family once in a year subject to a ceiling of one month's salary.
 - (4) Club fee (other than admission fees') subject to a maximum of two clubs.
 - (5) Personal accident insurance of which premium shall not exceed ₹ 15,000/- per annum.
- B. (1) Gratuity of half a month's salary for each completed year of service.
- (2) Leave-one month's leave for every eleven months' service with full pay and allowances and also encashment of unutilized leave at the end of tenure.
- C. (1) Car for use of Company's business.
- (2) One Telephone at residence for official purposes.



NOTICE

Perquisites referred above under category 'A', 'B', & 'C', except for B(2), C(1) and C(2) shall be restricted per annum to the annual salary earned.

III. COMMISSION

1% of Net Profits of the Company in a particular year subject to overall ceilings laid down in Sections 198 & 309 of the Companies Act, 1956.

IV. In case of loss or inadequacy of profits in any financial year, only remuneration by way of salary and perquisites as detailed in Part I & II aforesaid shall be paid by way of minimum remuneration.

Item No. 7

The Present term of appointment of Shri Rajendra Kumar Dabriwala as Managing Director of the Company expires on September 30, 2011. His re-appointment as Managing Director, for a further period of One Year from October 01, 2011 was recommended by the Remuneration Committee and approved by the Board of Directors in their meeting held on May 28, 2011. The re-appointment and other terms and conditions, need approval of the members. Hence this resolution at point no.7. The proposed agreement shall be available for inspection of any member during 11:00 hours to 12:30 hours on all working days at the Registered office. The remuneration proposed does not require approval of Central Government being in terms of Schedule XIII of the Companies Act, 1956. Considering all aspects, the Board has approved and now proposes for your consideration the terms and conditions of his re-appointment.

The material provisions of the draft agreement approved by the Board are as follows :

I. **SALARY** : ₹ 1,75,000/- p.m. (Rupees One Lac Seventy Five Thousand Only)

II. PERQUISITES

A. (1) a) The expenditure incurred by the company in hiring unfurnished accommodation in Kolkata, subject to a ceiling of 50% of salary, over and above 10% of such salary being payable by him.

b) In case no accommodation is provided by the Company, House rent allowance will be paid subject to ceiling laid down in (a) above.

(2) Medical expenses re-imburement for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

(3) Leave Travel concession for self and family once in a year subject to a ceiling of one month's salary.

(4) Club fee (other than admission fees') subject to a maximum of two clubs.

(5) Personal accident insurance of which premium shall not exceed ₹ 15,000/- per annum.

B. (1) Gratuity of half a month's salary for each completed year of service.

(2) Leave-one month's leave for every eleven months' service with full pay and allowances and also encashment of unutilized leave at the end of tenure.

C. (1) Car for use of Company's business.

(2) One Telephone at residence for official purposes.

Perquisites referred above under category 'A', 'B', & 'C', except for B(2), C(1) and C(2) shall be restricted per annum to the annual salary earned.

III. COMMISSION

1% of Net Profits of the Company in a particular year subject to overall ceilings laid down in Sections 198 & 309 of the Companies Act, 1956.

IV. In case of loss or inadequacy of profits in any financial year, only remuneration by way of salary and perquisites as detailed in Part I & II aforesaid shall be paid by way of minimum remuneration.

The remuneration is justified having regard to the responsibilities, which he is called upon to bear as a Managing Director of the Company.

NOTICE

The Managing Director shall have substantial powers of management of entire affairs of the Company subject to overall control of the Board of Directors of the Company.

In compliance with Section 309 of the Companies Act, 1956 and considering the responsibility and functions of the Managing Director and his experience in the business activities of the company, the terms and remuneration specified above are commensurate.

Except Shri R. K. Dabriwala and Smt. R. Dalmia, none of the director is concerned or interested in resolution No. 6 & 7.

The Board of Directors of your Company recommends these resolutions for your approval.

The accompanying Notice together with the Explanatory Statement be treated as an abstract of the terms of re-appointment of Shri R. K. Dabriwala and memorandum of Interest under Section 302 of the Companies Act, 1956.

The statement as required under Clause 1(B) of Section II, Part II of the Schedule XIII of the Companies Act, 1956 with reference to the item no(s). 6 & 7 are as follows :

I. General information :

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| 1. Nature of Industry | Manufacturing of solid woven, fabric-reinforced, PVC-impregnated and PVC-coated fire retardant anti-static conveyor belting. |
| 2. Date or expected date of commencement of commercial production | Existing Company, already commenced commercial production in 1979. |
| 3. In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Existing Company, not applicable. |
| 4. Financial Performance based on given indicators | Given at the end of this table.* |
| 5. Export performance and net foreign exchange | As described in point no. B12.II. of Notes on Accounts. |
| 6. Foreign Investment of Collaborators, if any | NIL |

II. Information about the appointee, Shri R. K. Dabriwala :

- | | |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Background details | Shri R. K. Dabriwala (age 71) has done his JEDP from IIM-C and has completed his OPM from HBS. He is a member of various Merchant Chambers and Export Promotion Council. Shri R. K. Dabriwala, Managing Director of the Company, looks after day-to-day affairs of the company, supported by a number of experienced professionals. He is the driving force behind the success of this Organisation. He is having 46 years of experience in the Conveyor belt industry. The Company has made tremendous progress due to his efforts. |
| 2. Past Remuneration | Salary ₹ 1,75,000/- per month plus Commission and Perquisites more fully described in the Explanatory statement, as existing remuneration is proposed to be paid after re-appointment. |
| 3. Recognition or awards | The Company has received an ISO 9001:2008 certificate from Bureau Veritas Certification (India) Private Limited for design development manufacture and marketing of Solid Woven Fire Resistant Anti-static PVC Conveyor Belts for mines and industrial applications under the leadership of Shri R. K. Dabriwala. |



NOTICE

4. Job profile and his suitability

Subject to the supervision and control of the Board of Directors, Shri R. K. Dabriwala is in overall in-charge of running the affairs of the company including Budgeting, Funding, and Corporate affairs. He is also looking after the general administration, banking, finance, sales and purchase. He is a dynamic industrialist. As a Managing Director he has played a key role in making the Company single largest manufacturer of PVC belting. Incorporated in 1973 with an installed capacity of 60,000 mtrs. p.a., today the Company has an installed capacity of 7,00,800 mtrs. p.a. The Company has made tremendous growth under his leadership.

The Company would certainly be benefited if he continues to be Managing Director of the Company and his efforts and guidance would make ideal platform for the continued growth and development of the Company.

5. Remuneration proposed

Existing Salary ₹ 1,75,000/- per month plus Commission and Perquisites more fully described in the Explanatory statement.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

The proposed remuneration is well below the remuneration drawn by the peers of this industry.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any

Shri R. K. Dabriwala is a Promoter Managing Director holding 54,12,620 shares consisting of 8.02% of the paid-up capital of the Company. Smt. Ritu Dalmia, promoter-director is the daughter of Shri R. K. Dabriwala. No other managerial personnel have any relationship with him.

III. Other information

1. Reasons of loss or inadequate profits

The profits of the Company during the year ended on March 31, 2011 were inadequate due to stiff competition both in domestic and overseas markets and unprecedented price rise in the input raw material.

2. Steps taken or proposed to be taken for improvement

The Company is making efforts to realise higher prices on sales and cut cost on various fronts to improve the situation.

3. Expected increase in productivity and profits in measurable terms

The steps taken by the Company may results in improvement in the profits provided other conditions remains constant and favourable.

IV. Disclosures

1. The shareholders of the Company shall be informed of the remuneration package of the managerial person

As more fully described in the Explanatory statement above.

NOTICE

2. The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report :

- (i) All elements of remuneration package such as salary , benefits, bonuses, stock options, pension, etc. of all the directors;
- (ii) Details of fixed component and performance linked incentives along with the performance criteria;
- (iii) Service contracts, notice period, severance fees;
- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

The requisite details as required under the Listing Agreement are given in the Corporate Governance Report for the financial year ended March 31, 2011.

The Company does not have a policy of granting Stock Options to its employees.

N.A.

N.A.

N.A.

*Financial Performance based on given indicators as per point no. I.4

(Amount in ₹ Lacs)

| Particulars | Three Months Ended | | Year Ended | |
|---------------------------------------------------|---------------------------|---------------------------|-------------------------|-------------------------|
| | 31.03.2011 (Unaudited) | 31.03.2010 (Unaudited) | 31.03.2011 (Audited) | 31.03.2010 (Audited) |
| Net Sales/Income from Operations | 2,439 | 1,821 | 7,806 | 8,789 |
| Other Income | 98 | 44 | 322 | 230 |
| Total Income | 2,537 | 1,865 | 8,128 | 9,019 |
| Total Expenditure (including adjustment of Stock) | 2,158 | 1,617 | 6,986 | 6,299 |
| Interest | 104 | 56 | 325 | 215 |
| Depreciation | 83 | 115 | 390 | 448 |
| Profit/(Loss) before Tax & Exceptional Item | 192 | 77 | 427 | 2,057 |
| Exceptional item | – | – | – | – |
| Tax Expense | 70 | 36 | 153 | 761 |
| Net Profit/(Loss) | 122 | 41 | 274 | 1,296 |

Registered Office :
10, Middleton Row
Kolkata - 700 071
Date : May 28, 2011

By Order of the Board
For **INTERNATIONAL CONVEYORS LTD.**

Alka Malpani
Company Secretary



DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Audited Accounts of the Company for the year ended 31.03.2011

WORKING RESULTS

(Amount in ₹)

| | 31.03.2011 | 31.03.2010 |
|-------------------------------------------|--------------------|---------------------|
| Profit before Depreciation and Taxation | 8,08,74,242 | 26,74,37,683 |
| Less : Depreciation | 3,89,66,395 | 4,48,43,163 |
| | 4,19,07,847 | 22,25,94,520 |
| Add/(Less) : Exceptional Item | 8,32,699 | (1,68,84,123) |
| | 4,27,40,546 | 20,57,10,397 |
| Less : Provisions for Taxation | 1,52,55,593 | 7,60,78,647 |
| Profit after Taxes | 2,74,84,953 | 12,96,31,750 |
| Add : Profit brought from last year | 1,71,33,614 | 31,53,584 |
| Profit available for Appropriation | 4,46,18,567 | 13,27,85,334 |
| Balance appropriated as under : | | |
| Transfer to General Reserve | 1,00,00,000 | 9,98,96,502 |
| Interim Dividend | – | 33,75,000 |
| Final Proposed Dividend | 1,01,25,000 | 1,01,25,000 |
| Tax on Dividend | 16,42,529 | 22,55,218 |
| Balance Carried to Balance Sheet | 2,28,51,038 | 171,33,614 |
| | 4,46,18,567 | 13,27,85,334 |

DIVIDEND

Your directors are pleased to recommend dividend of ₹ 0.15 per share on Equity Share of ₹ 1/- each or 15% on paid-up capital (Previous year ₹ 0.15 per share on Equity Share of ₹ 1/- each), the consequent outflow will be ₹ 117.68 Lacs including dividend tax (Previous year ₹ 157.55 Lacs including interim dividend and dividend tax).

OPERATIONS

Your Company's operation during the year suffered due to unprecedented price increase in input materials and severe competition in the market. The turnover of the Company including the excise duty for the year amounted to ₹ 7991.31 Lacs (Previous year ₹ 9024.61 Lacs).

FUTURE PROSPECTS

Your Directors are of the opinion that both domestic as well as export would grow in the coming year. Your Company is well placed in both domestic and overseas markets.

DIRECTORS

Shri M. P. Jhunjunwala and Shri A. Hussain, Directors of the Company are liable to retire by rotation and being eligible offer themselves for reappointment.

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 :

DIRECTORS' REPORT

- 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, 2011 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 Eighth Annual General Meeting and offer themselves for re-appointment. They have furnished to the Company a Certificate regarding eligibility for their re-appointment.

PARTICULARS OF EMPLOYEES

The Company has not paid aggregate remuneration of ₹ 60,00,000/- or more per annum and has not employed any person for a part of the year with a remuneration of ₹ 5,00,000/- or more per month as per Section 217(2A) of the Companies Act, 1956.

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.

ACKNOWLEDGEMENTS

The directors commend the continued commitment and dedication of employees at all levels. The directors also wish to place on record their appreciation for the valuable co-operation and assistance extended by the State Bank of India & The State Industrial and Investment Corporation of Maharashtra Ltd.

For and on behalf of the Board of Directors

Place : Kolkata
Date : May 28, 2011

R. K. Dabriwala
Managing Director

M. P. Jhunjhunwala
Director

L. K. Tibrawalla
Director

Encl. : Information under Section 217(1)(e).



DIRECTORS' REPORT

ANNEXURE - I

Disclosure of Particulars 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 and forming part of the Directors Report for the year ended March 31, 2011.

A. CONSERVATION OF ENERGY

Continuous efforts are being made to reduce energy consumption in KWH per meter. The following steps were taken towards our objective during the year under review:

- a) Express Feeder line commissioned in 2009-10, has helped in reducing diesel consumption for running DG Sets from ₹ 8.78 Lacs in 2009-10 to ₹ 3.44 Lacs
- d) Consumption per unit production

in 2010-11, despite production having increased from 3,49,330 mtrs in 2009-10 to 4,33,048 mtrs in 2010-11.

- b) The power factor is being monitored constantly and maintained at less than 1, thereby availing 5% rebate on MSEDCL power tariff every month.
- c) The Company has set up four Wind Mills which are generating green energy in the States of Karnataka, Maharashtra and Gujarat and same is supplied to respective state consumers through state grids. The Company is in the process of setting up of two more Wind Mills in the state of Andhra Pradesh.

| | (KWH) | (₹) |
|----------------------------------------|-----------|-------------|
| i) Purchased Unit MSEB | 42,30,480 | 2,26,15,497 |
| ii) Units generated (DG) | 34,123 | 3,76,377 |
| iii) Total | 42,64,603 | 2,29,91,874 |
| iv) Rate per Unit | – | 5.39 |
| v) Consumption per mtr. of manufacture | 10.35 | – |

MSEDCL had effected increase in HT power tariff during the year under review - (i) from ₹ 5.05/unit to ₹ 5.27/unit w.e.f. October 2010.

B. FOREIGN EXCHANGE EARNING AND OUTGO

(Amount in ₹)

| | 2010-2011 | 2009-2010 |
|-------------------------------------------------|--------------|--------------|
| 1. Foreign Exchange Earned | | |
| a) Sale of Beltings | 38,26,06,493 | 57,41,74,590 |
| 2. Foreign Exchange Outgo | | |
| a) C.I.F. Value of Imports | | |
| i) Raw Materials | 15,75,17,382 | 17,02,47,698 |
| ii) Components & Spare Parts | 6,14,777 | 6,51,519 |
| iii) Trading Goods | 78,68,230 | 60,55,519 |
| b) i) Travelling Expenses | 17,49,589 | 18,74,876 |
| ii) Rent | – | 16,43,520 |
| iii) Commission | 1,78,908 | 1,55,62,817 |
| iv) Freight | 1,42,16,854 | 3,34,75,520 |
| v) Interest on PCFC, FCNRB-DL and Buyers Credit | 18,15,264 | 22,83,270 |
| vi) Other Expenses | 50,50,964 | 28,58,103 |

For and on behalf of the Board of Directors

Place : Kolkata
Date : May 28, 2011

R. K. Dabriwala
Managing Director

M. P. Jhunjhunwala
Director

L. K. Tibrawalla
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Material Handling Systems are the backbone of a modern mining operation - without efficient conveying, mine production would be severely compromised. This efficiency of the conveyor system depends heavily on properly designed conveyor belting.

In underground mining, normally a conveyor belt is heavily abused, working under extremely arduous conditions, having to resist ripping, impact, abrasion, bacteria and ingress of polluted water, which sometimes is highly acidic.

International Conveyors Limited (ICL) is a vertically integrated plant i.e. ICL designs and weaves its own carcass and uses the best of polymer technology to produce solid woven PVC mine conveyor belting primarily for underground use.

ICL solid woven PVC underground mining conveyor belt is the first choice of many mines in USA and Canada, as well as domestically all over India. Over the years, the Company's brand has been strengthened through the active product management by the Company's R & D Division comprising continuous evaluation, testing and feedback analysis. The unique properties of our belting are as follows :

- Fire resistant and anti-static properties, which meet the most stringent safety standards in the world.
- High resistance to edge wears.
- A solid woven one piece carcass with no risk of ply separation.
- Impervious to attack from acid, water, oil, bacteria and chemicals.
- Cover which form an intergral bond preventing any form of belt delamination.
- High resistance to impact damage.
- High resistance to longitudinal tears.
- Excellent retention of mechanical fasteners.

OPPORTUNITIES AND THREATS

The industry witnessed a recessive trend for most of the year in USA and Canada, which brought down the output selling

“ ICL SOLID WOVEN PVC UNDERGROUND MINING CONVEYOR BELT IS THE FIRST CHOICE OF MANY MINES IN USA AND CANADA, AS WELL AS DOMESTICALLY ALL OVER INDIA ”

price. Despite this, because of the quality of ICL belting, we have reasonable demand. Besides, it is a matter of satisfaction that the market in USA is coming out of the recessive trend.

China and Australia are emerging to be large markets and the Company has submitted samples in both these countries for test and we are glad to inform, that both the fire and physical tests have passed in these two countries. The Company is now waiting approvals from them.

SEGMENT-WISE AND PRODUCT-WISE PERFORMANCE

The segment wise and product wise performance of the Company are given in the notes to accounts for the year ended March 31, 2011.

OUTLOOK

Despite the recent recessive trend, the Company has maintained a firm and steady growth in production and sales, though the realisation in price is somewhat lower. The Company has quoted domestically to The Singareni Collieries Co. Ltd. and Coal India Limited, the two major buyers in India. We are pleased to inform that the former has placed a sizeable order.

RISKS AND CONCERNS

In the normal course of business, the Company is exposed to certain financial risks, principally payment risk, competitor risk, foreign exchange risk, risks associated with compliance, environment, industry, reputation etc. These risks are managed through risk management policies that are designed to minimise the potential adverse effects of these risks on financial performance. The policies are reviewed and approved by the Board.

The Risk Management framework of the Company ensures, amongst others, compliance with the requirements of Clause 49 of the Listing Agreement. The framework establishes risk management across all service areas and functions of the Company, and has in place procedures to inform the Board Members about the risk assessment and minimization process. These processes are periodically reviewed to ensure that the management of the Company controls risks through a defined framework.

INTERNAL CONTROL SYSTEMS

The Company has appropriate internal control systems for business process, covering operations, financial reporting and compliance with applicable laws and regulations. Clearly defined roles and responsibilities for all managerial positions



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

drive adherence of defined processes. Operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The audit committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, as appropriate.

FINANCIAL PERFORMANCE

During the year, the Company recorded Net Sales of ₹ 7806 lacs in 2010-11 as compared to ₹ 8789 lacs in 2009-10. The Company derived 28.70% of its sales from within India. Exports constituted 71.30%. Profit before Tax were at ₹ 427 lacs and

Profit after Tax were at ₹ 275 lacs for the year ended 31.03.2011 as compared to ₹ 2057 lacs and ₹ 1296 lacs for the financial year ended 31.03.2010 respectively.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Intellectual capital is the biggest asset of our Company. It has large, efficient and dedicated staff strength, comprising professionals from diverse backgrounds like experts in company law & secretarial field, engineering, finance, management, business supervisors, operators and sub staff. In addition to the above, a highly competent, skilled and semi-skilled work force is also engaged in the factory at Aurangabad.

RISK MANAGEMENT

The Company is fully committed to strengthen its risk management capability on continuous basis in order to protect and enhance shareholder value. Further, the risk management framework ensures compliance with the requirements of amended Clause 49 of the Listing Agreement. The framework establishes risk management processes across all businesses and functions of the Company. These processes are periodically reviewed to ensure that the Management controls risks through properly defined framework.

The Company has already undertaken an extensive Risk Management effort to accomplish the following goals :

- responds to the Board's need for enhanced risk information and improved mitigation measures;
- provides the ability to prioritize, manage and monitor the risks in the business; and
- formalizes the explicit requirements for assessing risks on an ongoing basis, including an effective internal control and management reporting system.

Some of the key risks affecting your Company are illustrated below :

1

Economic Risk

Due to the increase in the cost of number of inputs and raw materials used by the Company, it is faced with the threat of pressure on margins on sales.

Mitigation measures :

To counter this, the Company has taken various steps such as upgrading and expanding manufacturing capacities, developing new source of raw materials and increasing efforts on R&D. In addition, cost control measures are an ongoing process.

To avoid price volatility for critical items, the company tries to enter into long term contracts.

2

Competitor Risk

The Company is exposed to the risk of competition, as the market is highly competitive with the entry of new players.

Mitigation measures :

The Company continues to focus on increasing its market share and taking marketing initiatives that help customers in taking better-informed decisions. The quality improvement efforts have established the brand image of the product as the most preferred brand with the customers.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

3

Foreign Exchange Risk

Considering the large exports and imports of raw material, the Company is exposed to the risk of fluctuation in the exchange rates.

Mitigation measures :

The Company has adopted a comprehensive risk management review system wherein it hedges its foreign exchange exposures within defined parameters wherever required, through use of hedging instruments such as forward contracts, options and swaps. However part of exchange risk is hedged by imports and exports itself.

4

Industrial Risk

The Company is exposed to labour unrest risk, which may lead to production slowdown ultimately resulting in plant shutdown.

Mitigation measures :

Labour relations have been excellent throughout the year in spite of strong labour union. It is the result of such cordial and harmonious relations that not a single man-day has been lost in the last 11 years. The Company believes that labour relations will continue to remain excellent.

5

Environment Risk

The Company is exposed to the risk of Environment and Pollution Controls, which is required to be controlled.

Mitigation measures :

The Company is committed to the conservation of the environment and has adopted the latest technology for pollution control. The Company continues to adhere to the policy of pollution control and has valid Pollution Control Certificate from Maharashtra Pollution Control Board. The Company is adhering strictly to the emission norms applicable for the industry. However Company's manufacturing process does not entail any hazardous pollutants.

6

Payment Risk

The Company is exposed to the defaults by customers in payments.

Mitigation measures :

Evaluating the credit worthiness of the customers has minimized the risk of default by the customers.

7

Reputational Risk

Reputational risk arises owing to negligence of various concerns such as environmental protection, social responsibility, governance and operation rules and regulations that can lead to a total loss of goodwill and reputation of the Company in the financial world.

Mitigation measures :

The Company regularly reviews its policies and procedures to safeguard it against reputational and operational risks. The Company has always aspired to the highest standards of conduct and, as a matter of practice, takes account of reputational risks to its business.

8

Compliance related Risk

Compliance risk is the risk of loss caused by failure in compliance with domestic and overseas laws and regulations.

Mitigation measures :

The Company has appointed a Company Secretary and Compliance Officer and also professionals having requisite expertise in various fields to ensure compliance with all laws and statutory requirement under any Act and also ensure transparent and water tight documentation.



CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's commitment to the principles of transparency, integrity, professionalism and accountability in all its dealings is the foundation of its continuous endeavour to create sustainable value for all its pursuit, the Company places highest emphasis on business ethics and had adopted high standards of Corporate Governance practices across all its business activities. Today, these strong governance systems have helped the Company promote an industry-wide initiative of developing 'responsible infrastructure'.

Corporate Governance at ICL is an ongoing process and the Company continuously strives to improve upon its practices in line with the changing demands of the business environment. The Board of Directors play an active role in fulfilling its fiduciary obligations to shareholders by efficiently overseeing management functions to ensure their effectiveness in delivering shareholder value. The Management assumes overall responsibility for developing the Company's strategic goals and executing the functional operations of the business within the broad guidelines and directions approved by the Board.

And, this governance framework is made effective through an efficient system of timely disclosures and transparent business practices.

Some aspects of Corporate Governance related to the year 2010-2011 are appended below :

(A) Board of Directors :

(i) Composition

The Board of Directors comprises of 1 (One) Managing Director and 5 (Five) Non-Executive Directors. The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the period under review.

The composition of the Board of Directors with their shareholdings as on 31.03.2011 and their attendance at the Board Meetings held during the year and also at the last Annual General Meeting alongwith the number of other Directorship and Committee Membership, as required under Clause 49 of the Listing Agreement are given below :

| Sl. No. | Name of Directors | Category | No. of Board Meetings attended | Attendance at last AGM | No. of other Directorship/ Partnership | Membership of other Committees of the Company | | Shares held (Nos.) |
|---------|-------------------------|------------------------------------------|--------------------------------|------------------------|----------------------------------------|-----------------------------------------------|----------------------------|--------------------|
| | | | | | | Member | Chairman | |
| 1 | Shri R. K. Dabriwala | Executive Non-Independent Director | 6 | Yes | 7 | 1 | – | 54,12,620 |
| 2 | Shri M. P. Jhunjhunwala | Non-Executive Independent Director | 6 | Yes | – | 3 | 1 (Remuneration Committee) | 200 |
| 3 | Shri L. K. Tibrawalla | Non-Executive Independent Director | 5 | Yes | 12 (includes partnership in two firms) | 3 | 1 (Shareholders Committee) | 36,000 |
| 4 | Shri A. Hussain | Non-Executive Independent Director | 3 | No | 1 | – | – | – |
| 5 | Smt. Ritu Dalmia | Non-Executive - Non-Independent Director | 1 | No | 2 | – | – | 8,26,286 |
| 6 | Shri J. S. Vanzara | Non-Executive Independent Director | 6 | Yes | 9 (includes partnership in one firm) | 2 | 1 (Audit Committee) | – |

CORPORATE GOVERNANCE REPORT

(ii) Meetings of the Board of Directors

The meetings of the Board are held at the registered office of the Company at 10, Middleton Row, Kolkata - 700 071. During the year under review 6 (Six) Board Meetings were held on 17-05-2010, 30-07-2010, 27-09-2010, 03-11-2010, 15-11-2010 and 09-02-2011.

The Agenda for every meeting is prepared and the same is circulated in advance to every directors. The Board meets at least once in every quarter to review the quarterly results and other items on the Agenda. The information as required under Annexure 1A to Clause 49 of the Listing Agreement are made available periodically to the Board. Details of Directors seeking reappointment in the 38th Annual General Meeting are being circulated with the Notice convening the Annual General Meeting. The Board periodically reviews the compliance reports to various laws applicable to the Company and takes steps to rectify instances of non-compliance, if any. Copies of Minutes of the Board Meetings are circulated among the members of the Board for their comments, if any.

(B) Board Committees :

(i) Shareholders Committee

The Shareholders Committee Meetings have been held as required to oversee and ensure that the shareholders' and the investors' grievances in relation to transfer of shares, non receipt of Annual Report, etc., are attended to promptly and properly.

Composition and Meetings

The Committee comprises of Shri R. K. Dabriwala, Mg. Director and 2 (two) Non-Executive Independent Directors viz. Shri L. K. Tibrawalla and Shri M. P. Jhunjunwala. Shri L. K. Tibrawalla is the Chairman of the Committee. The Company Secretary acts as the secretary to the Committee. During the year under review the Committee met on 17th May, 2010 and 30th July, 2010. Each member had attended the committee meetings held on the dates mentioned above.

The Company did not have any investors' complaint at the beginning of the year 2010-2011 and at the end of the year.

(ii) Remuneration Committee

Remuneration of employees largely consists of base remuneration, perquisites, bonus, exgratia, etc. The components of the total remuneration vary for different cadres/grades and are governed by industry pattern, qualification and experience of the employee,

responsibilities handled by him, individual performance, etc. The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent in the organisation, reward merits and protect organizational stability & flexibility.

Composition and Meetings

The Remuneration Committee comprises of 3 (three) Non-executive Independent Directors, Shri M. P. Jhunjunwala, Shri L.K. Tibrawalla and Shri J. S. Vanzara. Shri M. P. Jhunjunwala is the chairman of the Committee. The Remuneration Committee Meeting is being held to recommend/determine the remuneration package of the Managing Director or senior officers just below the Board level based on performance and defined criteria in consonance with the existing industrial practice. During the year not a single meeting was held of the Remuneration Committee as there was no remuneration package to be decided for any senior officers.

(iii) Audit Committee

The broad terms and reference of Audit Committee are to oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible and to review the remuneration of Internal Auditors and Statutory Auditors.

Composition and Meetings

The Audit Committee has been constituted following the provisions of section 292A of the Companies Act 1956, and the guidelines set out in the Listing Agreements with the Stock Exchanges. The Audit Committee of the Company consists of 3 (three) Non-Executive Independent Directors, Shri M. P. Jhunjunwala, Shri L. K. Tibrawalla and Shri J. S. Vanzara. Shri J. S. Vanzara is the Chairman of the Committee. The Company Secretary acts as the secretary to the Committee. The Senior Finance Manager & Asst. Company Secretary, the Statutory Auditor and the Internal Auditor of the Company are permanent invitees at the meetings of the Committee. During the year under review, the Committee met on 17th May 2010, 30th July 2010, 15th November 2010 and 9th February 2011. Each member had attended all committee meetings held at the respective dates mentioned above except Shri L. K. Tibrawalla who was not present in one meeting held on 15th November 2010.

The Audit Committee acts as a link between the management, statutory auditors, internal auditors and



CORPORATE GOVERNANCE REPORT

the Board of Directors. The terms of reference of the Audit Committee include those specified under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956 such as :

- The adequacy of the Internal Audit function and observations of the Internal Auditors.
- Compliance with Accounting Standards.
- Compliance with the Listing Agreement and other legal requirements concerning financial statements and related party transactions.

- The appointment and removal of Internal Auditors, fixation of audit fees and also approval of payment for any other services.
- Quarterly/half yearly results and the Audited Financial Results before they are submitted to the Board.
- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Disclosure of contingent liability, if any.

(C) Details of Directors' remuneration for the year ended 31st March, 2011 :

| Name | Salary | Perquisites | Contribution to Gratuity Fund | Commission | Sitting Fees | Total |
|------------------------------------------|-----------|-------------|-------------------------------|------------|--------------|-----------|
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| i) Executive Director | | | | | | |
| Mr. R. K. Dabriwala Managing Director | 21,00,000 | 12,67,281 | 1,00,962 | — | — | 34,68,243 |
| ii) Non-Executive Directors | | | | | | |
| Mr. M. P. Jhunjhunwala | — | — | — | — | 37,000 | |
| Mr. L. K. Tibrawalla | — | — | — | — | 30,000 | |
| Mr. A. Hussain | — | — | — | — | 12,000 | |
| Mr. J. S. Vanzara | — | — | — | — | 35,000 | |
| Mrs. R. Dalmia | — | — | — | — | 4,000 | 1,18,000 |
| | | | | | | 35,86,243 |

(D) General Body Meetings :

The last three Annual General Meetings of the Company were held as under :

| Financial year | Date | Time | Location | No. of Special Resolution Passed |
|----------------|------------|-----------|-------------------------------------------------------------------------------------|----------------------------------|
| 2009-2010 | 27-09-2010 | 3:30 P.M. | Calcutta Chamber of Commerce 18H Park Street, Stephen Court Kolkata - 700 071 | — |
| 2008-2009 | 17-09-2009 | 4:00 P.M. | 10, Middleton Row, Kolkata - 700 071 | — |
| 2007-2008 | 22-09-2008 | 4:00 P.M. | 10, Middleton Row, Kolkata - 700 071 | 1 |

(E) Postal Ballot :

During the financial year ended March 31, 2011, one "Special Resolution under section 149(2A) of the Companies Act, 1956 for commencement and carrying on the business as stated in sub clause (3) of clause (B) being objects incidental and ancillary to the attainment of the Main Object as per Clause 3 being Object Clause of Memorandum of Association of the Company", was passed through Postal Ballot under provisions of section 192A of the Companies Act, 1956 and the Companies (Passing of the resolution by Postal Ballot) Rules 2001. Mr. K. C. Dhanuka, a Practicing Company Secretary was appointed as the Scrutinizer to conduct the said Postal Ballot process.

CORPORATE GOVERNANCE REPORT

The Postal Ballot Notice and accompanying documents were dispatched to shareholders under certificate of posting. A calendar of events was submitted to the Registrar of Companies, West Bengal.

After scrutinizing all the ballot forms received, the Scrutinizer reported that shareholders representing 88.21% of the total voting strength voted in favour of the resolutions, based on which the results were declared and the resolutions were carried by the requisite majority.

(F) Disclosures :

(i) Disclosure by Key managerial persons about related party transactions

All related party transactions have been entered into in the ordinary course of business and are placed periodically before the Audit Committee in summary form. There are no significant related party transactions that would have potential conflict with the interests of the Company at large. Details of related party transactions are given in the point 13 of Schedule 18(B) of Notes to Accounts of the Annual Report.

(ii) Disclosure of Accounting treatment

The applicable accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 have been followed in preparation of the financial statements of the Company.

(iii) Board Disclosures - Risk Management

During the year ended 31.03.2011, the Company continues to follow the established risk assessment/minimization procedure. These procedures for risk assessment and minimization which are being updated/formalized have been disclosed in the segment Risk Management.

(iv) Matters related to capital market

The Company has complied with all the requirements of the Listing Agreement of the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties/strictures have been imposed on the Company by SEBI, Stock Exchanges or any other Statutory Authority on any matter relating to capital markets during the last three years.

The Company complies with all the requirements of the listing agreement including the mandatory requirements of Clause 49 of the agreement.

(v) Management Discussion & Analysis Report

The Management Discussion & Analysis Report is attached and forms part of the Directors' Report.

(vi) Code of conduct

The Company has adopted a code of conduct for its

Board of Directors and Senior Management personnel and the same has been posted on the Company's website (www.iclbelting.com). The declaration of the Managing Director is annexed.

(vii) Status of Non- Mandatory requirements

The Company continues to follow the following non-mandatory requirements on Corporate Governance recommended under clause 49 of the listing agreement.

- The Company has a Remuneration Committee comprising three Non-executive Independent directors.
- The Company is moving towards the regime of unqualified financial statements.

The Company does not have any Whistle Blower Policy. However any employee, if he/she so desires, would have free access to meet Senior Level Management and report any matter of concern.

Other non-mandatory requirements viz. Shareholder Rights, Training of Board Members and Tenure of Independent Directors, Mechanism for performance evaluation of non-executive Board Members will be implemented by the Company when required and/or deemed necessary by the Board.

(viii) CEO & CFO's Certification

The CEO of the Company has given a certificate to the Board of Directors as per Clause 49(V) of the Listing Agreement for the year ended 31.03.2011.

(ix) Means of Communication

The Company's quarterly/yearly financial results are published in widely circulated national and local dailies like The Financial Express, Business Standard and Kalantar (Regional).The Company's results and official news releases were displayed on the BSE's website.

(x) Disclosure under Clause 53 of the Listing Agreement regarding certain agreements with the media companies

Pursuant to the requirement of Clause 53 of the Listing Agreement, the Company would like to inform that no agreement(s) have been entered with media companies and/or their associates which has resulted/will result in any kind of shareholding in the Company and consequently any other related disclosures viz. details of nominee(s) of the media companies on the Board of the Company, any management control or potential conflict of interest arising out of such agreements, etc. are not applicable. Nor has the Company entered into any other back to back treaties/contracts/agreements/MoUs or similar instruments with media companies and/or their associates.



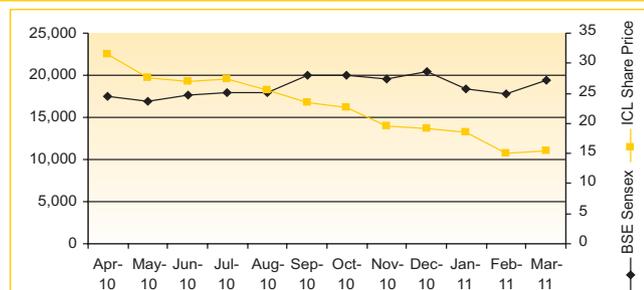
CORPORATE GOVERNANCE REPORT

(G) GENERAL SHAREHOLDERS' INFORMATION :

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) Annual General Meeting | 38th Annual General Meeting Date : 28th September, 2011 Time : 3:30 P.M. Venue : 10, Middleton Row, Kolkata - 700 071 |
| (ii) Financial Calendar Year | April 1, 2011 to March 31, 2012 |
| (iii) For adoption of quarterly results - Quarter ending 30th June, 2011 - Quarter ending 30th September, 2011 - Quarter ending 31st December, 2011 - Year and quarter ending 31st March, 2012 | Expected date Last week of July, 2011 Last week of October, 2011 Last week of January, 2012 Last week of May, 2012 |
| (iv) Book closure | 20th September, 2011 to 28th September, 2011 (both days inclusive) |
| (v) Dividend payment date | 1st October, 2011 |
| (vi) Listing on Stock Exchange | The Company's shares are listed at : (i) The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata - 700 001 (ii) Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 Listing fees for the year 2011-2012 have been paid to all the aforesaid Stock Exchanges. |
| (vii) Stock Codes | 019039 (CSE) & 509709 (BSE) |

(viii) Stock Market Price Data for the year 2010-2011 :

| Month | ICL Stock Price (BSE) | | | | SENSEX (BSE) | | |
|-----------------|-----------------------|---------|-------------|--------------|--------------|----------|----------|
| | High (₹) | Low (₹) | Closing (₹) | Volume (BSE) | High | Low | Closing |
| April, 2010 | 32.80 | 26.00 | 31.45 | 4,32,925 | 18047.86 | 17276.80 | 17558.71 |
| May, 2010 | 32.75 | 23.50 | 27.60 | 4,22,889 | 17536.86 | 15960.15 | 16944.63 |
| June, 2010 | 27.90 | 24.90 | 27.00 | 2,73,441 | 17919.62 | 16318.39 | 17700.90 |
| July, 2010 | 27.85 | 25.35 | 27.30 | 3,00,479 | 18237.56 | 17395.58 | 17868.29 |
| August, 2010 | 29.80 | 20.50 | 25.55 | 29,55,349 | 18475.27 | 17819.99 | 17971.12 |
| September, 2010 | 26.90 | 22.25 | 23.55 | 25,95,455 | 20267.98 | 18027.12 | 20069.12 |
| October, 2010 | 27.00 | 22.20 | 22.55 | 20,45,029 | 20854.55 | 19768.96 | 20032.34 |
| November, 2010 | 24.55 | 17.60 | 19.65 | 6,02,980 | 21108.64 | 18954.82 | 19521.25 |
| December, 2010 | 21.00 | 15.00 | 19.05 | 41,354 | 20552.03 | 19074.57 | 20509.09 |
| January, 2011 | 23.00 | 16.00 | 18.45 | 75,747 | 20664.80 | 18038.48 | 18327.76 |
| February, 2011 | 19.60 | 14.60 | 15.05 | 1,56,476 | 18690.97 | 17295.62 | 17823.40 |
| March, 2011 | 17.75 | 13.90 | 15.50 | 64,552 | 19575.16 | 17792.17 | 19445.22 |



CORPORATE GOVERNANCE REPORT

(ix) Registrar and Share Transfer Agents

The Company has engaged Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001 (MDPL), a SEBI registered Share Transfer Agent for processing transfer, sub-division, consolidation, splitting of securities, etc. Since the trading of Company's shares can now be done in the dematerialised form, requests for dematerialisation of shares should be sent directly to MDPL who after processing, give confirmation to the respective depositories i.e. National Securities Depository Limited

(NSDL) and Central Depository Services (India) Ltd. (CDSL).

(x) Share Transfer System

Share transfers are registered and the certificates are returned within the period of 30 days from the date of lodgement if the documents are complete in all respects. As per directives issued by the SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. The Company offers the facility of transfer cum dematerialization to its shareholders.

(xi) Distribution of Shareholding as on 31.03.2011 :

| No. of Shares | No. of Shareholders | No. of Shares held | % of holding to total Shares |
|-----------------|---------------------|--------------------|------------------------------|
| 1-500 | 1,292 | 2,39,648 | 0.3550 |
| 501-1000 | 248 | 2,17,362 | 0.3220 |
| 1001-2000 | 153 | 2,55,533 | 0.3786 |
| 2001-3000 | 51 | 1,34,598 | 0.1994 |
| 3001-4000 | 33 | 1,23,958 | 0.1836 |
| 4001-5000 | 20 | 96,050 | 0.1423 |
| 5001-10000 | 42 | 3,07,195 | 0.4552 |
| 10001 and above | 95 | 6,61,25,656 | 97.9639 |
| Total | 1,934 | 6,75,00,000 | 100.0000 |

(xii) Pattern of Shareholding as on 31.03.2011 :

| Sl. No. | Category | No. of Shareholders | Total No. of Shares | Percentage of Shareholdings |
|----------|-------------------------------------------------------------------------|---------------------|---------------------|-----------------------------|
| 1 | Promoters Group | | | |
| | Individuals/HUF (Indian) | 8 | 1,93,50,986 | 28.6681 |
| | Individuals (NRI/Foreign Individuals) | 1 | 79,74,000 | 11.8133 |
| | Bodies Corporate (Indian) | 4 | 85,71,320 | 12.6983 |
| | Total shareholding of promoter and promoter group | 13 | 3,58,96,306 | 53.1797 |
| 2 | Non-Promoter Group | | | |
| | Indian - Bodies Corporate | 91 | 9,50,135 | 1.4076 |
| | Indian - Individual holding nominal share capital upto ₹ 1 Lakh | 1,787 | 29,61,294 | 4.3871 |
| | Indian - Individual holding nominal share capital in excess of ₹ 1 Lakh | 4 | 13,80,878 | 2.0457 |
| | Foreign Institutional Investors | 5 | 2,62,02,400 | 38.8184 |
| | Non-resident Individuals | 27 | 1,05,703 | 0.1566 |
| | Clearing Member | 7 | 3,284 | 0.0049 |
| | Total Public Shareholding | 1,921 | 3,16,03,694 | 46.8203 |



CORPORATE GOVERNANCE REPORT

(xiii) **Dematerialisation of Shares :**

99.2731% of the Company's total shares representing 6,70,09,360 shares were held in dematerialised form as on 31.03.2011 and the balance 0.7269% representing 4,90,640 shares were in physical form.

(xiv) **Demat ISIN Number in NSDL & CDSL :** INE575C01027

(xv) **Number of Employees :**

Location wise break-up of the number of employees of the Company as on 31.03.011 :

| Sl. No. | Location | No. of Employees |
|---------|------------------|------------------|
| 1 | H.O. | 20 |
| 2 | Aurangabad Works | 94 |
| | Total | 114 |

(xvi) **Factory Locations :**

E-39 and H-19, M.I.D.C. Area, Chikalthana
Aurangabad - 431 210, Maharashtra (India)

(xvii) **Shareholders' Correspondence :**

For transfer/dematerialisation of shares and any other query relating to the shares of the company, please contact :

Maheshwari Datamatics Pvt. Ltd.

(Registrar & Share Transfer Agents of our company)

6, Mangoe Lane, Kolkata - 700001

Telephone Nos. : 033 2243 5809/5029

E-mail - mdpl@cal.vsnl.net.in

(xviii) **Reconciliation of Share Capital and Audit Report :**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted share capital with National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL) and the total issued and listed capital on quarterly basis. The report thereon is submitted to the Listed Stock Exchanges. The audit confirms that the total Listed and paid-up Capital is in agreement with total number of shares in physical forms and total number of dematerialised shares held with NSDL & CDSL.

(xix) **Service of documents through electronic mode :**

As a part of Green Initiatives, the members who wish to receive the notice/documents through e-mail, may kindly intimate their e-mail address to the Company's Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001.

For any query on Annual Report, etc.
please contact :

International Conveyors Limited

10, Middleton Row

Kolkata - 700 071

For and on behalf of the Board of Directors

Place : Kolkata

Date : May 28, 2011

R. K. Dabriwala
Managing Director

M. P. Jhunjhunwala
Director

L. K. Tibrawalla
Director

CORPORATE GOVERNANCE REPORT

DECLARATION BY THE MANAGING DIRECTOR ON THE CODE OF CONDUCT

Pursuant to Clause 49 of the Listing Agreement with stock exchanges, I, R. K. Dabriwala, Managing Director of International Conveyors Limited, declare that all the Board Members and Senior Executives of the company have affirmed their compliance with the Code of Conduct during the year ended 31.03.2011.

Place : Kolkata
Date : May 28, 2011

R. K. Dabriwala
Managing Director

AUDITORS CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To the Members of
International Conveyors Limited

We have examined the compliance of conditions of corporate governance by International Conveyors Limited for the year ended March 31, 2011 as stipulated in clause 49 of the Listing Agreement entered into by Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement. The Company has established risk assessment/minimization and internal control procedures which are being updated/formalised.

We state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **LODHA & CO.**
Chartered Accountants
Firm's ICAI Registration No : 301051E

H. K. Verma
Partner
Membership Number : 055104

Place : Kolkata
Date : May 28, 2011



AUDITORS' REPORT

The Members

International Conveyors Limited

1. We have audited the attached Balance Sheet of **INTERNATIONAL CONVEYORS LIMITED** as at 31st March, 2011 and the Profit & 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) Order, 2003 ('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. 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, 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 and the Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with 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 2011 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 2011 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 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 2011;

ii) In so far as it relates to the Profit & 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
Firm's ICAI Registration No : 301051E

H. K. Verma
Partner
Membership Number : 055104

Place : Kolkata
Date : May 28, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 2 of the Auditors' Report of even date to the members of International Conveyors Limited)

- i. Fixed Assets
 - a. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets;
 - b. The management during the year has physically verified all fixed assets. According to the information and explanations given to us, there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. As explained, no material discrepancies have been noticed on such verification;
 - c. The Company has not disposed off substantial part of the fixed assets during the year, which could affect the going concern status of the Company.
- ii. Inventory
 - a. As informed, the inventory except stock in transit and stock lying with third parties, have been physically verified during the year by the management at reasonable intervals.
 - b. In our opinion and according to information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company is maintaining proper records of inventory and according to the information and explanations given to us, the discrepancies noticed on physical verification was not material.
- iii. Loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act :
 - a. The Company has granted unsecured loans to five companies which are covered in the register maintained under Section 301 of the Act. The maximum amount outstanding at any time during the year in respect of such loans granted was ₹ 23,40,45,620 and the year end balance ₹ 17,40,71,813 from four Companies.
 - b. In our opinion, the rate of interest and other terms and conditions on which the unsecured loans and mentioned in (a) above are prima facie not prejudicial to the interest of the Company.
 - c. In respect of the loans granted by the Company, there were no stipulations with respect to repayment of principal amounts. As such, we are unable to comment on the regularity or otherwise of repayment of such loans. However, interest on such loans is being received regularly.
 - d. As informed to us, having regard to the terms and conditions of the loans as mentioned above, there are no overdue amount outstanding in respect of such loans and interest thereon.
 - e. The Company has taken unsecured loans from four companies which are covered in the register maintained under Section 301 of the Act. The maximum amount outstanding at any time during the year in respect of such loans taken were ₹ 3,98,49,859 and the year-end balance was ₹ 2,29,35,612 from three parties.
 - f. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under Section 301 of the Act are not, prima facie, prejudicial to the interest of the Company.
 - g. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of the interest. The Company have repaid the principal amounts as stipulated and have been regular in the payment of the interest.
- iv. In our opinion and according to information and having regard to the explanation given to us that certain items of raw materials are of special nature and comparative alternative quotations are not obtained, in our opinion the internal control procedures of the Company relating to purchase of inventory, fixed assets and for the sale of the goods are commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. Transaction covered under Section 301 of the Act :
 - a. According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act,



ANNEXURE TO THE AUDITORS' REPORT

1956 have been entered in the register required to be maintained under the section.

- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. According to the information and explanations given to us, the Company has not accepted any deposits from the public covered under Sections 58A, 58AA or any other relevant provision of the Act and rules framed thereunder.
- vii. The Company has appointed a firm of Chartered Accountants for carrying out the internal audit periodically and the same is commensurate with the size and nature of its business in respect of the area covered during the year. However the scope and extent of the same needs to be enlarged.
- viii. As per the information and explanations given to us, the Central Government has prescribed for the maintenance of cost records in respect of wind energy Unit. *The*

Company is yet to establish the costing system and compile the records prescribed under Section 209 (1)(d) of the Act in respect of the said unit. In respect of other products, as informed to us, the Central Government has not prescribed for the maintenance of such records.

- ix. Statutory Dues
 - a. According to the information and explanations given to us, undisputed statutory dues including, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it have generally been regularly deposited in time during the year with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March, 2011.
 - b. According to the information and explanations given to us, the details of income tax, wealth tax, service tax, sales tax, custom duty, excise duty and cess, not deposited on account of any dispute are as follows:

| Name of the Statute | Nature of the Dues | Relating to the year | Amount (₹) | Forum where dispute is pending |
|----------------------|--------------------|----------------------|------------|--------------------------------------|
| Income Tax Act, 1961 | Income Tax | 2003-2004 | 3,33,207 | Commissioner of Income Tax (Appeals) |
| Custom Act, 1962 | Custom Duty | 1996-97 | 17,35,119 | Supreme Court |

- x. The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of any dues, to financial institutions or banks.
- xii. According to the information and explanations given based on documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provision of the clause 4(xiii) of the Order are not applicable to the Company.
- xiv. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4 (xiv) Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the corporate guarantees given to banks by the Company for body corporates for ₹ 1970 Lacs are, prima facie, not prejudicial to the interest of the Company.
- xvi. According to the information and explanations given to us, the Company has not taken any term loan during the year.
- xvii. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that, there are no funds raised on short-term basis have been used for long-term

ANNEXURE TO THE AUDITORS' REPORT

- investments.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix. According to information and explanations given to us, the Company has not issued any debentures during the year.
- xx. The Company has not raised monies by public issues during the year.
- xxi. During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such case by the management.

Place : Kolkata
Date : May 28, 2011

For **LODHA & CO.**
Chartered Accountants
Firm's ICAI Registration No : 301051E

H. K. Verma
Partner
Membership Number : 055104



BALANCE SHEET AS AT MARCH 31, 2011

(Amount in ₹)

| | Schedule | As at 31st March, 2011 | As at 31st March, 2010 |
|--------------------------------------------------|----------|---------------------------|---------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Fund | | | |
| Share Capital | 1 | 6,75,00,250 | 6,75,00,250 |
| Reserves and Surplus | 2 | 51,53,43,038 58,28,43,288 | 49,96,25,614 56,71,25,864 |
| Loan Funds | | | |
| Secured Loans | 3 | 27,95,06,267 | 25,55,51,036 |
| Unsecured Loans | 4 | 11,97,28,220 39,92,34,487 | 91,76,297 26,47,27,333 |
| Deferred Tax Liability | | 10,87,623 | 11,81,750 |
| TOTAL | | 98,31,65,398 | 83,30,34,947 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | 5 | 42,48,25,011 | 39,76,66,059 |
| Less : Depreciation | | 28,33,71,519 | 24,87,84,183 |
| Net Block | | 14,14,53,492 | 14,88,81,876 |
| Capital Work-in-Progress | | 1,44,43,915 15,58,97,407 | 3,42,35,158 18,31,17,034 |
| Investments | 6 | 4,30,12,381 | 4,00,12,381 |
| Current Assets, Loans and Advances | | | |
| Inventories | 7 | 7,41,22,507 | 6,13,67,086 |
| Sundry Debtors | 8 | 34,18,98,380 | 18,94,44,097 |
| Cash and Bank Balances | 9 | 3,07,28,548 | 1,94,63,755 |
| Loans and Advances | 10 | 46,35,52,767 | 44,30,28,461 |
| | | 91,03,02,202 | 71,33,03,399 |
| Less : Current Liabilities & Provisions | 11 | 12,60,46,592 | 10,33,97,867 |
| Net Current Assets | | 78,42,55,610 | 60,99,05,532 |
| TOTAL | | 98,31,65,398 | 83,30,34,947 |
| Accounting Policies and Notes to Accounts | 18 | | |

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For & on behalf of the Board

For **LODHA & CO.**

Chartered Accountants

H. K. Verma

Partner

Place : Kolkata

Date : May 28, 2011

R. K. Dabriwala
Managing Director

M. P. Jhunjunwala
Director

L. K. Tibrawalla
Director

Alka Malpani
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

| | Schedule | Year ended 31st March, 2011 | Year ended 31st March, 2010 |
|-------------------------------------------------------------------------------------------------------|----------|--------------------------------|--------------------------------|
| INCOME | | | |
| Sales (Less : Returns, Claims etc) | | 79,91,31,044 | 90,24,60,658 |
| Less : Excise Duty | | 1,85,35,169 | 78,05,95,875 |
| Other Income | 12 | 3,22,44,311 | 2,35,97,972 |
| Accretion/(Decretion) in Stock | 13 | 50,62,371 | 87,88,62,686 |
| | | 81,79,02,557 | 2,30,47,415 |
| | | | (8,36,558) |
| | | | 90,10,73,543 |
| EXPENDITURE | | | |
| Materials Manufacturing and Other Expenses | 14 | 53,16,99,474 | 45,87,22,960 |
| Payments to and Provisions for Employees | 15 | 5,45,56,346 | 4,77,67,933 |
| Administrative, Selling and Other Expenses | 16 | 11,74,08,342 | 12,24,95,742 |
| | | 70,36,64,162 | 62,89,86,635 |
| Profit before Interest, Depreciation and Tax | | 11,42,38,395 | 27,20,86,908 |
| Interest and Finance Charges | 17 | 3,25,31,454 | 2,15,33,348 |
| Depreciation | 5 | 3,89,66,395 | 4,48,43,163 |
| Profit before Tax | | 4,27,40,546 | 20,57,10,397 |
| Provision for Taxation | | | |
| - Current | | 1,53,50,000 | 7,71,00,000 |
| - Deferred | | (94,127) | (10,21,353) |
| - Tax for earlier year | | (280) | – |
| | | 1,52,55,593 | 7,60,78,647 |
| Profit after Taxation | | 2,74,84,953 | 12,96,31,750 |
| Profit brought forward from previous year | | 1,71,33,614 | 31,53,584 |
| Amount Available for Appropriation | | 4,46,18,567 | 13,27,85,334 |
| Appropriations | | | |
| Transferred to General Reserve | | 1,00,00,000 | 9,98,96,502 |
| Interim Dividend | | – | 33,75,000 |
| Proposed Dividend | | 1,01,25,000 | 1,01,25,000 |
| Tax on Dividend | | 16,42,529 | 22,55,218 |
| Balance Carried to Balance Sheet | | 2,28,51,038 | 1,71,33,614 |
| | | 4,46,18,567 | 13,27,85,334 |
| Earning Per Share Basic/Diluted (Face Value of Re. 1 each) (Refer Note No. B11 (i) of Schedule 18) | | 0.41 | 1.92 |
| Accounting Policies and Notes to Accounts | 18 | | |

Schedules referred to above form an integral part of the Profit & Loss Account

As per our report of even date

For & on behalf of the Board

For **LODHA & CO.**

Chartered Accountants

H. K. Verma

Partner

Place : Kolkata

Date : May 28, 2011

R. K. Dabriwala
Managing Director

M. P. Jhunjunwala
Director

L. K. Tibrawalla
Director

Alka Malpani
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

| | Year ended 31st March, 2011 | Year ended 31st March, 2010 |
|-----------------------------------------------------|--------------------------------|--------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax | 4,27,40,546 | 20,57,10,397 |
| Adjustment for : | | |
| Depreciation | 3,89,66,395 | 4,48,43,163 |
| Provision for doubtful debts and advances | – | 36,83,366 |
| (Profit)/Loss on Sale of Fixed Assets (Net) | (38,137) | (26,96,622) |
| Liquidated Damages/Rebate & Discount | 15,583 | 1,38,151 |
| Dividend from Long Term Investment | (61,971) | (28,171) |
| Interest Paid | 3,25,31,454 | 2,15,33,348 |
| Interest Received | (2,75,60,372) | (1,71,84,628) |
| Liability Written off/back (Net) | (14,20,184) | (1,274) |
| Operating Profit before Working Capital Changes | 8,51,73,314 | 25,59,97,730 |
| Adjustment for : | | |
| Trade and Other Receivables | (9,13,59,600) | (8,16,92,794) |
| Inventories | (1,27,55,421) | 3,12,913 |
| Trade and other Payables | 2,28,17,073 | (44,48,661) |
| | (8,12,97,948) | (8,58,28,542) |
| Cash generated from Operation | 38,75,366 | 17,01,69,188 |
| Direct Taxes (paid)/Refund received | (1,77,54,176) | (7,76,71,018) |
| Net Cash from/(used in) Operating Activities | (1,38,78,810) | 9,24,98,170 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (1,63,80,733) | (3,13,85,227) |
| Sale of Fixed Assets | 46,72,101 | 1,08,75,055 |
| (Purchase)/Sale of Investments | (30,00,000) | (1,47,53,244) |
| Loans Given | (8,35,82,471) | (7,06,96,603) |
| Dividend received | 61,971 | 28,171 |
| Interest received | 3,20,12,728 | 55,23,990 |
| Net Cash from/(used in) Investing Activities | (6,62,16,404) | (10,04,07,858) |

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

| | Year ended 31st March, 2011 | Year ended 31st March, 2010 |
|----------------------------------------------------------|--------------------------------|--------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Borrowings | 13,45,07,154 | 5,22,71,008 |
| Dividend Paid (Including Corporate Dividend Tax on that) | (1,17,69,235) | (95,50,536) |
| Interest paid | (3,13,77,912) | (2,31,99,576) |
| Net Cash from/(used in) Financing Activities | 9,13,60,007 | 1,95,20,896 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 1,12,64,793 | 1,16,11,208 |
| Cash and Cash Equivalents at the beginning of the year | 1,94,63,755 | 78,52,547 |
| Cash and Cash Equivalents at the end of the year | 3,07,28,548 | 1,94,63,755 |

Note :

Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 : "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.

This is the Cash Flow Statement referred to in our report of even date.

For & on behalf of the Board

For **LODHA & CO.**

Chartered Accountants

H. K. Verma

Partner

Place : Kolkata

Date : May 28, 2011

R. K. Dabriwala

Managing Director

M. P. Jhunjunwala

Director

L. K. Tibrawalla

Director

Alka Malpani

Company Secretary



SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

| | As at 31st March, 2011 | As at 31st March, 2010 |
|----------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| SCHEDULE 1 SHARE CAPITAL | | |
| Authorised : | | |
| 9,80,00,000 Equity Share of ₹ 1/- each (Previous year 9,80,00,000 Equity Share of ₹ 1/- each) | 9,80,00,000 | 9,80,00,000 |
| 20,000 Preference Share of ₹ 100/- each | 20,00,000 | 20,00,000 |
| | 10,00,00,000 | 10,00,00,000 |
| Issued, Subscribed and Paid-up : | | |
| 6,75,00,000 Equity Shares of ₹ 1/- each (Previous year 6,75,00,000 Equity Shares of ₹ 1/- each) | 6,75,00,000 | 6,75,00,000 |
| Add : Forfeited Shares | 250 | 250 |
| | 6,75,00,250 | 6,75,00,250 |

Note :

Of the above shares :

- 4,57,50,000 equity shares of ₹ 1/- each were allotted as fully paid-up bonus shares by capitalisation of reserves.
- The face value of equity shares of ₹ 10/- each has been sub divided into the face value of ₹ 1/- each per equity share with effect from 11th December, 2009.

| | | |
|-----------------------------------------------|--------------------------|--------------------------|
| SCHEDULE 2 RESERVES AND SURPLUS | | |
| Capital Reserve : | | |
| As per last account (Central Subsidy) | 39,42,000 | 39,42,000 |
| General Reserve : | | |
| As per last account | 29,00,00,000 | 19,01,03,498 |
| Add : Transferred from Profit & Loss Account | 1,00,00,000 30,00,00,000 | 9,98,96,502 29,00,00,000 |
| Share Premium : | | |
| As per last account | 18,85,50,000 | 22,23,00,000 |
| Less : Utilised towards issue of Bonus Shares | – 18,85,50,000 | 3,37,50,000 18,85,50,000 |
| Profit & Loss Account | 2,28,51,038 | 1,71,33,614 |
| | 51,53,43,038 | 49,96,25,614 |

| | | |
|---------------------------------|-------|---------------------------------------------------|
| SCHEDULE 3 SECURED LOANS | | |
| From Banks | Notes | |
| Term Loan | 1 | – 1,03,19,000 |
| Working Capital Facility | 1 | |
| - Indian Currency | | 21,30,04,803 19,59,61,227 |
| - Foreign Currency | | 6,47,15,276 27,77,20,079 4,65,14,639 24,24,75,866 |
| Car Loan | 2 | 17,86,188 27,56,170 |
| | | 27,95,06,267 25,55,51,036 |

Note :

- These loans are secured by hypothecation of Company's entire stock, book debts and other current assets both present and future and also secured by first charge on fixed assets of the Company, equitable mortgage of Leasehold industrial plot of Chikalhana Industrial Area (MIDC). This is further secured by personal guarantee by one of the Directors of the Company.
- Car Loan from Axis Bank, HDFC Bank is secured by hyphotecation of Vehicles.

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

(Amount in ₹)

| | As at 31st March, 2011 | As at 31st March, 2010 |
|----------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| SCHEDULE 4 UNSECURED LOANS | | |
| Interest free Sales Tax loan from The State Industrial and Investment Corporation of Maharashtra Ltd. | 75,04,916 | 91,76,297 |
| Loan from bodies corporates | 11,22,23,304 | – |
| | 11,97,28,220 | 91,76,297 |

SCHEDULE 5 FIXED ASSETS

| Particulars | GROSS BLOCK | | | | DEPRECIATION/AMORTISATION | | | | NET BLOCK | |
|--------------------------|---------------------|--------------------|---------------------------|---------------------|---------------------------|--------------------|---------------------------|---------------------|---------------------|---------------------|
| | As on 01.04.2010 | Additions | Adjustments/ Deduction | As on 31.03.2011 | Upto 31.03.2010 | For the Year | Adjustments/ Deduction | Upto 31.03.2011 | As on 31.03.2011 | As on 31.03.2010 |
| TANGIBLE ASSETS | | | | | | | | | | |
| Land(Leasehold) | 11,20,489 | – | – | 11,20,489 | 1,15,459 | 18,285 | – | 1,33,744 | 9,86,745 | 10,05,030 |
| Buildings | 1,71,12,248 | 9,08,987 | – | 1,80,21,235 | 70,69,107 | 9,43,609 | – | 80,12,716 | 1,00,08,519 | 1,00,43,141 |
| Plant & Machinery | 14,14,19,469 | 3,30,21,577 | 88,63,024 | 16,55,78,022 | 8,98,40,071 | 1,42,12,571 | 42,56,275 | 9,97,96,367 | 6,57,81,655 | 5,15,79,398 |
| Wind Mill | 21,87,33,100 | – | – | 21,87,33,100 | 14,18,07,615 | 2,14,00,670 | – | 16,32,08,285 | 5,55,24,815 | 7,69,25,485 |
| Electrical Installation | 33,82,050 | 67,204 | – | 34,49,254 | 14,94,299 | 2,69,711 | – | 17,64,010 | 16,85,244 | 18,87,751 |
| Office Equipment | 40,29,664 | 5,05,962 | – | 45,35,626 | 28,13,191 | 4,13,506 | – | 32,26,697 | 13,08,929 | 12,16,473 |
| Furniture & Fixtures | 55,88,708 | 9,10,599 | – | 64,99,307 | 32,14,818 | 5,82,303 | – | 37,97,121 | 27,02,186 | 23,73,890 |
| Vehicles | 57,88,515 | 5,29,989 | 1,50,000 | 61,68,504 | 21,34,534 | 10,08,724 | 1,22,785 | 30,20,473 | 31,48,031 | 36,53,981 |
| INTANGIBLE ASSETS | | | | | | | | | | |
| Computer Software | 4,91,816 | 2,27,658 | – | 7,19,474 | 2,95,089 | 1,17,017 | – | 4,12,106 | 3,07,368 | 1,96,727 |
| TOTAL | 39,76,66,059 | 3,61,71,976 | 90,13,024 | 42,48,25,011 | 24,87,84,183 | 3,89,66,395 | 43,79,060 | 28,33,71,519 | 14,14,53,492 | 14,88,81,876 |
| Previous Year | 38,07,65,812 | 3,28,44,826 | 1,59,44,579 | 39,76,66,059 | 21,17,07,166 | 4,48,43,163 | 77,66,146 | 24,87,84,183 | 14,88,81,876 | |

| | As at 31st March, 2011 | | As at 31st March, 2010 | |
|--------------------------------------------------------------------|---------------------------|--------------------|---------------------------|--------------------|
| SCHEDULE 6 INVESTMENTS | | | | |
| Other than trade | | | | |
| Long Term Investments | | | | |
| Fully paid-up Equity Shares of ₹ 10/- each unless otherwise stated | No. of shares | Amount in ₹ | No. of shares | Amount in ₹ |
| Quoted : | | | | |
| Uco Bank | 200 | 2,400 | 200 | 2,400 |
| Dunlop India Ltd. | 25 | 631 | 25 | 631 |
| Elpro International Ltd. | 3,47,058 | 1,30,56,947 | 3,47,058 | 1,30,56,947 |
| Faridabad Investment Co. Ltd. (₹ 100/- each) | 100 | 7,543 | 100 | 7,543 |
| Garware-Wall Ropes Ltd. | 350 | 28,465 | 350 | 28,465 |
| R.C.A. Ltd. | 13,548 | 1,62,982 | 13,548 | 1,62,982 |
| Radaan Media Works (I) Ltd. (₹ 2/- each) | 73,190 | 8,15,753 | 73,190 | 8,15,753 |
| Oil Country Tubular Ltd. | 6,000 | 7,82,853 | 6,000 | 7,82,853 |
| Tide Water Oil (India) Ltd. | 434 | 21,70,391 | 434 | 21,70,391 |



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

(Amount in ₹)

| SCHEDULE 6 INVESTMENTS (contd.) | As at 31st March, 2011 | | As at 31st March, 2010 | |
|----------------------------------------------|---------------------------|--------------------|---------------------------|--------------------|
| | No. of shares | Amount in ₹ | No. of shares | Amount in ₹ |
| Un-quoted : | | | | |
| Others | | | | |
| Dabri Properties & Trading Company Ltd. | 60 | 600 | 60 | 600 |
| International Belting Limited | 2,70,000 | 2,25,00,000 | 2,70,000 | 2,25,00,000 |
| Pure Coke Ltd. | 3,04,560 | 34,83,816 | 4,560 | 4,83,816 |
| Total | | 4,30,12,381 | | 4,00,12,381 |
| Aggregate Market value of Quoted Investments | | 13,41,10,014 | | 24,96,32,671 |
| Aggregate amount of Quoted Investments | | 1,70,27,965 | | 1,70,27,965 |
| Aggregate amount of Un-Quoted Investments | | 2,59,84,416 | | 2,29,84,416 |

| SCHEDULE 7 INVENTORIES | | | | |
|---------------------------------------------------------------------------------------------------|--|--------------------|--|--------------------|
| (As taken, value and certified by the management) | | | | |
| Stores and Spares (including traded bought out item of ₹ 35,29,569/- Previous year ₹ 42,37,585/-) | | 61,06,292 | | 89,65,086 |
| Loose Tools | | 1,66,514 | | 11,510 |
| Raw Materials | | 2,92,70,271 | | 1,83,21,475 |
| Work-in-Process | | 2,99,82,646 | | 2,41,15,132 |
| Finished Goods (including in transit ₹ 45,75,320/-, Previous year ₹ 38,21,175/-) | | 85,96,784 | | 99,53,883 |
| | | 7,41,22,507 | | 6,13,67,086 |

| SCHEDULE 8 SUNDRY DEBTORS | | | | |
|------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| (Unsecured, Considered Good unless otherwise stated) | | | | |
| Debts outstanding for a period exceeding six months | | | | |
| - Considered Good | 3,75,41,319 | | 43,67,648 | |
| - Considered Doubtful | 15,44,847 | | 16,44,847 | |
| | <u>3,90,86,166</u> | | <u>60,12,495</u> | |
| Other Debts | | | | |
| - Considered Good | 30,43,57,061 | | 18,50,76,449 | |
| | <u>30,43,57,061</u> | | <u>18,50,76,449</u> | |
| | 34,34,43,227 | | 19,10,88,944 | |
| Less : Provision for Doubtful Debts | 15,44,847 | 34,18,98,380 | 16,44,847 | 18,94,44,097 |

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

(Amount in ₹)

| | As at 31st March, 2011 | | As at 31st March, 2010 | |
|------------------------------------------|---------------------------|--------------------|---------------------------|--------------------|
| SCHEDULE 9 CASH AND BANK BALANCES | | | | |
| Cash on Hand | | 4,71,116 | | 6,52,603 |
| Balances with Schedule Banks : | | | | |
| - In Current Accounts | 5,42,665 | | 6,04,430 | |
| - In Deposit Account (Under lien) | 2,93,94,950 | | 1,79,22,136 | |
| - In Unpaid Dividend Accounts | 3,19,817 | 3,02,57,432 | 2,84,586 | 1,88,11,152 |
| | | 3,07,28,548 | | 1,94,63,755 |

| | | | | |
|-----------------------------------------------------------------------|--------------|---------------------|--------------|---------------------|
| SCHEDULE 10 LOANS AND ADVANCES | | | | |
| (Unsecured Considered Good unless otherwise stated) | | | | |
| Loans (including interest receivable thereon) | | | | |
| - Considered Good | 17,40,71,813 | | 9,54,10,847 | |
| - Doubtful | 20,38,519 | 17,61,10,332 | 20,38,519 | 9,74,49,366 |
| Advances (Recoverable in cash or in kind or for value to be received) | | 27,24,45,363 | | 32,74,71,976 |
| Advance payment of Income Tax including tax deducted at source | 13,36,60,447 | | 11,59,06,271 | |
| Less : Provision for Income Tax | 12,73,83,769 | 62,76,678 | 11,20,33,769 | 38,72,502 |
| Advance payment of Fringe Benefit Tax | 13,50,000 | | 20,37,664 | |
| Less : Provision for Fringe Benefit Tax | 12,24,468 | 1,25,532 | 19,12,412 | 1,25,252 |
| Deposits with Government Authorities and Others | | 28,32,128 | | 31,91,520 |
| Balances with Excise and Customs Authorities | | 78,01,253 | | 1,29,56,364 |
| | | 46,55,91,286 | | 44,50,66,980 |
| Less : Provision for Doubtful Loans/Advances | | 20,38,519 | | 20,38,519 |
| | | 46,35,52,767 | | 44,30,28,461 |

| | | | | |
|--------------------------------------------------------------------------------------------|--------------|---------------------|-------------|---------------------|
| SCHEDULE 11 CURRENT LIABILITIES AND PROVISIONS | | | | |
| Current Liabilities : | | | | |
| Sundry Creditors : | | | | |
| Acceptance | 2,90,265 | | 1,31,89,333 | |
| Dues to Micro and Small Enterprises (Refer Note B5 of Schedule 18) | 21,96,810 | | 1,07,13,469 | |
| Other Creditors | 10,85,76,429 | | 6,24,28,376 | |
| | 11,10,63,504 | | 8,63,31,178 | |
| Other Liabilities | 29,12,994 | | 49,94,889 | |
| Unclaimed Dividends * | 3,02,565 | 11,42,79,063 | 2,65,164 | 9,15,91,231 |
| (*This does not include amount to be transferred to Investors Education & Protection Fund) | | | | |
| Provisions : | | | | |
| Proposed Dividend | 1,01,25,000 | | 1,01,25,000 | |
| Tax on Proposed Dividend | 16,42,529 | 1,17,67,529 | 16,81,636 | 1,18,06,636 |
| | | 12,60,46,592 | | 10,33,97,867 |



SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

| | Year ended 31st March, 2011 | Year ended 31st March, 2010 |
|------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| SCHEDULE 12 OTHER INCOME | | |
| Rent | 29,760 | 29,760 |
| Income from Investments | | |
| - Dividend from Long Term Investments | 61,971 | 28,171 |
| Interest on loans, etc. - Gross [Tax Deducted at Source ₹ 27,52,001/- (Previous Year ₹ 17,60,323/-)] | 2,75,60,372 | 1,71,84,628 |
| Sale of Scrap | 14,91,086 | 17,73,709 |
| Liability Written Back | 14,20,184 | 1,274 |
| Profit on Sale of Fixed Assets | 38,137 | 26,96,622 |
| Miscellaneous Receipts | 16,42,801 | 13,33,251 |
| | 3,22,44,311 | 2,30,47,415 |

| | | | | |
|-----------------------------------------------------|------------------|-------------|-------------------|-------------|
| SCHEDULE 13 ACCRETION/(DECRETION) IN STOCK | | | | |
| Closing Stock : | | | | |
| Finished Goods (including in transit ₹ 45,75,320/-) | 85,96,784 | | 99,53,883 | |
| Less : Excise Duty | 3,71,703 | | 9,23,659 | |
| | 82,25,081 | | 90,30,224 | |
| Work-in-Process | 2,99,82,646 | 3,82,07,727 | 2,41,15,132 | 3,31,45,356 |
| Less : Opening Stock | | | | |
| Finished Goods (including in transit ₹ 38,21,175/-) | 99,53,883 | | 88,59,205 | |
| Less : Excise Duty | 9,23,659 | | 2,46,260 | |
| | 90,30,224 | | 86,12,945 | |
| Work-in-Process | 2,41,15,132 | 3,31,45,356 | 2,53,68,969 | 3,39,81,914 |
| | 50,62,371 | | (8,36,558) | |

| | | | | |
|----------------------------------------------------------------|---------------------|--|---------------------|--|
| SCHEDULE 14 MATERIALS, MANUFACTURING AND OTHER EXPENSES | | | | |
| Raw Materials Consumed | 47,42,54,038 | | 40,79,06,121 | |
| Purchase of Traded goods | 1,98,58,720 | | 1,42,76,660 | |
| Stores and Spares Consumed | 20,66,025 | | 25,26,016 | |
| Power, Fuel and Water Charges | 2,56,44,287 | | 2,15,36,406 | |
| Repairs to | | | | |
| - Machinery | 91,80,776 | | 93,28,234 | |
| - Building | 6,95,628 | | 31,49,523 | |
| | 53,16,99,474 | | 45,87,22,960 | |

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

| | Year ended 31st March, 2011 | Year ended 31st March, 2010 |
|------------------------------------------------------------|--------------------------------|--------------------------------|
| SCHEDULE 15 PAYMENTS TO AND PROVISION FOR EMPLOYEES | | |
| Salaries,Wages and Bonus | 4,78,67,455 | 4,33,56,778 |
| Contribution to Provident,Gratuity and other Funds | 40,38,542 | 19,03,682 |
| Staff Welfare Expenses | 26,50,349 | 25,07,473 |
| | 5,45,56,346 | 4,77,67,933 |

| | | |
|--------------------------------------------------------------|---------------------|---------------------|
| SCHEDULE 16 ADMINISTRATIVE,SELLING AND OTHER EXPENSES | | |
| Rent | 31,63,262 | 30,63,410 |
| Rates & Taxes | 2,26,678 | 3,08,954 |
| Insurance Charges | 12,02,714 | 12,64,378 |
| Travelling and Conveyance | 74,50,741 | 82,62,120 |
| Directors Remuneration | 33,25,000 | 49,93,213 |
| Directors Fees | 1,18,000 | 92,000 |
| Auditors Remuneration : | | |
| Audit Fees | 1,00,000 | 1,00,000 |
| Tax Audit Fees | 20,000 | 20,000 |
| Other Services | 93,090 | 2,13,090 |
| Transport, Packing & Forwarding | 6,48,96,184 | 5,16,95,926 |
| Commission on Sales | 65,05,017 | 87,10,756 |
| Foreign Exchange Loss on derivative transaction | – | 1,68,84,123 |
| Legal & Professional Fees | 98,84,512 | 46,27,160 |
| Subscription and Donation | 8,54,817 | 2,94,603 |
| Repairs to Others | 13,93,520 | 21,10,214 |
| Provision for doubtful debts and advances | – | 36,83,366 |
| Miscellaneous Expenses | 1,81,74,807 | 1,62,50,519 |
| | 11,74,08,342 | 12,24,95,742 |

| | | |
|-------------------------------------------------|--------------------|--------------------|
| SCHEDULE 17 INTEREST AND FINANCE CHARGES | | |
| On Term Loan | 11,71,263 | 41,52,704 |
| On Others | 3,13,60,191 | 1,73,80,644 |
| | 3,25,31,454 | 2,15,33,348 |



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

SCHEDULE 18 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1. General

The accounts have been prepared under the historical cost convention in accordance with the provision of the Companies Act, 1956 and mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principle.

2. Use of Estimates

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheets date and the reported amounts of income and expenses during the year. Difference between the actual results and the estimates are recognized in the year in which the results are known/materialized.

3. Fixed Assets and Depreciation

i) Tangible Assets :

a) Gross Block

Fixed Assets are stated at cost of acquisition with subsequent improvements thereto. Cost of acquisition includes taxes, duties, inward freight and installation expenses.

Expenditure incurred on improvements/modifications of fixed assets that increases the future benefits from the existing asset beyond its previously assessed standard of performance, e.g., increase in capacity/efficiency, are capitalized.

b) Depreciation is provided on written down value method as per Schedule XIV of the Companies Act, 1956. However assets costing Rs. 5000/- or less are depreciated fully in the year of addition. Leasehold Land is amortized over the period of lease.

Additions on account of improvements/modifications, which becomes an integral part of the existing asset and either do not have separate identity and/or are not capable of being used after the existing asset is disposed off, are depreciated over the remaining useful lives of the assets (improved/modified) they are attached with.

ii) Intangible Assets :

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer software packages are amortized over a period of five year on straight line basis.

4. Investments

Long Term Investments are stated at cost less provision for diminution other than temporary in nature. Current investments are carried at lower of cost and fair value.

5. Inventories

a) Inventories are valued at lower of the cost and net realizable value. The cost in respect of raw materials and stores and spares is determined on FIFO basis and in respect of finished goods and stock in process is determined on average basis. Cost of raw materials and stores & spares include the taxes and duties other than those recoverable from taxing authorities and expenses incidental to the procurement of the same. Cost in case of stock-in-process and finished goods represent prime cost and appropriate portion of overheads.

b) Custom Duty on bonded materials and excise duty on finished goods at factory are accounted for and included in cost of inventory.

6. Impairments

Fixed Assets are reviewed at each Balance Sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amounts of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets belonging to the Cash Generating Unit (CGU) exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

cash flows from the use of assets are discounted to their present value as appropriate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

7. Foreign Currency Transaction

Transactions in Foreign Currencies are accounted for at the exchange rate prevailing as on the date of the transaction. Foreign Currency monetary assets and liabilities at the year end are translated using closing rates whereas non monetary assets are translated at the rate on the date of transaction. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transaction during the year are recognized as income or expenses and are adjusted to the Profit and Loss Account under respective heads of accounts.

8. Revenue Recognition

- a) All expenses and income to the extent considered payable and receivable respectively, unless specifically stated to be otherwise, are accounted for on mercantile basis.
- b) Insurance and other claims are accounted for as and when admitted or realized.
- c) Dividend is recognized when the right to receive is established.

9. Sales

Revenue from sale of goods is recognized at the point of dispatch to the customers. Gross sales include excise duty and rebate, discounts, claims, returns, central sales tax (CST)/value added tax (VAT) etc., are excluded there from. Sale of Electricity is accounted for on delivery of Electricity to grid in terms of agreement with the Electricity Board.

10. Expenses

Expenses under primary heads such as salary, wages, consumption of stores etc., are being shown under respective heads and have not been functionally reclassified.

11. Employee Benefits

Short Term Employee Benefit are recognized as an expenses at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

The Company has Defined Contribution Plan for its employees Retirement Benefits comprising of Provident Fund, Pension Fund. The Company makes regular contribution to Provident Fund, which are fully funded and administered by the Government. Contributions are recognized in Profit and Loss Account on accrual basis.

The Company has Defined Benefit Plan comprising of Gratuity and Leave Encashment schemes. The Company contributes to the Gratuity Fund under the Group Gratuity Cash Accumulation Scheme with Life Insurance Corporation (LIC) for future payment of gratuity liability to its employees. Consequent to the adoption of Accounting Standard 15 (AS 15 Revised) on "Employee Benefits", the liability for the Gratuity and Leave Encashment as at the year end has been determined on the basis of an independent actuarial valuation in accordance with the method stated in AS 15 Revised and such liability has been adjusted/provided in these Accounts.

The actuarial gain & losses comprise experience judgment and are recognized in the Profit & Loss in the year in which they arise.

12. Grants

- a) Government Grants including subsidy are accounted for as and when realized.
- b) Grants, other than those related to specific assets which are adjusted there against, are treated either under capital or revenue account depending upon the nature of the same.

13. Borrowing Cost

Borrowing Cost incurred in relation to acquisition or construction of fixed assets are allocated to the fixed assets, other borrowing cost are recognized as expenses in the year in which they are incurred.

14. Income Tax

Provision for Tax is made for current tax and deferred tax. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and/or liabilities arising on account of timing difference, which



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

are capable of reversal in subsequent periods are recognized using tax rates and tax laws, which has been enacted or substantively enacted. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is "virtual certainty" that such deferred tax assets can be realized against future taxable profits.

15. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statement. Contingent Liabilities, if material, are disclosed by way of notes.

B) NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for in respect of :

| | 2010-11 (₹) | 2009-10 (₹) |
|------------------------------------------------------------------------------|--------------|--------------|
| a) Guarantees given by bank on behalf of the Company | 3,48,18,538 | 3,11,30,177 |
| b) Corporate Guarantees given by the Company | 19,70,00,000 | 19,70,00,000 |
| c) Excise duty demand under appeal before the Hon'ble Supreme Court of India | 17,35,119 | 17,35,119 |
| d) Income Tax matter under Appeal | 15,19,592 | 14,05,569 |

Note : Future cash outflows in respect of (c & d) above are dependent upon the outcome of judgments/decisions.

- Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1,12,900/- (Previous Year ₹ 32,50,851/-).
- Capital Work-in-Progress includes ₹ 12,865/- being the advance on Capital Account. (Previous Year ₹ 4,76,735/-).
- Foreign Exchange Fluctuation Gain (net) amounting to ₹ 44,84,774/- (Previous Year gain (net) ₹ 74,58,584/-) has been credited in the Profit and Loss Account.
- Disclosure of sundry creditors under current liabilities is based on the information available with the company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" (the Act). Based on above the relevant disclosures under Section 22 of the Act are as follows :

| | 2010-11 (₹) | 2009-10 (₹) |
|-----------------------------------------------------------------|-------------|-------------|
| 1. Principal amount outstanding at the end of the year | 21,96,810 | 1,07,13,469 |
| Interest amount due at the end of the year | Nil | Nil |
| 2. Interest paid to suppliers | Nil | Nil |
| 3. Interest payable for delayed payment | Nil | Nil |
| 4. Interest accrued and remaining unpaid at the end of the year | Nil | Nil |
| 5. Interest remaining due and payable in the succeeding years | Nil | Nil |

6. a) Directors Remuneration

| | 2010-11 (₹) | 2009-10 (₹) |
|---------------------------------|------------------|------------------|
| Salary | 21,00,000 | 18,00,000 |
| House Rent Allowance | 10,50,000 | 9,00,000 |
| Contribution to Gratuity Fund | 1,00,962 | 1,00,962 |
| Perquisites* | 2,17,281 | 2,05,000 |
| Commission to Managing Director | – | 21,18,213 |
| Total | 34,68,243 | 51,24,175 |

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

* Perquisite includes ₹ 1,75,000/- (Previous Year ₹ 1,75,000/-) on account of LTA and ₹ 42,281/- (Previous Year ₹ 30,000/-) on account of Club Subscription.

Note : The above remuneration is awaiting shareholders approval in the ensuing Annual General Meeting.

b) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 for calculation of the Commission payable to the Managing Director.

| | 2010-11 (₹) | 2009-10 (₹) |
|---------------------------------------------------------------------------------|--------------------|---------------------|
| Profit before Tax | 4,27,40,546 | 20,57,10,397 |
| Add : Depreciation as per accounts | 3,89,66,395 | 4,48,43,163 |
| Managerial remuneration | 34,68,243 | 51,24,175 |
| Provision for Doubtful Debts and Advances | – | 36,83,366 |
| Loss on Sale of Assets (net) | – | – |
| Total | 8,51,75,184 | 25,93,61,101 |
| Less : Profit on Sale of Asset (net) | 38,137 | 26,96,622 |
| Depreciation under Section 350 | 3,89,66,395 | 4,48,43,163 |
| Total | 4,61,70,652 | 21,18,21,316 |
| Net profit as per Section 349 of the Companies Act, 1956 | 4,61,70,652 | 21,18,21,316 |
| Commission payable to the Managing Director @1% of Net Profit as Computed above | – | 21,18,213 |

7. Quantities and valuation of finished goods and semi finished goods are as certified by the management.

8. The break up of deferred tax assets and deferred tax liability is as under :

| | As at 01.04.2010 (₹) | Current Year (₹) | As at 31.03.2011 (₹) |
|-----------------------------------|----------------------|------------------|----------------------|
| Deferred Tax Liability : | | | |
| On Depreciation | 24,72,896 | 2,58,128 | 27,31,024 |
| Deferred Tax Assets : | | | |
| Employee Benefits | (12,91,146) | (3,52,255) | (16,43,401) |
| Net Deferred Tax Liability | 11,81,750 | (94,127) | 10,87,623 |

9. **Employee Benefits :**

a) Contributions to Defined Contribution Plan recognized as expenses for the year are as under :

| | 2010-11 (₹) | 2009-10 (₹) |
|-------------------------------------------------------------|-------------|-------------|
| Employer's Contribution to Provident Fund | 7,33,567 | 5,85,667 |
| Employer's Contribution to Pension Fund | 6,27,197 | 6,23,433 |
| Employer's Contribution to Employees State Insurance Scheme | 2,47,069 | 3,30,906 |

b) The disclosure as per the Accounting Standard 15 (AS-15) "Employee Benefits" are given below :

The Company operates post retirement benefit plans as following :

Funded : Gratuity.

Non Funded : Leave Encashment.



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

Disclosures for defined benefit plans based on actuarial reports as on 31st March 2011

| | Gratuity (Funded) | |
|--------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| | 2010-11 (₹) | 2009-10 (₹) |
| A. Change in Defined Benefit Obligations : | | |
| Present Value of Defined Benefit Obligations as at the beginning of the year | 1,07,08,934 | 99,98,517 |
| Current Service Cost | 6,08,816 | 4,96,334 |
| Interest Cost | 9,69,617 | 8,28,298 |
| Benefits Paid (7,23,738) | (7,12,418) | |
| Actuarial (Gains)/Losses | 19,67,852 | 98,203 |
| Present Value of Defined Benefit Obligations as at the end of the year | 1,35,31,481 | 1,07,08,934 |
| B. Change in the Fair Value of Assets : | | |
| Fair value of Plan Assets at the beginning of the year | 1,21,65,044 | 1,07,44,150 |
| Expected Return on Plan Assets | 10,34,365 | 9,16,368 |
| Contributions by the Employer | 11,48,859 | 11,57,530 |
| Benefits paid | (7,23,738) | (7,12,418) |
| Actuarial Gains/(Losses) | 69,561 | 59,414 |
| Fair value of Plan Assets at the end of the year | 1,36,94,091 | 1,21,65,044 |
| C. Reconciliation of Present value of Defined Benefit Obligation and the Fair Value of Assets : | | |
| Present Value of Defined Benefit Obligations as at the end of the year | 1,35,31,481 | 1,07,08,934 |
| Fair value of Plan Assets at the end of the year | 1,36,94,091 | 1,21,65,044 |
| Liability/(Assets) recognized in the Balance Sheet | (1,62,610) | (14,56,110) |
| D. Expenses recognized in the Profit & Loss Account : | | |
| Current Service Cost | 6,08,816 | 4,96,334 |
| Interest Cost | 9,69,617 | 8,28,298 |
| Expected Return on Plan Assets | (10,34,365) | (9,16,368) |
| Net Actuarial (Gain)/Loss | 18,98,291 | 38,789 |
| Total Expenses recognized in the Profit & Loss Account * | 24,42,359 | 4,47,053 |
| E. Principal Actuarial Assumptions used : | | |
| Discounted Rate (per annum) Compound | 8.00% | 8.00% |
| Expected Rate of return on Plan Assets | 8.00% | 8.00% |
| Rate of Salary increase (per annum) | 5.00% | 5.00% |

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

| F. Experience History | 2010-11 (₹) | 2009-10 (₹) | 2008-09 (₹) | 2007-08 (₹) | 2006-07 (₹) |
|----------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Net Assets/(Liability) recognized in Balance Sheet (including experience adjustment impact) | | | | | |
| Present Value of Defined Benefit Obligations | 1,35,31,000 | 1,07,09,000 | 99,99,000 | 91,51,000 | 76,09,000 |
| Fair value of Plan Assets | 1,36,94,000 | 1,21,65,000 | 1,07,44,000 | 92,37,000 | 70,40,000 |
| Status [Surplus/(Deficit)] | 1,63,000 | 14,56,000 | 7,45,000 | 86,000 | (5,69,000) |
| Experience Adjustment of Plan Assets [Gain/(Loss)] | 70,000 | 59,000 | 18,000 | (36,000) | (5,63,000) |
| Experience Adjustment of obligation [(Gain)/Loss] | 19,68,000 | 98,000 | 1,31,000 | 10,14,000 | 69,33,000 |

Disclosures for defined benefit plans based on actuarial reports as on 31st March 2011

| | Leave Encashment (Non-Funded) | |
|--------------------------------------------------------------------------------------------------------|-------------------------------|------------------|
| | 2010-11 (₹) | 2009-10 (₹) |
| A. Change in Defined Benefit Obligations : | | |
| Present Value of Defined Benefit Obligations as at the beginning of the year | 15,73,886 | 13,38,855 |
| Current Service Cost | 1,55,486 | 1,17,860 |
| Interest Cost | 1,28,733 | 1,16,510 |
| Benefits Paid | (99,292) | (64,503) |
| Actuarial (Gains)/Losses | (1,14,380) | 65,164 |
| Present Value of Defined Benefit Obligations as at the end of the year | 16,44,433 | 15,73,886 |
| B. Change in the Fair Value of Assets : | | |
| Fair value of Plan Assets at the beginning of the year | – | – |
| Expected Return on Plan Assets | – | – |
| Contributions by the Employer | – | – |
| Benefits paid | – | – |
| Actuarial Gains/(Losses) | – | – |
| Fair value of Plan Assets at the end of the year | – | – |
| C. Reconciliation of Present value of Defined Benefit Obligation and the Fair Value of Assets : | | |
| Present Value of Defined Benefit Obligations as at the end of the year | 16,44,433 | 15,73,886 |
| Fair value of Plan Assets at the end of the year | – | – |
| Liability/(Assets) recognized in the Balance Sheet | 16,44,433 | 15,73,886 |
| D. Expenses recognized in the Profit & Loss Account : | | |
| Current Service Cost | 1,55,486 | 1,17,860 |
| Interest Cost | 1,28,733 | 1,16,510 |
| Expected Return on Plan Assets | – | – |
| Net Actuarial (Gain)/Loss | (1,14,380) | 65,164 |
| Total Expenses recognized in the Profit & Loss Account * | 1,69,839 | 2,99,534 |
| E. Principal Actuarial Assumptions used : | | |
| Discounted Rate (per annum) Compound | 8.00% | 8.00% |
| Expected Rate of return on Plan Assets | – | – |
| Rate of Salary increase (per annum) | 5.00% | 5.00% |



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

| F. Experience History | 2010-11 (₹) | 2009-10 (₹) | 2008-09 (₹) | 2007-08 (₹) | 2006-07 (₹) |
|----------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Net Assets/(Liability) recognized in Balance Sheet (including experience adjustment impact) | | | | | |
| Present Value of Defined Benefit Obligations | 16,44,000 | 15,74,000 | 13,39,000 | 9,71,000 | 5,52,000 |
| Fair value of Plan Assets | - | - | - | - | - |
| Status [Surplus/(Deficit)] | (16,44,000) | (15,74,000) | (13,39,000) | (9,71,000) | (5,52,000) |
| Experience Adjustment of Plan Assets [Gain/(Loss)] | - | - | - | - | - |
| Experience Adjustment of obligation [(Gain)/Loss] | (1,14,000) | 65,000 | 2,89,000 | 2,95,000 | 5,66,000 |

* Included in "Salaries, Wages and Bonus" and "Contribution to Provident Fund, Gratuity and Other Funds" under "PAYMENTS TO AND PROVISIONS FOR EMPLOYEES" on Schedule 15 & Directors remuneration under "ADMINISTRATIVE, SELLING AND OTHER EXPENSES" on Schedule 16.

The expected return on Plan Assets is based on the actuarial expectation of the average long-term rate of return expected. The discount rate is based on the prevailing market yields on Government bonds as at the balance sheet date.

The contributions expected to be made by the Company for the year 2011-12 is not ascertained.

10. Unhedged Foreign Currency exposures as on March 31, 2011 are as follows :

| Nature | Currency | Current year amount in Foreign currency | Previous year amount in Foreign currency |
|----------------------|----------|--------------------------------------------|---------------------------------------------|
| Import | USD | 14,53,948.59 | 2,81,997.60 |
| Advance to creditors | USD | 50,000.00 | 50,000.00 |
| Advance to creditors | AUD | Nil | Nil |
| Advance to creditors | GBP | 14.92 | 3,905.97 |
| Others | USD | 11,78,605.44 | 4,91,109.89 |
| Others | CDN | 40,991.60 | 13,098.40 |
| Export | USD | 33,38,839.24 | 5,59,187.69 |
| Export | CDN | 23,12,686.90 | 7,66,111.92 |
| Export | AUD | 45,354.20 | Nil |

11. (i) **Earning Per Share (EPS) :**

| | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|-----------------------------------------------------|--------------------------|--------------------------|
| (a) Profit/(Loss) attributable to Share holders (₹) | 2,74,84,953 | 12,96,31,750 |
| (b) Weighted average number of Equity Shares | 6,75,00,000 | 6,75,00,000 |
| (c) Nominal Value of Equity Shares (₹) | 1 | 1 |
| (d) Basic and Diluted EPS (₹) | 0.41 | 1.92 |

(ii) The face value of Equity shares of ₹ 10/- each has been subdivided into face value of ₹ 1/- each with effect from 11.12.2009 being the record date. Accordingly the no. of shares has increased. The EPS for the current year as well as for the previous year has been stated/restated taken into account the sub division of the shares.

(iii) Equity share capital of the Company has increased to ₹ 6,75,00,000/- due to issue of bonus shares in the ratio 1:1 during the previous year. Accordingly the no. of shares has increased. The EPS for the current year as well as for the previous year has been stated/restated taken into account the issue of bonus shares.

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

12. Segment information for the year ended March 31, 2011

(i) Information about primary business segments :

(Amount in ₹)

| | Conveyor Belting | | Wind Energy | | Trading Goods | | Unallocated Corporate | | Total Amount | |
|---------------------------------------------------------------------------|------------------|---------------|-------------|---------------|---------------|-------------|-----------------------|----------------|----------------|----------------|
| | 2010-11 | 2009-10 | 2010-11 | 2009-10 | 2010-11 | 2009-10 | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| a. Segment Revenue | | | | | | | | | | |
| Sale and Services to External customers | 75,17,98,955 | 85,82,34,976 | 2,03,19,577 | 2,39,11,238 | 2,70,12,512 | 2,03,14,444 | - | - | 79,91,31,044 | 90,24,60,658 |
| Gross Turnover | 75,17,98,955 | 85,82,34,976 | 2,03,19,577 | 2,39,11,238 | 2,70,12,512 | 2,03,14,444 | - | - | 79,91,31,044 | 90,24,60,658 |
| Less : Excise Duty/Service tax recovered | 1,85,35,169 | 2,35,97,972 | - | - | - | - | - | - | 1,85,35,169 | 2,35,97,972 |
| Net Turnover | 73,32,63,786 | 83,46,37,004 | 2,03,19,577 | 2,39,11,238 | 2,70,12,512 | 2,03,14,444 | - | - | 78,05,95,875 | 87,88,62,686 |
| b. Segment Results | 6,05,02,349 | 25,63,86,793 | (27,58,188) | (80,83,826) | 67,53,155 | 69,44,751 | - | - | 6,44,97,316 | 25,52,47,718 |
| Unallocated Corporate Expenses | - | - | - | - | - | - | (1,67,85,688) | (4,51,88,601) | (1,67,85,688) | (4,51,88,601) |
| | 6,05,02,349 | 25,63,86,793 | (27,58,188) | (80,83,826) | 67,53,155 | 69,44,751 | (1,67,85,688) | (4,51,88,601) | 4,77,11,628 | 21,00,59,117 |
| Interest Expenses | - | - | (16,912) | (41,52,704) | - | - | (3,25,14,542) | (1,73,80,644) | (3,25,31,454) | (2,15,33,348) |
| Interest Income | - | - | - | - | - | - | 2,75,60,372 | 1,71,84,628 | 2,75,60,372 | 1,71,84,628 |
| Profit/(Loss) from Investment | - | - | - | - | - | - | - | - | - | - |
| Profit/(Loss) before Tax and Exceptional Items | 6,05,02,349 | 25,63,86,793 | (27,75,100) | (1,22,36,530) | 67,53,155 | 69,44,751 | (2,17,39,858) | (4,53,84,617) | 4,27,40,546 | 20,57,10,397 |
| Exceptional Items | - | - | - | - | - | - | - | - | - | - |
| Profit/(Loss) Before Tax | 6,05,02,349 | 25,63,86,793 | (27,75,100) | (1,22,36,530) | 67,53,155 | 69,44,751 | (2,17,39,858) | (4,53,84,617) | 4,27,40,546 | 20,57,10,397 |
| Income Taxes | - | - | - | - | - | - | (1,52,55,593) | (7,60,78,647) | (1,52,55,593) | (7,60,78,647) |
| Profit after Tax | 6,05,02,349 | 25,63,86,793 | (27,75,100) | (1,22,36,530) | 67,53,155 | 69,44,751 | (3,69,95,451) | (12,14,63,264) | 2,74,84,953 | 12,96,31,750 |
| c. Segment Assets | 50,58,18,307 | 34,30,05,877 | 6,05,85,788 | 8,17,11,388 | 1,23,71,672 | 2,34,39,889 | - | - | 57,87,75,767 | 44,81,57,154 |
| Unallocated Corporate Assets | - | - | - | - | - | - | 53,04,36,223 | 48,79,75,660 | 53,04,36,223 | 48,79,75,660 |
| Total Assets | 50,58,18,307 | 34,30,05,877 | 6,05,85,788 | 8,17,11,388 | 1,23,71,672 | 2,34,39,889 | 53,04,36,223 | 48,79,75,660 | 1,10,92,11,990 | 93,61,32,814 |
| d. Segment Liabilities | (11,95,59,126) | (9,60,10,874) | (12,000) | (1,04,44,498) | - | - | - | - | (11,95,71,126) | (10,64,55,372) |
| Unallocated Corporate Liabilities | - | - | - | - | - | - | (40,67,97,577) | (26,28,51,578) | (40,67,97,577) | (26,28,51,578) |
| Total Liabilities | (11,95,59,126) | (9,60,10,874) | (12,000) | (1,04,44,498) | - | - | (40,67,97,577) | (26,28,51,578) | (52,63,68,703) | (36,93,06,950) |
| e. Cost incurred during the period to acquire segment fixed assets | 3,51,67,324 | 3,01,34,234 | - | - | - | - | 10,04,652 | 27,10,592 | 3,61,71,976 | 3,28,44,826 |
| f. Depreciation/Amortisation | 1,59,94,861 | 1,37,81,215 | 2,14,00,670 | 2,96,49,030 | - | - | 15,70,864 | 14,12,918 | 3,89,66,395 | 4,48,43,163 |
| g. Non cash expenses other than Amortisation | - | - | - | - | - | - | - | - | - | - |

- Note :** (a) Conveyor Belting segment includes manufacturing and sale of PVC Conveyor Belting.
(b) Wind Energy Segment includes generation, supply and sale of Wind Power (Electricity).
(c) Unallocated/Corporate Segment includes Corporate, Administrative and Financing activity

12. (ii) Information about secondary Business Segments

Revenue by geographical market

| | 2010-11 (₹) | 2009-10 (₹) |
|-----------------|---------------------|---------------------|
| Sales | | |
| Domestic | 22,40,20,554 | 31,84,43,753 |
| Export | 55,65,75,321 | 56,04,18,933 |
| Total | 78,05,95,875 | 87,88,62,686 |
| Assets | | |
| Sundry Debtors | | |
| - Within India | 4,16,98,507 | 6,42,27,183 |
| - Outside India | 30,01,99,873 | 12,52,16,914 |
| Total | 34,18,98,380 | 18,94,44,097 |



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

13. Related Party Disclosure as required by Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India are as follows :

A. Associates :

- 1) R.C.A. Ltd.
- 2) Faridabad Investment Co. Ltd.
- 3) International Belting Ltd.
- 4) I.G.E. (India) Ltd.
- 5) Pure Coke Ltd.

B. Key Management Personnel :

Shri R. K. Dabriwala - Managing Director

C. Enterprise where key management personnel and their relatives have substantial interest and/or for significant influence :

- 1) None

Details of transactions made with Related Parties during the year :

(Amount in ₹)

| Nature of Transaction | International Belting Ltd. | | R. C. A. Limited | | Pure Coke Limited | | IGE (India) Limited | | Faridabad Investment Co. Ltd. | | Key Management Personnel | |
|-----------------------------------------|----------------------------|--------------|------------------|--------------|-------------------|-----------|---------------------|-------------|-------------------------------|-------------|--------------------------|-----------|
| | 2010-11 | 2009-10 | 2010-11 | 2009-10 | 2010-11 | 2009-10 | 2010-11 | 2009-10 | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| Director Remuneration | - | - | - | - | - | - | - | - | - | - | 34,68,243 | 51,24,175 |
| Interest on Loan | | | | | | | | | | | | |
| Received | - | - | - | - | 68,56,975 | 2,06,984 | 49,74,443 | 1,38,082 | - | 1,07,935 | - | - |
| Paid | 8,56,180 | 14,95,019 | - | 91,003 | - | - | - | - | 5,34,301 | - | - | - |
| Rent Received | - | - | 29,760 | 29,760 | - | - | - | - | - | - | - | - |
| Rent Paid | - | - | 18,840 | 18,840 | - | - | - | - | - | - | - | - |
| Interest Recd. on LC Funding | - | - | - | - | 22,53,308 | - | - | - | - | - | - | - |
| Finance Charges Recd. on LC Funding | - | - | - | - | 40,00,000 | - | - | - | - | - | - | - |
| Inter Corporate Deposit : | | | | | | | | | | | | |
| Loan Given | 86,08,966 | 4,10,54,483 | - | 90,00,000 | 13,36,83,136 | 85,00,000 | 6,35,00,000 | 5,00,00,000 | - | 4,67,10,000 | - | - |
| Repayment of Loan | 2,99,63,449 | 1,97,00,000 | - | 90,00,000 | 8,40,00,000 | 85,00,000 | 11,36,24,273 | - | - | 5,00,44,225 | - | - |
| Loan Taken | 4,54,36,551 | 7,73,00,000 | - | 16,43,00,000 | - | - | - | - | 93,00,000 | 7,81,20,000 | - | - |
| Loan Repaid | 3,42,91,034 | 7,73,00,000 | - | 16,43,00,000 | - | - | - | - | 2,00,000 | 7,81,20,000 | - | - |
| LC Funded | | | | | | | | | | | | |
| LC Funded | - | - | - | - | 12,85,07,609 | - | - | - | - | - | - | - |
| Repayment of LC Funded | - | - | - | - | 12,85,07,609 | - | - | - | - | - | - | - |
| Outstanding | | | | | | | | | | | | |
| Loan Given | - | 2,13,54,483 | - | - | 5,25,00,000 | 26,30,579 | - | 5,00,00,000 | - | - | - | - |
| Loan Taken | 1,11,45,517 | - | - | - | - | - | - | 91,00,000 | - | - | - | - |
| Interest Payable | 7,70,562 | - | - | - | - | - | - | - | 4,80,870 | - | - | - |
| Interest Receivable | - | - | - | - | - | 1,86,285 | 12,38,621 | 1,24,273 | - | - | - | - |
| Interest Receivable on LC Funded | - | - | - | - | 21,83,678 | - | - | - | - | - | - | - |
| Finance Charges Receivable on LC Funded | - | - | - | - | 36,00,000 | - | - | - | - | - | - | - |
| Purchase of Shares | - | 1,50,00,000 | - | - | 30,00,000 | - | - | - | - | - | - | - |
| Sale of Materials/Services | 15,97,439 | - | - | - | - | - | - | - | - | - | - | - |
| Guarantee given and outstanding | 16,30,00,000 | 16,30,00,000 | - | - | - | - | 3,40,00,000 | 3,40,00,000 | - | - | - | - |

14. The Company has certain cancellable operating lease arrangements for office/residential accommodation and for use of machineries with a lease period of one to five years which can be further extended after mutual consent and agreement. The lease agreement can be terminated after giving a notice as per the terms of the lease by either of the party.

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

Expenditure incurred on account of Operating lease rentals during the year and recognized in the Profit & Loss account amounts to ₹ 10,04,522/- (Previous Year ₹ 8,92,348/-).

15. Advance recoverable include ₹ 26,00,00,000/- (Previous Year ₹ 26,00,00,000/-) paid towards subscription to right issue of Elpro International Ltd.

16. (i) **Statement of Additional Information :**

Particulars relating to Capacities, Production, Turnover and Stock (As Certified by the Management)

| | | 2010-2011 | 2009-2010 |
|--------------------------------------------------------------------------------|--------|-----------|-----------|
| (a) Licensed Capacity : | | | |
| PVC Fire Resistant Antistatic Solid Woven Coal Conveyor Belting including Food | (Mtrs) | 7,00,800 | 7,00,800 |
| Conveyor Belting V- Belts | (Nos) | 4,20,000 | 4,20,000 |
| (b) Installed Capacity : | | | |
| PVC Fire Resistant Antistatic Solid Woven Coal Conveyor Belting | (Mtrs) | 7,00,800 | 7,00,800 |
| Industrial and Food PVC Conveyor Belting | (Mtrs) | – | – |
| (c) Actual Production : | | | |
| PVC Fire Resistant Antistatic Solid Woven Coal Conveyor Belting | (Mtrs) | 4,33,048 | 3,49,330 |

| | 31.03.2011 | | 31.03.2010 | |
|-----------------------------------------------------------------|-------------|--------------|--------------|--------------|
| | Qty. (Mtrs) | Value (₹) | Qty. (Mtrs.) | Value (₹) |
| (d) Turnover : | | | | |
| PVC Fire Resistant Antistatic Solid Woven Coal Conveyor Belting | 4,35,754 | 75,17,98,956 | 3,46,972 | 85,82,34,977 |
| (e) Opening and Closing stock of Finished Goods : | | | | |
| 1. Opening Stock | | | | |
| PVC Fire Resistant Antistatic Solid Woven Coal Conveyor Belting | 7,870 | 99,53,883 | 5,512 | 88,59,205 |
| 2. Closing Stock | | | | |
| PVC Fire Resistant Antistatic Solid Woven Coal Conveyor Belting | 5,164 | 85,96,784 | 7,870 | 99,53,883 |

(f) Opening and Closing Stock of Traded Goods :

| Items | Opening Stocks ₹ | Purchase ₹ | Sales/Adjust ₹ | Closing Stock ₹ |
|--------------------------|------------------|-------------|----------------|-----------------|
| Fittings and Accessories | 22,21,972 | 1,06,54,394 | *1,50,98,316 | 35,29,569 |
| | (16,01,511) | (89,63,333) | *(1,40,32,655) | (22,21,972) |
| Equipments | 2,93,185 | 1,02,33,579 | **1,18,02,599 | – |
| | (2,34,974) | (63,82,731) | (68,30,547) | (2,93,185) |
| Light Weight Belts | 17,54,717 | – | ***17,54,717 | – |
| | (24,25,856) | (–) | (6,71,139) | (17,54,717) |
| Polyester Yarn | – | 9,55,819 | 10,23,131 | – |
| | (–) | (–) | (–) | (–) |



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

* Include ₹ 6,18,349/- (Previous Year ₹ 5,48,758/-) being captive consumption.

Figures in bracket pertains to figures of previous year.

** Include ₹ 2,93,185/- (Previous Year ₹ Nil) being relating to adjustment of purchase return as the purchase was made in the previous year.

***Include ₹ 17,54,717/- (Previous Year ₹ Nil) being relating to adjustment of purchase return as the purchase was made in the previous year.

16. (ii)

| | 31st March 2011 | 31st March 2010 |
|---------------------------------------------------------------------------|-----------------|-----------------|
| The derated installed capacity of the Generating station of the Company * | 3.85 M.W. | 3.85 M.W. |
| Total Numbers of units generated and sold ** (In Kwh units) | 58,38,924 | 69,47,417 |
| Sales (in Rupees) | 2,03,19,577 | 2,39,11,238 |

* This being a technical matter has been taken as certified by the management and has not been verified by auditors.

** Net of 27,608 Units (Previous Year 34,711 Units) being transmission loss.

17. Raw Materials Consumed :

| | 2010-11 | | 2009-10 | |
|---------------------------|-------------|---------------------|-------------|---------------------|
| | Qty. (Kgs.) | Value (₹) | Qty. (Kgs.) | Value (₹) |
| (a) Polyester Yarn | 13,27,687 | 12,20,79,295 | 14,63,963 | 12,27,98,948 |
| (b) Spun Yarn | 1,41,059 | 1,58,18,880 | 3,02,508 | 2,51,64,183 |
| (c) Cotton Yarn | 5,83,813 | 3,50,66,210 | 4,49,386 | 3,04,01,699 |
| (d) Chemicals | | | | |
| i) PVC Resin | 12,38,025 | 9,20,70,478 | 12,72,575 | 7,44,26,582 |
| ii) Phosphate Plasticizer | 8,28,250 | 10,93,59,844 | 6,88,502 | 7,99,65,030 |
| iii) Others | 12,37,855 | 7,68,07,294 | 11,23,166 | 6,76,21,176 |
| (e) Fabrics | 1,72,736 | 2,30,52,037 | 59,566 | 75,28,503 |
| Total | | 47,42,54,038 | | 40,79,06,121 |

18. Value and percentage of Imported and Indigenous Raw Materials, stores and Loose Tools consumed :

| | 2010-11 | | 2009-10 | |
|-----------------------------------|---------------------|------------|---------------------|------------|
| | (₹) | (%) | (₹) | (%) |
| (a) Raw Materials : | | | | |
| Imported | 25,52,00,516 | 54 | 19,96,39,691 | 49 |
| Indigenous | 21,90,53,522 | 46 | 20,82,66,430 | 51 |
| Total | 47,42,54,038 | 100 | 40,79,06,121 | 100 |
| (b) Stores, Spares & Components : | | | | |
| Imported | 10,762 | 1 | – | – |
| Indigenous | 20,55,263 | 99 | 25,26,016 | 100 |
| Total | 20,66,025 | 100 | 25,26,016 | 100 |

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

| | 2010-11 (₹) | 2009-10 (₹) |
|----------------------------------------------|---------------------|---------------------|
| 19. C.I.F. Value of Imports : | | |
| (a) Raw Materials | 22,22,12,717 | 17,54,85,703 |
| (b) Capital Goods | 2,76,249 | 83,40,127 |
| (c) Trading Goods | 99,53,458 | 71,76,687 |
| Total | 23,24,42,424 | 19,10,02,517 |
| 20. Expenditure in Foreign Currency : | | |
| Travelling Expenses | 17,49,589 | 18,81,514 |
| Postage & Telegram | 46,152 | 36,729 |
| Rent | 8,12,520 | 7,14,848 |
| Commission | 62,79,519 | 82,56,627 |
| Freight Expenses | 4,85,51,069 | 3,46,81,081 |
| Interest on PCFC & FCNRB DL Loan | 11,54,351 | 30,27,744 |
| Interest on LC- Buyers Credit | 11,23,835 | 6,36,343 |
| Testing Expenses | 8,50,999 | – |
| Other Expenses | 24,04,762 | 36,98,374 |
| Total | 6,29,72,796 | 5,29,33,260 |
| 21. Earning in Foreign Currency : | | |
| Export of Beltings at F.O.B. Value | 52,71,10,676 | 52,90,62,311 |
| Total | 52,71,10,676 | 52,90,62,311 |

22. Previous year's figures have been re-arranged/re-grouped wherever necessary.

23. Schedule 1 to 18 forms an integral part of the accounts.

As per our report of even date

For & on behalf of the Board

For **LODHA & CO.**

Chartered Accountants

H. K. Verma

Partner

Place : Kolkata

Date : May 28, 2011

R. K. Dabriwala

Managing Director

M. P. Jhunjunwala

Director

L. K. Tibrawalla

Director

Alka Malpani

Company Secretary



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information as required under Part-IV of Schedule - VI of the Companies Act, 1956

I. Registration Details

| | | | |
|--------------------|-------------------------------------------|------------|-----|
| Registration No : | 2 8 8 5 4 | State Code | 2 1 |
| CIN | L 2 1 3 0 0 W B 1 9 7 3 P L C 0 2 8 8 5 4 | | |
| Balance Sheet Date | 3 1 0 3 2 0 1 1 | | |
| | D D M M Y Y Y Y | | |

II. Capital raised during the year (₹ '000)

| | | | |
|--------------|-------|-------------------|-------|
| Public Issue | N i l | Right Issue | N i l |
| Bonus Issue | N i l | Private Placement | N i l |

III. Position of Mobilisation and Deployment of Funds (₹ '000)

| | | | |
|---------------------|---------------|----------------|---------------|
| * Total Liabilities | 1 1 0 9 2 1 2 | * Total Assets | 1 1 0 9 2 1 2 |
|---------------------|---------------|----------------|---------------|

Source of Funds :

| | | | |
|-----------------|-------------|--------------------------|-------------|
| Paid-up Capital | 6 7 5 0 0 | Reserves & Surplus | 5 1 5 3 4 3 |
| Secured Loans | 2 7 9 5 0 6 | Unsecured Loans | 1 1 9 7 2 8 |
| | | Deferred Tax Liabilities | 1 0 8 8 |

Application of Funds :

| | | | |
|--------------------|-------------|-------------------|-----------|
| Net Fixed Assets | 1 5 5 8 9 7 | Investments | 4 3 0 1 2 |
| Net Current Assets | 7 8 4 2 5 6 | Misc. Expenditure | 0 . 0 0 |

* Including Current Liabilities & Provisions of ₹126,047 (₹ '000)

IV. Performance of Company (₹ '000)

| | | | |
|-----------------------------------|-------------|-------------------|-------------|
| Turnover (Including Other Income) | 8 1 7 9 0 3 | Total Expenditure | 7 7 5 1 6 2 |
| Profit before Tax | 4 2 7 4 1 | Profit after Tax | 2 7 4 8 5 |
| Earning Per Share (in ₹) | 0 . 4 1 | Dividend (in ₹) | 0 . 1 5 |

V. Generic Name of the Principal Products of the Company :

Product Description : Item Code No. (ITC Code)

| | |
|-------------------------------------|-----------------|
| PVC Fire Resistant Antistatic Solid | |
| Woven Coal Conveyor Belting | 3 9 2 6 9 0 0 1 |
| Wind Power | N. A. |

For & on behalf of the Board

Place : Kolkata
Date : May 28, 2011

R. K. Dabriwala
Managing Director

M. P. Jhunjhunwala
Director

L. K. Tibrawalla
Director

Alka Malpani
Company Secretary

ATTENDANCE SLIP

NAME & ADDRESS OF THE MEMBER _____

MEMBER FOLIO NUMBER/CLIENT ID NO. _____

NUMBER OF SHARES HELD _____

NAME OF PROXY (IN BLOCK LETTER) _____
(To be filled in if the Proxy attends instead of the Member)

MEMBER'S/PROXY'S SIGNATURE _____

I hereby record my presence at the 38th Annual General Meeting of the Company to be held at 10, Middleton Row, Kolkata - 700 071 on Wednesday, the 28th day of September, 2011 at 3:30 P.M.

To be signed at the time of handing over this slip.

As no extra copy of this attendance slip will be available, Members are requested to bring it with them positively.

This attendance slip filled in accordance with the specimen signature registered with the Company to be handed over before the meeting.

----- Tear here -----

| | |
|-----------------------------|-------|
| Reg. Folio No./Client ID No | _____ |
|-----------------------------|-------|

| | |
|--------------------|-------|
| No. of Shares held | _____ |
|--------------------|-------|

PROXY FORM

I/We _____ of _____

being a member/members of the Company hereby appoint _____ as

my/our proxy at the 38th Annual General Meeting of the Company to be held at 10, Middleton Row, Kolkata - 700 071 on Wednesday, the 28th day of September, 2011 at 3:30 P.M.

Signed this _____ day of _____ 2011

(Signature of the shareholder) _____

| |
|--------------------------------------|
| Affix Revenue Stamp of Re. 1/- |
|--------------------------------------|

Note : The proxy must reach the Registered Office of the Company not less than forty-eight hours before the time for holding the aforesaid meeting.

Financial Highlights 2007-2011

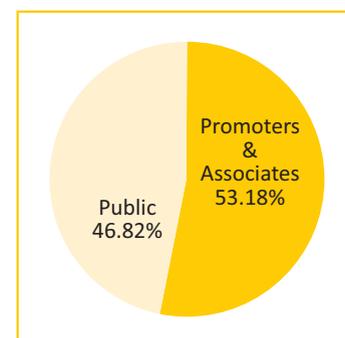
(₹ in Lacs)

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------|---------|---------|---------|---------|---------|
| Turnover | 5195.67 | 6840.65 | 7184.00 | 9024.61 | 7991.31 |
| Operating Profit | 927.77 | 950.88 | 906.46 | 2505.54 | 817.07 |
| Depreciation | 192.11 | 659.21 | 534.21 | 448.43 | 389.66 |
| Profit before Tax | 735.66 | 291.67 | 372.25 | 2057.11 | 427.41 |
| Tax | 85.09 | 28.17 | 95.89 | 760.79 | 152.56 |
| Profit after Tax | 650.57 | 263.50 | 276.36 | 1296.32 | 274.85 |
| Dividend Payout | 56.16 | 56.16 | 56.93 | 157.55 | 117.68 |
| Retained Earnings | 594.41 | 207.34 | 219.43 | 1138.77 | 157.17 |
| Shareholders' Funds | 1772.77 | 1992.56 | 4532.49 | 5671.26 | 5828.43 |
| Loans | 2981.27 | 2827.19 | 2124.56 | 2647.27 | 3992.34 |
| Gross Fixed Assets | 3628.98 | 3688.76 | 3807.66 | 3976.66 | 4248.25 |
| Debt Equity Ratio | 1:0.59 | 1:0.70 | 1:2.13 | 1:2.14 | 1:1.46 |
| Earning Per Share (₹) | 1.36 | 0.55 | 0.57 | 1.92 | 0.41 |
| Dividend Per Share (₹) | 0.10 | 0.10 | 0.10 | 0.20 | 0.15 |
| Networth Per Share (₹) | 3.69 | 4.15 | 6.71 | 8.40 | 8.63 |

Note : The figures for the current financial year & previous years are given with respect to Equity Shares of ₹ 1/- each after considering split and allotment of Bonus Shares in the financial year 2009-10.

Share Data (As on 31.03.2011)

| | |
|---------------------------|------------------|
| No. of Shares Issued | 6,75,00,000 |
| Market Capitalisation (₹) | 1,04,62,50,000 |
| No. of Shareholders | 1,934 |
| Listing at | Kolkata & Mumbai |





International Conveyors Limited
10, Middleton Row, Kolkata-700 071