GLOBAL INDIAN

INTERNATIONAL CONVEYORS LIMITED | Annual Report, 2009-10

Forward-looking statement

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

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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

Bankers
State Bank of India

Registered Office
10, Middleton Row, Kolkata - 700 071

Works
E-39, MIDC Industrial Area
Chikalthana
Aurangabad - 431 210, (Maharashtra)

Registrar & Share Transfer Agents
Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor, Kolkata - 700 001

International Conveyors Limited is a rare instance within the global PVC conveyor belting industry, where a company with a relatively modest turnover compared with global giants, demonstrating competitiveness at par with the best companies in the world.

Evolving from a domestic company into a global Indian.

Mineral resources need to move from face to pithead. Safely. Quickly. Economically.

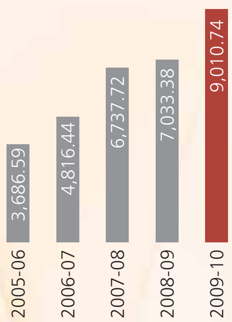
International Conveyors Limited manufactures solid-woven, fabric-reinforced, PVC-impregnated and PVC-coated fire retardant anti-static conveyor belting, making this a reality.

At the world's single largest manufacturing plant (Aurangabad) for PVC belting.

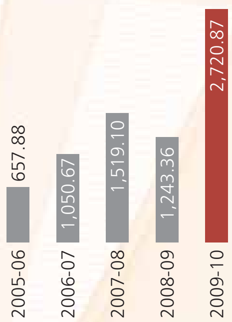
Helping make the core economy efficient.

Key financials, 2009-10

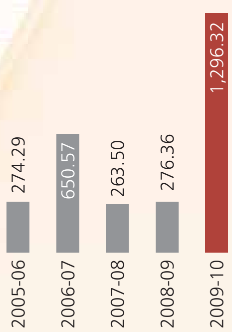
Revenues (gross) *(Rs. in lacs)*



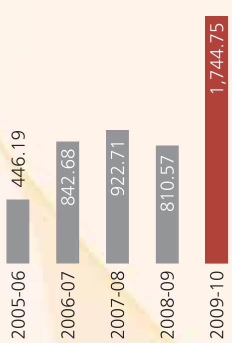
EBIDTA *(Rs. in lacs)*



Post-tax profit *(Rs. in lacs)*



Cash profit *(Rs. in lacs)*



Credentials

International Conveyors Limited (established in 1973) is one of the fastest-growing manufacturers of PVC conveyor belting, promoted and managed by Mr. R. K. Dabriwala and Mr. Anver Hussain. The Company is listed at the Bombay Stock Exchange Limited and the Calcutta Stock Exchange Limited.

Customers

The Company's customers comprise coal/potash mining and material handling companies in India and abroad. The Indian clients comprise South Eastern Coalfields Ltd (SECL Bilaspur, Chhattisgarh), Western Coalfields Ltd (WCL Nagpur, Maharashtra), Mahanadi Coalfields Ltd (MCL Sambalpur, Orissa), Eastern Coalfields Ltd (ECL Asansol, West Bengal), Bharat Coking Coal Ltd (BCCL Dhanbad, Jharkhand), Central Coalfields Ltd (CCL Ranchi, Jharkhand), The Singareni Collieries Co. Ltd (SCCL Kothagudam, Andhra Pradesh), IISCO (Burnpur, West Bengal), Jayaswal Neco Ind. Ltd (Raipur, Chhattisgarh), Monnet Ispat & Energy Ltd (New Delhi) and Uranium Corporation of India Ltd (Jaduguda, Jharkhand). The Company exports growing volumes to the US, Canada and Australia.

Capacities

- A 7,00,800 metres per annum manufacturing unit in Aurangabad, Maharashtra
- A 3.85 MW wind turbine generator (around 9.3 mn KWH a year)

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

Certifications

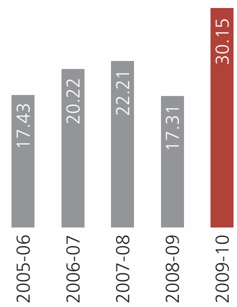
- Director General of Mines Safety approval, Dhanbad India
- Director General of Supplies and Disposals Registration, India
- A Dun & Bradstreet-registered company with D-U-N-S number 86-225-1696
- US Mine Safety and Health Administration – Part 14 and Part 18, Title 30 (CFR)
- Council South African Bureau of Standards – SABS 971-2003
- Bureau of Indian Standards – IS 3181:1992 (Second Revision)
- Canadian Standards Association – CAN/CSA M422-M87 (reaffirmed 2000), Category A1
- Test Safe Australia 4606:2006
- MSHA and OHSAS compliances
- ISO 9001:2008 accreditation for its manufacturing and marketing of solid woven, fire resistant, anti-static PVC conveyor belts for mines and industrial applications

Highlights, 2009-10

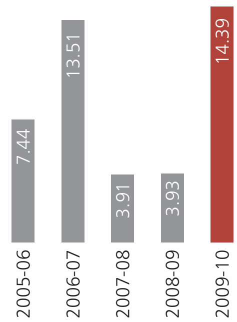
- Increased production volume from 270,802 metres in 2008-09 to 349,330 metres
- Strengthened average realisation from Rs. 2,411.30 a metre in 2008-09 to Rs. 2,473.50 a metre
- Graduated from the MSHA 18 certification to the more demanding MSHA 14 certification

Key financials, 2009-10

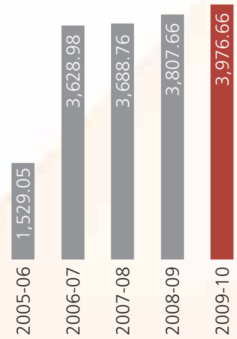
EBIDTA margin *(%)*



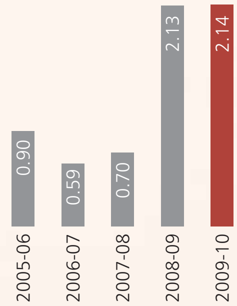
Post-tax profit margin *(%)*



Gross block *(Rs. in lacs)*



Debt-equity ratio



10 minutes with the Managing Director

"If there is a singular message that can be derived from our 2009-10 performance, it is that the Company established itself as a global Indian."

Mr R. K. Dabriwala analyses the Company's positioning, performance and prospects.

Were you satisfied with the Company's performance in 2009-10?

The performance in 2009-10 was our best ever. While our topline grew 25.62% from Rs. 7,184.00 lacs in 2008-09 to Rs. 9,024.61 lacs, our bottomline strengthened 369% from Rs. 276.36 lacs in 2008-09 to Rs.1,296.32 lacs and our EBIDTA margin strengthened from 17.31% to 30.15%. This performance was creditable as the international market continued to be in a state of slowdown, affecting the capital expenditures of industries addressed by our Company.

What factors made these record results a reality even the challenges notwithstanding?

If there was a singular message that could be derived from this performance it is that the Company finally established itself as a global Indian. The evidence is in the numbers. There was a gradual correction in an excessive India-centric presence that we created over the last decade. We increased exports by a CAGR of 202% from Rs. 18.99 lacs in 2001-02 to Rs.5,604.19 lacs in 2009-10. Nearly 63.77% of our revenue comprised exports in 2009-10, about 80% of which were made to First World countries – probably the most challenging market segment for our products in the world where only multinational corporations enjoyed a monopoly until now. This significant international presence established some key realities: one, that our costs are globally competitive; two, our product is technologically benchmarked with the best standards in the world; and three, we possess the managerial bandwidth to recognise global trends and compete against larger companies.

What highlights translated into a superior performance during 2009-10?

We countered various challenges through the following initiatives:

- We recognise that usually the most competitive manufacturer is the one with the largest capacity. In view of this, we expanded our annual installed capacity from 575,000 metres in 2008-09 to 700,800 metres. Correspondingly, we increased our production from 270,802 metres in 2008-09 to 349,330 metres, which translated into increased revenue.
- We are convinced that the future of competitive manufacturers lies in value-addition beyond the commodity segment. In view of this, we evolved our product mix through the increasing manufacture of value-added products (8,000 lb/sq. inch and 10,000 lb/sq. inch products and mirror-finish PVC beltings). In doing so, we strengthened our average realisations from Rs. 2,411.30 per metre in 2008-09 to Rs. 2,473.50 per metre.
- We feel that truly competitive global manufacturers of the future will be those with a presence across diverse global markets, which protect them from a selective downturn in any one. In view of this, we grew our international presence from 37.99% of our turnover in 2005-06 to 63.77% in 2009-10. In doing so, we derisked ourselves from an excessive dependence on one market (India), emphasising our

robust global viability.

- We recognise that companies that work with large and growing international clients must possess excellent credentials when it comes to product durability and safety; for instance, we received ISO 9001:2008 certification and Mine Safety and Health Administration (MSHA) 30 CFR Part 14 (USA) certification.

How did the Company address the challenge of strengthening of the rupee?

The Company responded to this challenge by doing all within its control to manage costs and raise efficiencies:

- We leveraged our in-house engineering excellence to use an optimum amount of raw material while completely matching customer specifications.
- We shifted from Europe-based raw material providers to Korean and Chinese suppliers with corresponding cost advantages without compromising on quality.
- We derisked against the increasing cost of paste grade PVC, a key input material, by booking bulk quantity through forward contracts.
- We engaged in value-engineering in our existing plant and machinery to reduce conversion costs.

You indicated an extension into value-added products?

This is an important point. We could have done what we had always done, which is, make the same kind of products for the same kind of customer, expanding capacities each time to graduate to a lower cost of production in a commodity product segment. However, in the last few years, we embarked on something different – we began the challenging journey to graduate to the value-added segment. In the business of PVC belting, product grades are classified according to 'Types' (denotes strength per inch width). Type 3 (3,500 lb per inch) to Type 6 (6,500 lb per inch) refers to a category marked by intense competition whereas Type 8 (8,000 lb per inch) and above refers to a category that is value-added, marked by competition. As a forward-looking manufacturer, we began to manufacture Type 8 to 10 in 2006-07 (a space occupied by only few manufacturers in the world) and reinforced our position in this space in 2009-10, strengthening our brand in peer and customer communities. This had a number of benefits: our counter-competition positioning strengthened, our average realisation increased, we began to service the demanding requirement of large customers, we raised our technology maturity, we strengthened our peer respect and we are now at a stage where no major product enquiry is floated without checking for what our Company has to offer. In a lot of ways, this extension represents an inflection point in our existence.

What is the optimism for the space in which you operate?

India is at the cusp of a boom in metal manufacture which will need to be back-ended with considerable investments in mining, widening the prospects for our business. Thermal power will continue to be the preferred mode of power generation in India, accounting for nearly 60% of the country's electricity generation capacity. In turn, this will warrant underground coal mining, which is expected to grow from a 50-million tonne per annum industry to a 75-million tonne in a short period. Besides, the demand for coal (coking and thermal) will continue to grow to feed the growing appetite of the second-fastest growing economy, making it imperative to secure its energy needs through increased mining investments as opposed to imports.

In India, mines are allotted with government stipulations on mine commercialisation dates, creating a sense of urgency. Besides, surface mining is practiced extensively but underground mining will gain importance following technology infusion and process mechanisation, which will strengthen our prospects. For instance, China, the US and Australia, the world's largest coal-producing countries, produce coal from underground mining at 95%, 33% and 23%, whereas India's figure is just 19%.

From our corporate perspective, optimism comes from the fact that much of our international presence is still centred around North America, the most demanding market in the world. We are yet to enter the growing markets of China, South Africa, Australia and Latin America.

What is the Company's strategy to capitalise on these emerging realities?

The Company has either strengthened its business or is strengthening it in the following ways:

Geographic presence: The growth that we have reported was derived out of an active presence in only three countries; we expect to enter China and Australia in 2010-11.

PVC belting: We commissioned an

electronically controlled integrated coating plant (ICP2) and a six-storey vacuum-impregnation tower to enhance product quality, durability and realisations.

Quality certifications: We strengthened our credentials through the ISO 9001:2008 quality certification and MSHA 14 certification from the US in 2009-10.

Besides, favourable referrals by existing customers drive the prospect of increased offtake. Our competitors are also engaged in capacity expansion, making it imperative for us to expand quicker at a lower cost. Besides, we will be able to widen our presence to more countries now that we have demonstrated our credentials in North America. Going ahead, our expansion will result in a larger quantity and wider range, leading to a one-stop customer convenience.

How would you encapsulate the Company's competitive advantage and outlook?

From a major perspective it is important to consider the following, given our size and scale:

- Normally, a Company achieves a large global exposure after it has acquired scale. We are a relatively rare company to be able to market products across three countries.
- Normally, only large companies possess competencies in Type 6-plus products. We are a rare company, deriving over 50% of our revenues from Type 6-and-above products.
- Normally, only large companies compete for orders from large North American customers. We are a rare company to have accounted for a large order from a North American mining giant after having competed successfully against the world's largest conveyor belting company.

What gives me optimism is that we have demonstrated these competencies when our annual revenues are not even Rs. 100 cr out of a global market estimated at US$2 bn. In view of this, I am confident that we have the potential to grow sustainably in the future.

How much of this optimism is also derived from the fact that the Company is located in India?

The Indian market of 500 km a year of our product is largely the sub-Type 6 variety; the Type 6 segment accounts for a mere 60 km of this market. There is a specific reason why the country's breadth and depth has not translated into a commensurately large market for our products – the mining practices carried out in India are not fully mechanised as most mineral reserves are extracted from as close to the surface as possible. As surface reserves are progressively depleting, the country will need to mine deeper, engage in long wall and continuous miners (coal-cutting machines), which in turn will warrant a growing investment in a higher Type of product mix. Until this happens, ICL will focus on the developed global market (America, Australia and China) where the deep nature of mining and corresponding mechanisation have translated into a sustainable offtake for our products.

How does the Company intend to capitalise on these realities?

Given this reality, ICL is responding through the following:

- We modernised the plant with an investment of Rs. 400 lacs, to help produce larger volumes within the existing infrastructure.
- We expect to widen our geographic presence from three countries to five countries. We expect to expand our presence across companies needing modern mechanical mining transportation solutions within each geography.
- We expect the full impact of our doubled capacity to be available in 2011-12. We expect to report two years of straight growth and since our expansion was funded through accruals and debt – no equity – we expect to enhance shareholder value in an attractive way.

However, I must caution shareholders that our principal objective in 2010-11 is to enhance our capacity utilisation and capture additional market share which may require us to be content with more modest realisations, margins and profits for the moment. However, we are convinced that we will be able to enhance profits thereafter resulting in enhanced shareholder value over the foreseeable future.

Our optimism

- Low equity capital of Rs. 675 lacs (as on March 31, 2010)
- Low working capital cycle of 107 days of turnover equivalent
- Attractive tax savings derived from wind power generation
- Widening global footprint across five countries
- Migration to niche and value-added product grades
- Market leader in India enjoying 45% market share

Our strategy

The principal focus of International Conveyors is to enhance customer value.

The Company does so through the following priorities:

- A wide product portfolio that covers mining industry needs.
- A high product quality.
- A customisation of products around specific industry needs.
- A responsive turnaround to emerging customer requirements.
- A superior price-value proposition.

This is not just an internal desire; it is also how the market is evolving. For instance, most customers – existing and potential – with aggressive growth require a one-stop solution as opposed to putting the various solution components together.

In view of these realities, this is our business strategy:

- Capture and retain markets through sustained relationships and superior quality.
- Enter large and growing markets.
- Utilise the installed capacity of 7,00,800 metres per annum to its fullest extent.
- Utilise the economies of scale of our plant – the single largest plant of PVC belting in the world – and enhance operational efficiency.

Our strengths

01. Presence

The Company's operations are located in a country with a growing market. India possesses the world's seventh-largest iron ore deposit, fourth-largest coal deposit and seventh-largest bauxite deposit.

02. Intellectual capital

The Company has been engaged in the PVC conveyor belt manufacture business for nearly four decades. Its management comprises over 40 experienced professionals.

03. Durable and quality products

The Company's products are at par with those of the largest and most reputed companies in the world, their durability, 50% over conventional conveyor belts.

04. Indian market leader

The Company is India's market leader with a 45% market share of the PVC conveyor belt industry. The nearest competitor possesses a third of the Company's production capacity.

05. The world's single largest plant (Aurangabad) of PVC conveyor belting

The Company's state-of-the-art manufacturing facility in Aurangabad, Maharashtra, with a capacity of 7,00,800 metres per annum is the world's largest, resulting in attractive economies of scale over competing plants.

06. Technical capabilities

The technical know-how of manufacturing solid-woven, fabric-reinforced, PVC-impregnated and PVC-covered, fire-retardant, anti-static conveyor belting requires, at least, a five-six year gestation – an effective industry entry barrier.

07. Financial foundation

The Company had a gearing of 6.02 as on March 31, 2010 and an average funds cost of 9.50% in 2009-10.

08. Certified and accredited

In a business dictated by the evolving quality standards of manufacturers, the Company graduated from MSHA 18 specification to the more demanding MSHA 14 specification from 2009-10, facilitating growing exports to the US.

09. Customer relationships

Around 90% of the Company's customers enjoy an ongoing relationship for over seven years, resulting in revenue sustainability.

10. Fiscal efficiency

The total outlay of capital – Rs. 1,789.33 lacs as on March 31, 2010 – for the Company's given production capacity of 7,00,800 metres per annum is lower than the international industry benchmarks, enhancing competitiveness. The Company turned its inventory over 15.51 times in 2009-10.

11. Integrated

The Company's complete in-house manufacture comprises yarn preparation, fabric weaving, compound mixing and belt finishing.

Indian company. Global quality.

Why would customers continents away want to buy ICL's products?

Here are the answers:

- Nearly 84% of all coal mine fires are linked to belts or belt accessories and in this safety-obsessed segment, our products have never been linked to any mine mishap.
- In a world where quality-related customer and sectoral standards are evolving constantly, our products are benchmarked to the most demanding quality specifications of the day. For instance, MSHA specifications became increasingly more demanding from January 1, 2010. This means that no mine in the US can use products conforming to the already-demanding MSHA 18 specifications but must conform to the even more challenging MSHA 14 specification. As a forward-looking, technology-driven manufacturer, we were benchmarked with the MSHA 14 specification within six months of this requirement being made public.
- In a world that is increasingly conscious of the need to rationalise costs, our products are 50% more durable than conventional conveyor belts.
- In a world where first-time customers seek assurance from certifications, the Company's credentials have been established through the following certifications:Bureau of Indian Standards 3181:1992, Directorate General of Mines Safety, US MSHA (Mine Safety and Health Administration), CAN/CSA (Canadian Standards Association), Test Safe Australia (Australian Standard) and South African Bureau of Standards.

Around

90%

of the Company's revenues were derived from repeat clients in 2009-10.

Indian company. Global competitiveness.

What makes ICL's products globally competitive despite a freight disadvantage on account of distance?

Here are the answers:

- The Company's capital outlay of Rs. 1,789.33 lacs as on March 31, 2010, corresponds to an annual installed capacity of 700,800 metres, considerably lower than the international benchmark.
- The Company leveraged its engineering excellence to enhance capacity utilisation to 47.10% in 2008-09 and 60.75% in 2009-10.
- The Company's plant in Aurangabad is the world's largest in a single location, enhancing economies of scale.
- The Company's ongoing value engineering translated into a high product quality and optimised material use.

The Company grew its revenues by

25.62%

in 2009-10.

Enhancing shareholder value

The business of International Conveyors is to provide a price-value proposition to its customers; the objective of the Company is to continuously increase value for its stakeholders.

This is clearly evident from the Company's performance in 2009-10:

- An increase in the economic value-added (EVA) from Rs. 175.58 lacs in 2008-09 to Rs. 1,091.38 lacs in 2009-10

Return on average capital employed

The ROACE is a simple but effective tool that highlights business profitability. The Company is at that stage in its history when every rupee re-invested in the business is expected to generate higher returns than what stakeholders would otherwise have earned from investments made in risk-free financial securities.

Total shareholders' return (TSR)

The total shareholders' return was Rs. 37.81 per share in 2009-10.

TSR reflected the gain earned by shareholders – directly and indirectly (directly in the form of the dividend received by them; indirectly in the form of the capital appreciation registered by the stock during the financial year under review). TSR was derived from subtraction of the year-start market capitalisation from the year-end market capitalisation, its subsequent addition to the dividend payout during the year and the division of the subsequent figure by the opening market capitalisation.

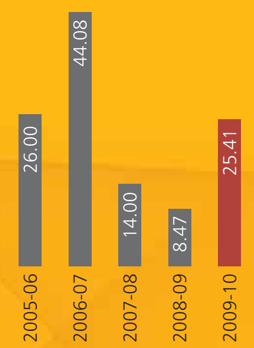
Economic value added

ICL reported a positive economic value added (EVA) of Rs. 1,091.38 lacs for 2009-10, evidence of the fact that it exceeded shareholder expectations during the year under review. The EVA is an internationally respected value measurement tool, unique in a number of ways. It accounts for the profit generated by a Company in excess of the return that it would have earned from a risk-free instrument. It arrives at this number through a unique methodology: it factors in the cost of debt and equity through techniques that measure them separately, as opposed to the conventionally cumulative measurement.

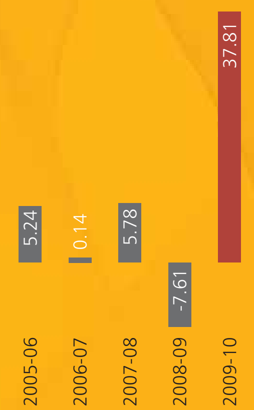
Return on average net worth

The sustainability of a Company's operations is gauged by its return on average net worth (calculated by dividing the profit after tax by the average net worth for the year), which factors in the reinvestment of shareholders' funds into the business.

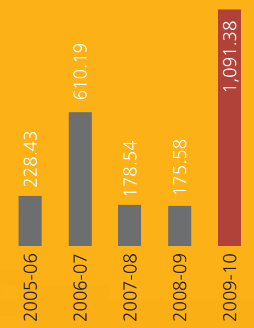
Return on average capital employed *(%)*



Total shareholders' return per share
(paid up value of Re. 1/- each)



Economic value added *(Rs. in lacs)*



Financial review

2008-09 vs 2009-10

The following numbers reflect a significant improvement in the Company's performance:

- Total income increased 25.62% from Rs. 7,184.00 lacs to Rs. 9,024.61 lacs
- EBIDTA rose 118.83% from Rs. 1,243.36 lacs to Rs. 2,720.87 lacs
- Net worth grew 25.12% from Rs. 4,532.49 lacs to Rs. 5,671.26 lacs
- PAT rose 369.07% from Rs. 276.36 lacs to Rs. 1,296.32 lacs
- Cash profit increased 115.25% from Rs. 810.57 lacs to Rs. 1,744.75 lacs

Margins

Volumes increased considerably; EBIDTA margin strengthened from 17.31% in 2008-09 to 30.15% in 2009-10 and net margin rose from 3.85% to 14.36%.

	2008-09 (in %)	2009-10 (in %)
EBIDTA margin	17.31	30.15
Pre-tax profit margin	5.18	22.79
Net margin	3.85	14.36

Revenue analysis

Net sales increased 24.92% from Rs. 7,035.51 lacs in 2008-09 to Rs. 8,788.63 lacs in 2009-10 owing to an increase in offtake, especially in the international markets. EBIDTA increased 118.83% from Rs. 1,243.36 lacs to Rs. 2,720.87 lacs over the period. The proportion of 'other income' in the Company's total income increased marginally from 1.40% to 2.56%, reflecting that revenues were principally derived through the Company's core business.

Cost analysis

Total costs increased from Rs. 5,890.59 lacs in 2008-09 to Rs. 6,298.22 lacs in 2009-10 owing to business growth; inflation was controlled through operational efficiency, economies of scale and cost control. Consequently, total costs (excluding interest and depreciation), as a proportion of total income, declined from 84.96% to 69.96%.

Shareholders funds

Shareholder funds comprised equity capital and reserves. Reserves constituted the major portion of shareholder funds at 88.09% (previous year 92.55%). Total net worth (share capital, reserves and surplus) stood at Rs. 5,671.26 lacs on March 31, 2010, a 25.12% growth over the previous year's Rs. 4,532.49 lacs. Increased efficiency in fund utilisation strengthened return on net worth by 1,676 basis points to 22.86%.

Segmental break-up of key expenses

	Absolute cost (Rs. in lacs)		As a percentage of total cost	
Segment	2008-09	2009-10	2008-09	2009-10
Materials consumed (including adjustments for increase in stock)	3,902.78	4,255.45	58.59	61.20
Employee cost	327.00	477.68	4.91	6.87
Power and fuel	151.07	215.36	2.27	3.10
Manufacturing expenses	82.58	124.78	1.24	1.79
Administrative and Selling expenses	1,427.16	1,224.95	21.43	17.62

	2008-09	2009-10
Net worth	4,532.49	5,671.26
RONW (%)	6.10%	22.86%

External funds

The Company's debt increased from Rs. 2,124.56 lacs to Rs. 2,647.27 lacs in 2009-10, generally in the form of bank loans to fund ongoing volume growth and capacity expansion. Secured loans comprised 96.53% of the total loans while unsecured loans comprised 3.47%. The Company's debt-equity ratio was 1:2.14 whereas the average cost of debt declined from 13.60% to 9.02% in 2009-10.

Capital employed

The Company enhanced the total capital employed – from Rs. 6,657.06 lacs in 2008-09 to Rs. 8,318.53 lacs in 2009-10. This increase was largely owing to a 25.12% growth in net worth by Rs. 1,138.77 lacs.

Year	2007-08	2008-09	2009-10
ROCE (%)	26.07	17.24	23.56

Gross block

The size and quality of the gross block influences competitiveness. Over the years, the Company strengthened its gross block through organic and inorganic means. The Company increased its gross block from Rs. 3,807.65 lacs in 2008-09 to Rs. 3,976.66 lacs in 2009-10. At the end of the year under review, the capital work-in-progress was Rs. 342.35 lacs.

The principal portion of the Company's gross block comprised state-of-the-art equipment, reflected in its accumulated depreciation of Rs. 2,487.84 lacs in 2009-10, constituting 62.56% of its gross block. The Company provided Rs. 448.43 lacs for depreciation in 2009-10, in line with the written down method of depreciation.

Investments

The Company's investments increased from Rs. 252.59 lacs in 2008-09 to Rs. 400.12 lacs in 2009-10, the principal portion being long-term in nature.

Working capital

Working capital is required to fund the purchase of raw materials and cover expenses like salaries and other regular production overheads. The Company's working capital increased 39.28% from Rs. 4,378.96 lacs in 2008-09 to Rs. 6,099.06 lacs in 2009-10, indicating the Company's growing scale of operations. Net current assets, as a proportion of capital employed, stood at 65.56% in 2008-09 against 73.21% in 2009-10. The current ratio stood at 1.30 in 2009-10 as against 1.24 in 2008-09.

	2008-09	2009-10
Current ratio	1.24	1.30

Inventory: Inventory declined from Rs. 616.80 lacs in 2008-09 to Rs. 613.67 lacs in 2009-10 even as turnover increased. Correspondingly, the inventory turnover ratio declined from 30 days in 2008-09 to 23 days in 2009-10.

Sundry debtors: Debtors constituted 26.56% of the total current assets as on March 31, 2010 and it decreased 5.71% from Rs. 2,009.17 lacs as on March 31, 2009 to Rs. 1,894.44 lacs as on March 31, 2010. In terms of days of turnover, the debtors' cycle declined from 102 days to 76 days. Only 3.17% of the total debtors were over six months old while the balances were considered good and fully recoverable.

Cash and bank balances: The Company's cash and bank balance was Rs.19.46 lacs as on March 31, 2010, considered sufficient, while a major portion lay in the deposit account.

Loans and advances: Loans and advances, constituting 62.11% of the Company's total current assets, increased from Rs. 2,707.66 lacs in 2008-09 to Rs. 4,430.28 lacs in 2009-10.

Current liabilities and provisions: The Company's current liabilities increased marginally from Rs. 1,033.19 lacs in 2008-09 to Rs. 1,033.97 lacs in 2009-10, attributed mainly to an increase in sundry creditors.

Taxation

The Company made a total tax provision of Rs. 760.78 lacs in 2009-10 at an effective rate of 36.98%.

Foreign exchange management

The Company earned Rs. 5,741.75 lacs from exports. The total value of imports and other foreign currency expenditure was Rs. 2,416.53 lacs during the year under review.

International Conveyors Ltd.

10, Middleton Row, Kolkata - 700 071

Notice

Notice is hereby given that the 37th Annual General Meeting of INTERNATIONAL CONVEYORS LIMITED will be held at Calcutta Chamber of Commerce, 18H Park Street, Stephen Court, Kolkata – 700 071 on Monday the 27th day of September 2010 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 March 31, 2010, 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 final dividend for the financial year ended March 31, 2010.
3. To appoint a Director, in place of Shri L. K. Tibrawalla who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director, in place of Shri J. S. Vanzara 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.

By Authority of the Board

For International Conveyors Ltd.

Alka Malpani

(Company Secretary)

Registered Office:

10, Middleton Row,

Kolkata - 700 071

May 17, 2010

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 September 20, 2010 to September 27, 2010, both days inclusive.

As per the amendments to the Companies Act, 1956 the dividends for the year 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 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 L. K. Tibrawalla and Shri J. S. Vanzara, 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 L. K. Tibrawalla

Date of birth	:	25-10-1943
Qualifications	:	B. Com
Expertise and experience in specific functional areas	:	He has 42 years of experience in the field of Coal and Coke Industry. He is the founder and Managing Director of Shree Shyam Coal Co. Ltd. which is one of the largest unit in the belt of Nirsachatty, Dhanbad, Jharkhand and he is also the promoter of many body corporates.
Directorship/ Partnership held in other companies as on 31.03.2010	:	Shree Shyam Coal Co. Ltd., Pure Coke Ltd., Gunpatroy Pvt. Ltd., Chengmari Tea Co. Ltd., Rock Fort Pvt. Ltd., Mica Pvt. Ltd., Sanskriti Holdings Pvt. Ltd., Creative Hortifarms Pvt. Ltd., Shree Hanuman Sugar & Industries Limited, International Belting Ltd., Fortune Capital Holding Pvt. Ltd., Laxmi Textiles (Partner), Pure Coke (Partner).
Membership in other Board Committees as on 31.03.2010	:	Remuneration Committee, Shareholders Committee and Audit Committee of the Company.
Shareholding in the Company as on 31.03.2010	:	36000 shares

Shri J. S. Vanzara

Date of birth	:	08-09-1965
Qualifications	:	B. COM (HONS) FCA, GRAD CWA
Expertise and experience in specific functional areas	:	He is the member of various professional bodies like Institute of Internal Auditors, Association of Secretaries and managers etc. Presently he is holding the post of Vice President of The Association of Corporate Executives & Advisors which is a leading professional body based in Kolkata for last 50 years. M/s J. S. Vanzara & Associates has three partners including Jinesh S. Vanzara and twelve executives/staff members. The firm has expertise in the field of Auditing and Direct Taxation with specific focus on Income Tax surveys, search & seizure and the related assessments. The firm has client profile from different industries and fields throughout the Eastern Region as well as some other parts of the country.
Directorship/ Partnership held in other companies as on 31.03.2010	:	Jalaram Properties Pvt. Ltd., Srinathji Commercials Pvt. Ltd., Jaikarni Holdings Pvt. Ltd., Subhratna Investment Pvt. Ltd., Mathura Towers Pvt. Ltd., Vaishno Nirman Pvt. Ltd., Mahabali Nirman Pvt. Ltd., Ambica Appartments Pvt. Ltd., J S Vanzara & Associates (Partner)
Membership in other Board Committees as on 31.03.2010	:	Remuneration Committee and Audit Committee of the Company.
Shareholding in the Company as on 31.03.2010	:	Nil

By Authority of the Board

For International Conveyors Ltd.

Alka Malpani

(Company Secretary)

Registered Office:

10, Middleton Row,

Kolkata - 700 071

May 17, 2010

Directors' Report

Your Directors take pleasure in presenting the Audited Accounts of the Company for the year ended 31.03.2010

Working results

	31.03.2010	31.03.2009
Profit before depreciation and taxation	26,74,37,683	12,33,06,414
Less: Depreciation	4,48,43,163	5,34,20,854
	22,25,94,520	6,98,85,560
Less: Exceptional Item	1,68,84,123	3,26,60,123
	20,57,10,397	3,72,25,437
Less: Provisions for Tax for current year	7,71,00,000	86,57,410
Profit after Tax for current year	12,86,10,397	2,85,68,027
Less: Provision for deferred tax	(10,21,353)	7,19,362
Profit after deferred tax	12,96,31,750	2,78,48,665
Tax for earlier years	–	2,12,301
Profit after taxes	12,96,31,750	2,76,36,364
Add: Profit brought from last year	31,53,584	62,10,101
Profit available for appropriation	13,27,85,334	3,38,46,465
Balance appropriated as under:		
Transfer to General Reserve	9,98,96,502	2,50,00,000
Interim Dividend	33,75,000	–
Final Proposed Dividend	1,01,25,000	48,65,918
Tax on Dividend	22,55,218	8,26,963
Balance Carried to Balance Sheet	171,33,614	31,53,584
	13,27,85,334	3,38,46,465

Dividend

Your directors declared interim dividend of Re.1/- per share on Equity Share of Rs. 10/- each in the meeting held on October 21, 2009 and are also pleased to recommend a final dividend of Re.0.15 per share on Equity Share of Re.1/- each or 15% on paid up capital (Previous year Rs. 2.00 per share on Equity Share of Rs. 10/- each), the consequent outflow will be Rs. 157.55 lacs including interim dividend and dividend tax (Previous year Rs. 56.93 lacs including dividend tax).

Operations

Your Company's operation during the year was satisfactory. The turnover of the Company including the excise duty for the year amounted to Rs. 9024.61 lacs (Previous year Rs. 7,184.00 lacs)

Future Prospects

Your Directors are of the opinion that both domestic as well as export would grow in the coming years but there would be price pressure due to higher competition in the market. Your Company is well placed in both the markets.

Sub-division and Issue of Bonus Shares

During the year under review your Company has sub-divided the Equity Shares of Rs. 10/- each into face value of Re.1/- each and has issued 3,37,50,000 Equity Shares of Re.1/- each as Bonus Shares. The authorised capital of the Company was increased to

Rs. 10 Crores and Issued, Subscribed and Paid up Capital increased to Rs. 6.75 Crores subsequent to Bonus issue. Members' approval for the aforesaid matter was sought through Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956 and with Companies (Passing of Resolution by Postal Ballot) Rules 2001.

Directors

Shri L. K. Tibrawalla and Shri J. S. Vanzara, Directors of the Company are liable to retire by rotation and being eligible offer themselves for re-appointment.

Directors Responsibility Statement

Pursuant to the Provisions of Section 217(2AA) of the Companies Act, 1956, the Directors give hereunder the Directors Responsibility Statement relating to the Accounts of the Company:

i) all the applicable Accounting Standards have been followed in the preparation of the accompanying Accounts;

ii) the Directors have selected such Accounting Policies and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on March 31, 2010 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 Seventh 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 particulars of employee who received an aggregate remuneration of Rs. 24,00,000/- or more per annum or was employed for a part of the year with a remuneration of Rs. 2,00,000/- or more per month as per Section 217(2A) of the Companies Act, 1956 are as follows:

Name	Designation	Qualification	Age (Years)	Joining Date	Experience (Years)	Gross Remuneration (Rs.)
Shri R. K. Dabriwala	Mg. Director	JEDP-IIM-C OPM (HBS)	69	22.06.1973	45	51,24,175

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 and The State Industrial and Investment Corporation of Maharashtra Ltd. during the year of operation.

For and on behalf of the Board of Directors

R. K. Dabriwala	**M. P. Jhunjhunwala**	**L. K. Tibrawalla**
Managing Director	Director	Director

10, Middleton Row,
Kolkata – 700 071
May 17, 2010

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

Annexure - I

Disclosure of Particulars under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended March 31, 2010.

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 was commissioned in July 2009 resulting in substantial reduction in diesel consumption.

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) 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 efforts are being made to avail the credit for the energy generated from the Wind Mill installed in the state of Maharashtra.

d) Consumption per unit production

		(KWH)	(Rs.)
i)	Purchased Unit MSEB	35,05,362	1,84,96,894
ii)	Units generated (DG)	83,381	8,78,867
iii)	Total	35,88,743	1,93,75,761
iv)	Rate per Unit	–	5.40
v)	Consumption per mtr. of manufacture	10.27	–

MSEDCL had twice effected increase in HT power tariff during the year under review - (i) from Rs. 3.95/unit to Rs. 4.60/unit w.e.f. October 2009, and (ii) from Rs. 4.60/unit to Rs. 5.05/unit from November 2009.

B. FOREIGN EXCHANGE EARNING AND OUTGO

	2009-10	2008-09
1. Foreign Exchange Earned		
a) Sale of Beltings	57,41,74,590	48,50,99,242
2. Foreign Exchange Outgo		
a) C.I.F. Value of Imports		
i) Raw Materials	17,02,47,698	19,75,60,525
ii) Components & Spare Parts	76,51,519	35,01,495
iii) Trading Goods	60,55,519	77,30,551
b) i) Travelling Expenses	18,74,876	27,90,400
ii) Rent	16,43,520	–
iii) Commission	1,55,62,817	1,73,619
iv) Freight	3,34,75,520	2,36,13,885
v) Interest on PCFC, FCNRB-DL and Buyers Credit	22,83,270	35,20,306
vi) Fluctuation Loss on derivatives	–	5,61,10,768
vii) Other Expenses	28,58,103	8,68,006

For and on behalf of the Board of Directors

R. K. Dabriwala
Managing Director

M. P. Jhunjhunwala
Director

L. K. Tibrawalla
Director

10, Middleton Row,
Kolkata – 700 071
May 17, 2010

Management Discussion and Analysis Report

Industry structure and developments

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

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

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

Opportunities and Threats

The industry has witnessed increasing competition during the last year. However your Company based on the domestic and export orders in hand and sophisticated management processes, is in a position to emerge even stronger through this phase of hyper competition.

The Company requires certain approvals, licenses, registrations and permissions for operating its business. In addition, regulators may amend license conditions, norms for registrations etc. which may have a significant impact on the Company's business. The Company, however, is hopeful that the policy changes will be equitable.

The Company believes in partnering with vendors who are of international repute, and with whom it builds long term relationships.

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, 2010.

Outlook

Over the years, the Company has maintained a firm and steady growth. The recognition of the Company as India's largest public Company engaged in the efficient transfer of mineral deposits from their respective underground mines to pit heads is the evidence of this.

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. In the normal course of business, derivatives have been used to hedge future non-functional currency cash flows arising from trading transactions relating to the sale and purchase of goods and services.

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 minimisation 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 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 Rs. 8,789 lacs in 2009-10 as compared to Rs. 7,036 lacs in 2008-09 on account of an increase in offtake especially in the international markets. The Company derived 36.23% of its sales from within India. Exports constituted 63.77%. Operating margins improved significantly due to close management of costs during the year. Profit before tax were at Rs. 2,057 lacs and Profit after tax were at Rs. 1,296 lacs for the year ended March 31, 2010 as compared to Rs. 372 lacs and Rs. 276 lacs respectively for the financial year ended March 31, 2009.

During the current financial year the Equity Shares of Rs.10/- each have been sub-divided into Equity Shares of Re.1/- each. The shareholder funds increased by Rs. 3,37,50,000 due to issue of Bonus shares of Re.1/- each in the ratio of 1:1. This has led to the strengthening of the Balance Sheet.

Material developments in Human Resources/ Industrial Relations front

Intellectual capital is the biggest asset of our Company. It has large, efficient and dedicated staff strength, comprising professionals from diverse backgrounds like 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 prioritise, manage and monitor the risks in the business; and
- formalises 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 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 elimination of physical barriers and 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.

3. Foreign Exchange Risk

Considering the large export 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.

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 10 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 is ISO-9001:2008 certified and 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 minimised the risk of default by the customers. Besides, the risk of export receivables is covered under Credit Insurance.

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 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

We believe that the **Corporate Governance** is the set of processes, customs, laws, policies and principles which guides an organisation to excel in its functioning, administration and control in the best possible interest of all its stakeholders including society at large. A good Corporate Governance generates from the mindset of the organisation and based on the principles of equity, transparency, accountability, fairness and commitment to do the things in manner wherein all resources be utilised optimally to meet stakeholders aspirations and societal expectations. The positive effect of good corporate governance on different stakeholders ultimately is a strengthened economy, and hence good corporate governance is a tool for socio-economic development in a broader way.

We at International Conveyors Limited, since its inception, being always guided by ethical principles and transparent and fair in our business dealings & administration and have adequate system of control and check is in place to ensure that the executive decisions should results in optimum growth and development which benefits all the stakeholders. The company aims to increase and sustain its corporate value through growth and innovation.

Some aspects of Corporate Governance related to the year 2009-2010 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 March 31, 2010 and their attendance at the Board Meetings held during the year and also at the last Annual General Meeting along with 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	4	Yes	11 (includes partnership in one firm)	1	–	54,12,620
2	Shri M. P. Jhunjhunwala	Non-executive Independent Director	5	Yes	1	3	1 (Remuneration Committee)	200
3	Shri L. K. Tibrawalla	Non-executive Independent Director	5	Yes	13 (includes partnership in two firms)	3	1 (Shareholders Committee)	36,000
4	Shri A. Hussain	Non-executive Independent Director	1	No	1	–	–	–
5	Smt. Ritu Dalmia	Non-executive Non-Independent Director	NIL	No	1	–	–	8,26,286
6	Shri J. S. Vanzara	Non-executive Independent Director	4	Yes	9 (includes partnership in one firm)	2	1 (Audit Committee)	–

(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 5 (Five) Board Meetings were held on 29-06-2009, 29-07-2009, 17-09-2009, 21-10-2009, 25-01-2010.

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 informations as required under Annexure 1A to Clause 49 of the Listing Agreement are made available periodically to the Board. Details of Directors seeking re-appointment in the 37th 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 in each quarter 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. Jhunjhunwala. 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 June 29, 2009, July 29, 2009, October 21, 2009 and on January 25, 2010. Each member had attended all committee meetings held at the respective dates mentioned above except Shri R. K. Dabriwala who was not present in one meeting held on October 21, 2009.

The Company did not have any investors' complaint at the beginning of the year 2009–2010. However during the year the Company received one complaint from a shareholder which was addressed on time.

(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, recognise their contribution, retain talent in the organisation, reward merits and protect organisational stability & flexibility.

Composition and Meetings

The Remuneration Committee comprises of 3 (three) Non-executive Independent Directors, Shri M. P. Jhunjhunwala, Shri L.K. Tibrawalla and Shri J. S. Vanzara. Shri M. P. Jhunjhunwala 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 the Committee met on June 29, 2009 and on October 21, 2009 and all the members of the Committee were present at the said meeting.

(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. Jhunjhunwala, 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 Finance Controller, 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 June 29, 2009, July 29, 2009, October 21, 2009 and January 25, 2010. Each member had attended all committee meetings held at the respective dates mentioned above except Shri J. S. Vanzara who was not present in one meeting held on July 29, 2009.

The Audit Committee acts as a link between the management, statutory auditors, internal auditors and 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 March 31, 2010.

Name	Salary (Rs.)	Perquisites (Rs.)	Contribution to Gratuity Fund (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
i) Executive Director:						
Mr. R. K. Dabriwala Managing Director	18,00,000	11,05,000	1,00,962	21,18,213	-	51,24,175
ii) Non-Executive Directors:						
Mr. M. P. Jhunjhunwala	–	–	–	–	32,000	
Mr. L. K. Tibrawalla	–	–	–	–	32,000	
Mr. A. Hussain	–	–	–	–	4,000	
Mr. J.S. Vanzara	–	–	–	–	24,000	
Mrs. R. Dalmia	–	–	–	–	–	92,000
						52,16,175

(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
2008-2009	17-09-2009	4.00 PM	10, Middleton Row, Kolkata – 700 071	–
2007-2008	22-09-2008	4.00 PM	10, Middleton Row, Kolkata – 700 071	1
2006-2007	27-09-2007	3.30 PM	10, Middleton Row, Kolkata – 700 071	1

(E) Postal Ballot

During the financial year ended March 31, 2010, five resolutions out of which four ordinary resolutions (i) Sub-division of shares, (ii) Increase in Authorised Share Capital, (iii) Alteration of Memorandum of Association, (iv) Issue of Bonus Shares, and a Special Resolution (v) Increase in limit for investment pursuant to Section 372A, were 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.

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 80.56% 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 14 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 March 31, 2010, the Company has established risk assessment / minimisation procedure. These procedures for risk assessment and minimisation which are being updated/formalised, 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 has adopted 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 & CFO of the Company have given a certificate to the Board of Directors as per Clause 49(V) of the Listing Agreement for the year ended March 31, 2010.

(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 Kaalantar (Regional).The Company's results and official news releases were displayed on the BSE's website.

(G) General Shareholders' Information:

(i) Annual General Meeting.

37th Annual General Meeting

Date : September 27, 2010

Time : 3:30 P. M.

Venue : Calcutta Chamber of Commerce
18H, Park Street, Stephen Court,
Kolkata – 700 071

(ii) Financial Calendar Year

April 1 to March 31

(iii) For adoption of quarterly results	:	Expected date
Quarter ending June 30, 2010	:	Last week of July 2010
Quarter ending September 30, 2010	:	Last week of October 2010
Quarter ending December 31, 2010	:	Last week of January 2011
Year and quarter ending March 31, 2011	:	Last week of May 2011

(iv) Book closure

September 20, 2010 to September 27, 2010 (both days inclusive)

(v)Dividend payment date

On or before October 4, 2010

(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-400023

Listing fees for the year 2010 -2011 have been paid to all the aforesaid Stock Exchanges.

(vii) Stock Codes:

019039 (CSE) 509709 (BSE)

(viii) Stock Market Price Data for the year 2009 – 2010

Month	BSE		SENSEX (BSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	6.25	5.48	11,492.10	9,546.29
May 2009	7.78	5.62	14,930.54	11,621.30
June 2009	13.07	6.75	15,600.30	14,016.95
July 2009	14.98	12.25	15,732.81	13,219.99
August 2009	14.09	11.80	16,002.46	14,684.45
September 2009	33.69	13.46	17,142.52	15,356.72
October 2009	38.70	28.31	17,493.17	15,805.20
November 2009	36.20	29.21	17,290.48	15,330.56
December 2009	46.40	32.15	17,530.94	16,577.78
January 2010	41.85	30.65	17,790.33	15,982.08
February 2010	37.60	28.00	16,669.25	15,651.99
March 2010	33.50	27.50	17,793.01	16,438.45

Note: The Company's equity shares of the face value Rs.10/- each were subdivided into equity shares of Re.1/- each w.e.f. 11.12.2009. Further Bonus shares in the ratio of one share for each share held were also issued on 11.12.2009. The prices of these shares are quoted on BSE based on the face value of Re.1/- each. For the purpose of above figures the price quoted in the period prior to 11.12.2009 have been considered as 1/20th of the actual quoted price.

(ix) Registrar and Share Transfer Agents

The Company has engaged Maheshwari Datamatics Pvt Ltd., 6, Mangoe Lane, Kolkata – 700001 (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 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 dematerialised form. The Company offers the facility of transfer cum dematerialisation to its shareholders.

(xi) Distribution of Share holding as on March 31, 2010

No. of Shares	Number of Shareholders	Number of Shares held	% of holding to total Shares
1-500	1,057	1,83,694	0.2721
501-1000	195	1,73,349	0.2568
1001-2000	132	2,30,595	0.3416
2001-3000	36	97,576	0.1446
3001-4000	37	1,39,024	0.2060
4001-5000	18	83,672	0.1240
5001-10000	40	2,88,154	0.4269
10001 and above	94	6,63,03,936	98.2281
Total	**1,609**	**6,75,00,000**	**100**

(xii) Pattern of Shareholding as on March 31, 2010

Sl. No.	Category	Number of Shareholders	Total Number of Shares	Percentage of Shareholdings
1.	**Promoters Group**			
	Promoter's & their relatives holding	9	2,73,24,386	40.4806
	Promoter's Bodies Corporate holding	4	85,71,320	12.6983
	Total shareholding of promoter and promoter group	**13**	**3,58,95,706**	**53.1788**
2.	**Non – Promoter Group**			
	Indian – Bodies Corporate	118	13,88,141	2.0565
	Indian – Individual holding nominal share capital Up to Rs.1 lac	1,449	25,68,105	3.8046
	Indian – Individual holding nominal share capital in excess of Rs.1 lac	4	12,46,000	1.8459
	Foreign Institutional Investors	5	2,62,99,400	38.9621
	Non-resident Individuals	20	102,648	0.1521
	Total Public Shareholding	**1,596**	**3,16,04,294**	**46.8212**

(xiii) Dematerialisation of Shares

99.10% of the Company's total shares representing 66893200 shares were held in dematerialised form as on March 31, 2010 and the balance 0.90% representing 606800 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 March 31, 2010:

	Location	No. of employees
1)	H.O.	20
2)	Aurangabad Works	94
	Total	**114**

(xvi) Factory Locations

E-39, 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.
Tel Nos. 033 2243 5809 / 5029

(xviii) Secretarial Audit

A qualified practicing Company Secretary carried out the Secretarial Audit on quarterly basis to reconcile the total Share Capital with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with total number of shares in physical forms and total number of dematerialised shares held with NSDL & CDSL.

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

R. K. Dabriwala	M. P. Jhunjhunwala	L. K. Tibrawalla
Managing Director	Director	Director

10, Middleton Row,
Kolkata – 700 071
May 17, 2010

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 March 31, 2010.

Place: Kolkata
Date: May 17, 2010

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, 2010 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 / minimisation 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 Number: 301051E

H. K. Verma
Partner
Membership Number: 55104

Place: Kolkata
Date: May 17, 2010

Auditors' Report

To
The Members,
International Conveyors Limited

1. We have audited the attached Balance Sheet of International Conveyors Limited as at March 31, 2010 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

2. As required by the Companies (Auditors' Report) 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. Attention is invited to Note no.B.7 of Schedule 18 regarding non-availability of confirmation and consequential reconciliation in respect of sundry debtors, creditors and advances, adjustment require and the consequent impact, if any, is presently not ascertainable.

4. 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 and 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 and 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 March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on March 31, 2010 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Act.

   f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts subject to our remarks as given in paragraph 3 above, the impact of which on the profit for the year and net current assets and net worth at the year end is not ascertainable and read together with the other notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

      i) In so far as it relates to the Balance Sheet, of the state of the affairs of the Company as at March 31, 2010.

      ii) In so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date and

      iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Lodha & Co.**
Chartered Accountants
Firm's ICAI Registration No: 301051E

H.K. Verma
Partner
Membership Number : 55104

Place: Kolkata
Date: May 17, 2010

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 seven 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 Rs. 33,79,32,467 and the year end balance Rs.9,54,10,847 from four Companies.

b. In our opinion, the rate of interest and other terms and conditions on which the unsecured loans as 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, the Company is regular in paying and receiving the interest on such loans.

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 Rs.7,20,95,000 and the year-end balance was NIL.

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, 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 March 31, 2010.

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 (Rs.)	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 1,970 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 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 accounts 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.

For **Lodha & Co.**
Chartered Accountants
Firm's ICAI Registration No: 301051E

H.K. Verma
Partner
Membership Number : 55104

Place: Kolkata
Date: May 17, 2010

Balance Sheet as at March 31, 2010

(Amount in Rs.)

	Schedule		31.03.2010		31.03.2009
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	6,75,00,250		3,37,50,250	
Reserves and Surplus	2	49,96,25,614	56,71,25,864	41,94,99,082	45,32,49,332
Loan Funds					
Secured Loans	3	25,55,51,036		19,91,66,505	
Unsecured Loans	4	91,76,297	26,47,27,333	1,32,89,820	21,24,56,325
Deferred Tax Liability			11,81,750		22,03,103
Total			83,30,34,947		66,79,08,760
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		39,76,66,059		38,07,65,812	
Less: Depreciation		24,87,84,183		21,17,07,166	
Net Block		14,88,81,876		16,90,58,646	
Capital Work-in-Progress		3,42,35,158	18,31,17,034	3,56,94,757	20,47,53,403
Investments	6		4,00,12,381		2,52,59,137
Current Assets,Loans and Advances					
Inventories	7	6,13,67,086		6,16,79,999	
Sundry Debtors	8	18,94,44,097		20,09,16,556	
Cash and Bank Balances	9	1,94,63,755		78,52,547	
Loans and Advances	10	44,30,28,461		27,07,65,876	
		71,33,03,399		54,12,14,978	
Less: Current Liabilities & Provisions	11	10,33,97,867		10,33,18,758	
Net Current Assets			60,99,05,532		43,78,96,220
Total			83,30,34,947		66,79,08,760
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 **LODHA & CO.**
Chartered Accountants

For & on behalf of the Board

H. K. Verma
Partner

R. K. Dabriwala
Managing Director

M.P.Jhunjhunwala
Director

L.K.Tibrawalla
Director

Alka Malpani
Company Secretary

Place : Kolkata
Date : May 17, 2010

Profit and Loss Account for the year ended March 31, 2010

(Amount in Rs.)

	Schedule	31.03.2010		31.03.2009	
INCOME					
Sales (Less: Returns, Claims etc)		90,24,60,658		71,83,99,749	
Less : Excise Duty		2,35,97,972	87,88,62,686	1,48,48,309	70,35,51,440
Other Income	12		2,30,47,415		98,45,044
Accretion/(Decretion) in Stock	13		(8,36,558)		(1,00,58,829)
			90,10,73,543		**70,33,37,655**
EXPENDITURE					
Materials Manufacturing and Other Expenses	14		45,87,22,960		40,35,85,722
Payments to and Provisions for Employees	15		4,77,67,933		3,27,00,223
Administrative,Selling and Other Expenses	16		12,24,95,742		14,27,15,603
			62,89,86,635		57,90,01,548
Profit before interest, depreciation and tax			27,20,86,908		12,43,36,107
Interest	17		2,15,33,348		3,36,89,816
Depreciation	5		4,48,43,163		5,34,20,854
Profit before tax			**20,57,10,397**		**3,72,25,437**
Provision for Taxation					
– Current		7,71,00,000		80,09,410	
– Deferred		(10,21,353)		7,19,362	
– Fringe Benefit Tax		–		6,48,000	
– Tax for earlier year		–	7,60,78,647	2,12,301	95,89,073
Profit After Taxation			12,96,31,750		2,76,36,364
Profit brought forward from previous year			31,53,584		62,10,101
Amount Available for Appropriation			**13,27,85,334**		**3,38,46,465**
Appropriations					
Transferred to General Reserve			9,98,96,502		2,50,00,000
Interim Dividend			33,75,000		–
Final Proposed Dividend			1,01,25,000		48,65,918
Tax on Dividend			22,55,218		8,26,963
Balance Carried to Balance Sheet			1,71,33,614		31,53,584
			13,27,85,334		**3,38,46,465**
Earning per Share Basic/Diluted(Face Value of Re.1 each) (Refer Note No. B12 of schedule 18)			1.92		0.57
Accounting Policies and Notes to Accounts	18				

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

As per our report of even date
For **LODHA & CO.**
Chartered Accountants

For & on behalf of the Board

H. K. Verma
Partner

R. K. Dabriwala
Managing Director

M.P.Jhunjhunwala
Director

L.K.Tibrawalla
Director

Alka Malpani
Company Secretary

Place : Kolkata
Date : May 17, 2010

Schedules forming part of the Accounts as at March 31, 2010

(Amount in Rs.)

			31.03.2010		31.03.2009
Schedule 1 SHARE CAPITAL					
Authorised:					
9,80,00,000	Equity Share of Re.1/ each (Previous year 4800000 Equity Share of Rs.10/- each)		9,80,00,000		4,80,00,000
20,000	Preference Share of Rs 100/ each		20,00,000		20,00,000
			10,00,00,000		**5,00,00,000**
Issued,Subscribed and Paid-up:					
6,75,00,000	Equity Shares of Re.1/- each (Previous Year 3,37,50,000 Equity Shares of Re.1/- each)		6,75,00,000		3,37,50,000
	Add: Forfeited Shares		250		250
			6,75,00,250		**3,37,50,250**

Note :

Of the above shares :

1. Of the above shares :
   i) 40,00,000 equity shares of Re.1/- were allotted as fully paid-up bonus shares during year ended 31.03.1995 by capitalisation of reserves.
   ii) 80,00,000 equity shares of Re.1/- were allotted as fully paid-up bonus shares during year ended 31.03.1996 by capitalisation of reserves.
   iii) 3,37,50,000 equity shares of Re.1/- were allotted as fully paid-up bonus shares during the year by capitalisation of reserves.
2. The face value of equity shares of Rs.10/- each has been sub divided into the face value of Re.1/- per equity share with effect from December 11, 2009.

	31.03.2010		31.03.2009	
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	19,01,03,498		16,51,03,498	
Add : Transferred from Profit & Loss Account	9,98,96,502	29,00,00,000	2,50,00,000	19,01,03,498
Share Premium:				
As per last account	22,23,00,000		–	
Add : Received during the year	–		22,23,00,000	
	22,23,00,000		22,23,00,000	
Less : Utilised towards issue of Bonus Shares	3,37,50,000	18,85,50,000	–	22,23,00,000
Profit and Loss Account		1,71,33,614		31,53,584
		49,96,25,614		**41,94,99,082**

Schedules forming part of the Accounts as at March 31, 2010

(Amount in Rs.)

	Notes	31.03.2010	31.03.2010	31.03.2009	31.03.2009
Schedule 3 SECURED LOANS					
From Banks					
Term Loan	1		1,03,19,000		5,76,66,000
Working Capital Facility	1				
Indian Currency		19,59,61,227		14,02,39,218	
Foreign Currency		4,65,14,639	24,24,75,866	–	14,02,39,218
Car Loan	2		27,56,170		12,61,287
			25,55,51,036		**19,91,66,505**

Note :

1. 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 both present and future, equitable mortgage of Leasehold industrial plot of Chikalthana Industrial Area (MIDC) and extension of charge on the fixed assets purchased by company with bank financed term loan by way of collateral security. These are further secured by personal guarantee by one of the Director of the Company.
   Term loan repayable within one year : Rs.1,03,19,000.
2. Car Loan from Axis Bank, ICICI Bank, HDFC Bank is secured by hyphotecation of Vehicles.

Schedule 4 UNSECURED LOANS	31.03.2010	31.03.2010	31.03.2009	31.03.2009
Interest free Sales Tax loan from				
The State Industrial and Investment Corporation of Maharashtra Ltd.		91,76,297		1,07,89,820
Loan from body corporate		–		25,00,000
		91,76,297		**1,32,89,820**

Schedule 5 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As on 01.04.2009	Additions	Adjustments/ Deduction	As on 31.03.2010	Upto 31.03.2009	For the Year	Adjustments/ Deduction	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
TANGIBLE ASSETS										
Land(Leasehold)	11,20,489	–	–	11,20,489	97,174	18,285	–	1,15,459	10,05,030	10,23,315
Buildings	1,43,53,977	27,58,271	–	1,71,12,248	63,02,259	7,66,848	–	70,69,107	1,00,43,141	80,51,718
Plant & Machinery	12,90,73,558	2,57,34,388	1,33,88,477	14,14,19,469	8,33,56,732	1,23,23,947	58,40,608	8,98,40,071	5,15,79,398	4,57,16,826
Wind Mill	21,87,33,100	–	–	21,87,33,100	11,21,58,585	2,96,49,030	–	14,18,07,615	7,69,25,485	10,65,74,515
Electrical Installation	20,84,624	12,97,426	–	33,82,050	12,97,673	1,96,626	–	14,94,299	18,87,751	7,86,951
Office Equipment	36,57,153	3,72,511	–	40,29,664	24,13,105	4,00,086	–	28,13,191	12,16,473	12,44,048
Furniture & Fixtures	53,98,733	1,89,975	–	55,88,708	26,71 823	5,42,995	–	32,14,818	23,73,890	27,26,910
Vehicles	58,52,362	24,92,255	25,56,102	57,88,515	32,13,089	8,46,983	19,25,538	21,34,534	36,53,981	26,39,273
INTANGIBLE ASSETS										
Computer Software	4,91,816	–	–	4,91,816	1,96,726	98,363	–	2,95,089	1,96,727	2,95,090
Total	**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**	**16,90,58,646**
Previous Year	36,88,75,622	2,82,14,646	1,63,24,456	38,07,65,812	16,54 59,561	5,34,20,854	71,73,249	21,17,07,166	16,90,58,646	

Schedules forming part of the Accounts as at March 31, 2010

(Amount in Rs.)

	31.03.2010		31.03.2009	
Schedule 6 INVESTMENTS				
Other than trade				
Long Term Investments	No. of		No. of	
Fully paid-up Equity Shares of Rs.10/- each unless otherwise stated	shares		shares	
Quoted :				
Uco Bank	200	2,400	200	2400
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 (Rs.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. (Rs. 2/- each)	73,190	8,15,753	73,190	8,15,753
Oil Country Tubular Ltd.	6,000	7,82,853	–	–
Tide Water Oil (India) Ltd.	434	21,70,391	–	–
Un-quoted:				
Others				
Dabri Properties & Trading Company Ltd.	60	600	60	600
Bowring's Fine Art Auctioneers (P) Ltd.	–	–	3,20,000	32,00,000
International Belting Limited	2,70,000	2,25,00,000	1,20,000	75,00,000
Pure Coke Ltd.	4,560	4,83,816	4,560	4,83,816
Total		**4,00,12,381**		**2,52,59,137**
Aggregate Market value of Quoted Investments		24,96,32,671		9,06,58,796
Aggregate Book value of Quoted Investments		1,70,27,965		1,40,74,721
Aggregate Book value of Un-Quoted Investments		2,29,84,416		1,11,84,416

Schedule 7 INVENTORIES				
(As taken,value and certified by the management)				
Stores and Spares (Including traded bought out item of Rs. 42,37,585/- – Previous Year Rs. 42,78,741/-)		89,65,086		70,68,110
Loose Tools		11,510		20,130
Raw Materials (including in transit Rs. Nil, Previous Year. Rs. 32,36,841)		1,83,21,475		2,03,63,585
Work-in-process		2,41,15,132		2,53,68,969
Finished Goods (including in transit Rs. 38,21,175/-, Previous Year Rs.55,89,156/-)		99,53,883		88,59,205
		6,13,67,086		**6,16,79,999**

Schedules forming part of the Accounts as at March 31, 2010

(Amount in Rs.)

	31.03.2010		31.03.2009	
Schedule 8 SUNDRY DEBTORS				
(Unsecured,Considered Good unless otherwise stated)				
Debts outstanding for period exceeding six months				
Considered Good	43,67,648		19,24,092	
Considered Doubtful	16,44,847		–	
	60,12,495		19,24,092	
Other Debts				
Considered Good	18,50,76,449		19,89,92,464	
	18,50,76,449		19,89,92,464	
	19,10,88,944		20,09,16,556	
Less : Provision for Doubtful Debts	16,44,847	18,94,44,097	–	20,09,16,556

Schedule 9 CASH AND BANK BALANCES				
Cash on Hand		6,52,603		2,58,055
Balances with Schedule Banks :				
In Current Accounts	6,04,430		5,67,656	
In Deposit Account (Under lien)	1,79,22,136		68,29,350	
In Unpaid Dividend Accounts	2,84,586	1,88,11,152	1,97,486	75,94,492
		1,94,63,755		**78,52,547**

Schedule 10 LOANS AND ADVANCES				
(Unsecured Considered Good unless otherwise stated)				
Loans (including interest receivable thereon)				
Considered Good	9,54,10,847		1,55,61,495	
Doubtful	20,38,519	9,74,49,366	–	1,55,61,495
Advances (Recoverable in cash or in kind or for value to be received)		32,74,71,976		23,84,81,312
Advance payment of Income Tax including tax deducted at source	11,59,06,271		3,82,44,663	
Less: Provision for Income Tax	11,20,33,769	38,72,502	3,49,33,769	33,10,894
Advance payment of Fringe Benefit Tax	20,37,664		20,37,664	
Less: Provision for Fringe Benefit Tax	19,12,412	1,25,252	19,12,412	1,25,252
Deposits with Government Authorities and Others		31,91,520		17,22,228
Balances with Excise and Customs Authorities		1,29,56,364		1,15,64,695
		44,50,66,980		27,07,65,876
Less : Provision for Doubtful Loans/ Advances		20,38,519		–
		44,30,28,461		**27,07,65,876**

Schedules forming part of the Accounts as at March 31, 2010

(Amount in Rs.)

	31.03.2010		31.03.2009	
Schedule 11 CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities:				
Sundry Creditors :				
Dues to Micro and Small Enterprises (Refer Note B5 of Schedule 18)	1,07,13,469		10,64,203	
Others Creditors	7,56,17,709		9,06,38,716	
	8,63,31,178		9,17,02,919	
Other Liabilities	49,94,889		57,48,721	
Unclaimed Dividends *	2,65,164	9,15,91,231	1,74,237	9,76,25,877
(*This does not include amount to be transferred to Investors Education & Protection Fund)				
Provisions :				
Proposed Dividend	1,01,25,000		48,65,918	
Tax on Proposed Dividend	16,81,636	1,18,06,636	8,26,963	56,92,881
		10,33,97,867		**10,33,18,758**

Schedules forming part of the Accounts for the year ended March 31, 2010

(Amount in Rs.)

	31.03.2010		31.03.2009	
Schedule 12 OTHER INCOME				
Rent		29,760		29,760
Income from Investments				
– Dividend from Long Term Investments		28,171		28,171
Interest on loans, etc. - Gross (Tax Deducted at Source Rs.17,60,323/-(Previous Year Rs.13,24,871/-)		1,71,84,628		83,14,266
Sale of Scrap		17,73,709		11,85,310
Liability Written Back		1,274		2,79,427
Profit on Sale of Fixed Assets		26,96,622		–
Miscellaneous Receipts		13,33,251		8,110
		2,30,47,415		**98,45,044**

Schedule 13 ACCRETION/(DECRETION) IN STOCK				
Closing Stock				
Finished Goods (including in transit Rs. 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
Less:Opening Stock				
Finished Goods (including in transit Rs. 55,89,156/-)	88,59,205		2,13,06,870	
Less : Excise Duty	2,46,260		2,67,714	
	86,12,945		2,10,39,156	
Work-in-process	2,53,68,969	3,39,81,914	2,30,01,587	4,40,40,743
		(8,36,558)		**(1,00,58,829)**

Schedules forming part of the Accounts for the year ended March 31, 2010

(Amount in Rs.)

		31.03.2010		31.03.2009
Schedule 14 MATERIALS, MANUFACTURING AND OTHER EXPENSES				
Raw Materials Consumed		40,79,06,121		36,97,39,333
Purchase of Traded goods		1,42,76,660		84,15,724
Stores and Spares Consumed		25,26,016		20,64,129
Power,Fuel and Water Charges		2,15,36,406		1,51,07,572
Repairs to				
– Machinery		93,28,234		77,97,262
– Building		31,49,523		4,61,702
		45,87,22,960		**40,35,85,722**

Schedule 15 PAYMENTS TO AND PROVISION FOR EMPLOYEES				
Salaries,Wages and Bonus		4,33,56,778		2,81,77,659
Contribution to Provident,Gratuity and other Funds		19,03,682		24,10,499
Staff Welfare Expenses		25,07,473		21,12,065
		4,77,67,933		**3,27,00,223**

Schedule 16 ADMINISTRATIVE, SELLING AND OTHER EXPENSES				
Rent		30,63,410		32,15,115
Rates & Taxes		3,08,954		3,14,006
Insurance Charges		12,64,378		13,55,830
Travelling and Conveyance		82,62,120		91,32,245
Directors Remuneration		49,93,213		23,75,000
Directors Fees		92,000		1,04,000
Auditors Remuneration :				
Audit Fees	1,00,000		55,000	
Tax Audit Fees	20,000		15,000	
Other Services	1,35,000	2,55,000	30,000	1,00,000
Transport, Packing & Forwarding		5,16,95,926		5,01,59,676
Commission on Sales		87,10,756		1,19,95,869
Foreign Exchange Loss on derivative transaction		1,68,84,123		3,26,60,123
Legal & Professional Fees		46,27,160		72,45,982
Subscription and Donation		2,94,603		1,08,833
Repairs to Others		21,10,214		93,52,708
Loss on Sale of fixed assets (Net)		–		65,725
Provision for doubtful debts and advances		36,83,366		–
Miscellaneous Expenses		1,62,50,519		1,45,30,491
		12,24,95,742		**14,27,15,603**

Schedule 17 INTEREST				
On Term Loan		41,52,704		1,31,52,992
On Others		1,73,80,644		2,05,36,824
		2,15,33,348		**3,36,89,816**

Schedules forming part of the Accounts as at March 31, 2010

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 recognised in the year in which the results are known/ materialised.

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 capitalised.

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 amortised 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 amortisation. Computer software packages are amortised 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 realisable 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 recognised, whenever the carrying amount of assets belonging to the Cash Generating Unit (CGU) exceeds recoverable amount. The recoverable amount is the

Schedules forming part of the Accounts as at March 31, 2010

Schedule 18 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

greater of assets net selling price or its value in use. In assessing the value in use, the estimated future 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 prorate 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 recognised 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 realised.

c) Dividend is recognised when the right to received is established.

9. Sales

Revenue from sale of goods is recognised 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 recognised 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 recognised 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 recognised in the Profit & Loss in the year in which they arise.

12. Grants

a) Government Grants including subsidy are accounted for as and when realised.

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.

Schedules forming part of the Accounts as at March 31, 2010

Schedule 18 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

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 recognised 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 are capable of reversal in subsequent periods are recognised using tax rates and tax laws, which has been enacted or substantively enacted. Deferred tax assets are recognised 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 realised. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is "virtual certainty" that such deferred tax assets can be realised against future taxable profits.

15. Provisions, Contingent Liabilities and Contingent Assets

    Provisions involving substantial degree of estimation in measurement are recognised 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 recognised 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 :

(Amount in Rs.)

		2009-10	2008-09
a)	Guarantees given by bank on behalf of the Company	3,11,30,177	1,55,22,120
b)	Corporate Guarantees given by the Company	19,70,00,000	3,40,00,000
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	14,05,569	10,54,186

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

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance) Rs. 32,50,851/- (Previous Year Rs.9,88,133/-).

3. Capital Work-in-Progress includes Rs.4,76,735/- being the advance on Capital Account. (Previous Year Rs.26,81,102/-)

4. Foreign Exchange fluctuation gain (net) amounting to Rs.74,58,584/- (Previous Year loss (net) Rs.58,20,589/-) has been credited in the Profit and Loss Account.

5. 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 u/s 22 of the Act are as follows :

(Amount in Rs.)

		2009-10	2008-09
1.	Principal amount outstanding at the end of the year	1,07,13,469	10,64,203
	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

Schedules forming part of the Accounts as at March 31, 2010

Schedule 18 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

6. a) Directors Remuneration

(Amount in Rs.)

	2009-10	2008-09
Salary	18,00,000	15,00,000
House Rent Allowance	9,00,000	7,50,000
Contribution to Provident Fund and Gratuity Fund	1,00,962	2,52,115
Perquisites*	2,05,000	1,55,000
Commission to Managing Director	21,18,213	–
Total	**51,24,175**	**26,57,115**

*Perquisite includes Rs 1,75,000/- (Previous Year Rs.1,25,000/-) on account of LTA and Rs.30,000/- (Previous year Rs.30,000/-) on account of Club Subscription.

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.**

(Amount in Rs.)

	2009-10	2008-09
Profit before tax	20,57,10,397	3,72,25,437
Add : Depreciation as per accounts	4,48,43,163	5,34,20,854
Managerial remuneration	51,24,175	26,57,115
Provision for doubtful debts and advances	36,83,366	–
Loss on sale of Assets (net)	–	65,725
Total	**25,93,61,101**	**9,33,69,131**
Less : Profit on Sale of Asset (net)	26,96,622	–
Depreciation under Section 350	4,48,43,163	5,34,20,854
Excess of Expenditure over income.		
Total	21,18,21,316	3,99,48,277
Net profit as per Section 349 of the Companies Act, 1956	21,18,21,316	3,99,48,277
Commission payable to the Managing Director @1% of Net Profit as Computed above	21,18,213	Nil

7. Certain debit and credit balances including sundry debtors, creditors and advances are subject to confirmation and reconciliation with respect to the same.

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

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

(Amount in Rs.)

	As at 01.04.2009	Current year	As at 31.03.2010
Deferred Tax Liability:			
On Depreciation	26,58,180	(1,85,284)	24,72,896
Deferred Tax Assets:			
Employee Benefits	(4,55,077)	(8,36,069)	(12,91,146)
Net Deferred Tax Liability	22,03,103	(10,21,353)	11,81,750

10. **Employee Benefits:**

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

(Amount in Rs.)

	2009-10	2008-09
Employer's Contribution to Provident Fund	5,85,667	12,36,346
Employer's Contribution to Pension Fund	6,23,433	5,59,797
Employer's Contribution to Employees State Insurance Scheme	3,30,906	1,64,045

Schedules forming part of the Accounts as at March 31, 2010

Schedule 18 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

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

Disclosures for defined benefit plans based on actuarial reports as on March 31, 2010

(Amount in Rs.)

	Gratuity (Funded)		
	2009-10	2008-09	2007-08
A. Change in Defined Benefit Obligations:			
Present Value of Defined Benefit Obligations as at the beginning of the year	99,98,517	91,50,993	76,08,774
Current Service Cost	4,96,334	4,66,156	4,32,423
Interest Cost	8,28,298	7,65,980	6,70,391
Benefits Paid	(7,12,418)	(5,15,923)	(5,74,389)
Actuarial (Gains)/ Losses	98,203	1,31,311	10,13,794
Present Value of Defined Benefit Obligations as at the end of the year	**1,07,08,934**	**99,98,517**	**91,50,993**
B. Change in the Fair Value of Assets:			
Fair value of Plan Assets at the beginning of the year	1,07,44,150	92,36,505	70,39,696
Expected Return on Plan Assets	9,16,368	7,99,226	6,51,048
Contributions by the Employer	11,57,530	12,06,181	21,56,247
Benefits paid	(7,12,418)	(5,15,923)	(5,74,389)
Actuarial Gains/ (Losses)	59,414	18,161	(36,097)
Fair value of Plan Assets at the end of the year	**1,21,65,044**	**1,07,44,150**	**92,36,505**
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	1,07,08,934	99,98,517	91,50,993
Fair value of Plan Assets at the end of the year	1,21,65,044	1,07,44,150	92,36,505
Liability /(Assets) recognised in the Balance Sheet	**(14,56,110)**	**(7,45,633)**	**(85,512)**
D. Expenses recognised in the Profit & Loss Account:			
Current Service Cost	4,96,334	4,66,156	4,32,423
Interest Cost	8,28,298	7,65,980	6,70,391
Expected Return on Plan Assets	(9,16,368)	(7,99,226)	(6,51,048)
Net Actuarial (Gain)/ Loss	38,789	1,13,150	10,49,891
Total Expenses recognised in the Profit & Loss Account *	**4,47,053**	**5,46,060**	**15,01,657**
E. Principal Actuarial Assumptions used:			
Discounted Rate (per annum) Compound	8.00%	8.00%	7.50%
Expected Rate of return on Plan Assets	8.00%	8.00%	–
Rate of Salary increase (per annum)	5.00%	5.00%	5.00%

Schedules forming part of the Accounts as at March 31, 2010

Schedule 18 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

Disclosures for defined benefit plans based on actuarial reports as on March 31, 2010

(Amount in Rs.)

	Leave Encashment (Non Funded)		
	2009-10	2008-09	2007-08
A. Change in Defined Benefit Obligations:			
Present Value of Defined Benefit Obligations as at the beginning of the year	13,38,855	9,70,662	5,52,441
Current Service Cost	1,17,860	80,183	83,294
Interest Cost	1,16,510	92,381	60,924
Benefits Paid	(64,503)	(92,923)	(21,342)
Actuarial (Gains)/ Losses	65,164	2,88,552	2,95,345
Present Value of Defined Benefit Obligations as at the end of the year	**15,73,886**	**13,38,855**	**9,70,662**
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	15,73,886	13,38,855	9,70,662
Fair value of Plan Assets at the end of the year	–	–	–
Liability /(Assets) recognised in the Balance Sheet	**15,73,886**	**13,38,855**	**9,70,662**
D. Expenses recognised in the Profit & Loss Account:			
Current Service Cost	1,17,860	80,183	83,294
Interest Cost	1,16,510	92,381	60,924
Expected Return on Plan Assets	–	–	–
Net Actuarial (Gain)/ Loss	65,164	2,88,552	2,95,345
Total Expenses recognised in the Profit & Loss Account *	**2,99,534**	**4,61,116**	**4,39,563**
E. Principal Actuarial Assumptions used:			
Discounted Rate (per annum) Compound	8.00%	8.00%	7.50%
Expected Rate of return on Plan Assets	–	–	–
Rate of Salary increase (per annum)	5.00%	5.00%	5.00%

*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.

Schedules forming part of the Accounts as at March 31, 2010

Schedule 18 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

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 2010-11 is not ascertained.

11. a) Category wise outstanding derivatives contracts entered for hedging as on March 31, 2010 are as follows :-

(Amount in Rs.)

Sl. No.	Category	Currency	Current year		Previous year		Underlying Purpose
			No. of Deals	Amount	No. of Deals	Amount	
1.	Option	USD	–	Nil	2	9,86,20,000	Export
2.	Forward	USD	–	Nil	7	21,81,46,549	Export

11. b) Unhedged Foreign Currency exposures as on March 31, 2010 are as follows:

(Amount in Rs.)

Nature	Currency	Current year amount in Foreign currency	Previous year amount in Foreign currency
Import	USD	2,81,997.60	4,77,857.24
Advance to creditors	USD	50,000.00	1,60,891.31
Advance to creditors	AUD	Nil	1,181.00
Advance to creditors	GBP	3,905.97	15,265.37
Others	USD	4,91,109.89	4,17,314.36
Others	CDN	13,098.40	Nil
Export	USD	5,59,187.69	Nil
Export	CDN	7,66,111.92	24,57,868.39
Export	AUD	Nil	28,011.10

12. (i) Earning per share (EPS):

(Amount in Rs.)

		Year ended 31.03.2010	Year ended 31.03.2009
(a)	Profit / (Loss) attributable to Share holders (Rs.)	12,96,31,750	2,76,36,364
(b)	Weighted average number of Equity Shares	6,75,00,000	4,86,59,180
(c)	Nominal Value of Equity Shares (Re.)	1	1
(d)	Basic and Diluted EPS (Rs.)	1.92	0.57

(ii) The face value of Equity shares of Rs. 10/- each has been subdivided into face value of Re. 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 shares capital of the Company has increased to Rs. 6,75,00,000/- due to issue of bonus shares in the ratio 1:1 during the 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, 2010

Schedule 18 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

13. Segment information for the year ended March 31, 2010

(I) Information about primary business segments:

	CONVEYOR BELTING		WIND ENERGY		TRADING GOODS		UNALLOCATED CORPORATE		TOTAL AMOUNT	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
a. Segment Revenue										
Sale and Services to External customers	85,82,34,976	68,24,39,095	2,39,11,238	2,45,49,510	2,03,14,444	1,14,11,144	–	–	90,24,60,658	71,83,99,749
Gross Turnover	85,82,34,976	68,24,39,095	2,39,11,238	2,45,49,510	2,03,14,444	1,14,11,144	–	–	90,24,60,658	71,83,99,749
Less : Excise Duty / Service tax recovered	2,35,97,972	1,48,48,309	–	–	–	–	–		2,35,97,972	1,48,48,309
Net Turnover	83,46,37,004	66,75,90,786	2,39,11,238	2,45,49,510	2,03,14,444	1,14,11,144	–	–	87,88,62,686	70,35,51,440
b. Segment Results	25,63,86,793	13,90,33,421	(80,83,826)	(1,86,66,305)	69,44,751	29,95,420	–	–	25,52,47,718	12,33,62,536
Unallocated Corporate Expenses	–	–	–	–	–	–	(4,51,88,601)	(6,07,61,549)	(4,51,88,601)	(6,07,61,549)
	25,63,86,793	13,90,33,421	(80,83,826)	(1,86,66,305)	69,44,751	29,95,420	(4,51,88,601)	(6,07,61,549)	21,00,59,117	6,26,00,987
Interest Expenses	–	–	(41,52,704)	(1,31,52,992)	–	–	(1,73,80,644)	(2,05,36,824)	(2,15,33,348)	(3,36,89,816)
Interest Income	–	–	–	–	–	–	1,71,84,628	83,14,266	1,71,84,628	83,14,266
Profit/(Loss) from Investment										
Profit/(Loss) before Tax and Exceptional Items	25,63,86,793	13,90,33,421	(1,22,36,530)	(3,18,19,297)	69,44,751	29,95,420	(4,53,84,617)	(7,29,84,107)	20,57,10,397	3,72,25,437
Exceptional Items										
Profit / (Loss) Before Tax	25,63,86,793	13,90,33,421	(1,22,36,530)	(3,18,19,297)	69,44,751	29,95,420	(4,53,84,617)	(7,29,84,107)	20,57,10,397	3,72,25,437
Income Taxes	–	–	–	–	–	–	(7,60,78,647)	(95,89,073)	(7,60,78,647)	(95,89,073)
Profit After Tax	25,63,86,793	13,90,33,421	(1,22,36,530)	(3,18,19,297)	69,44,751	29,95,420	(12,14,63,264)	(8,25,73,180)	12,96,31,750	2,76,36,364
c. Segment Assets	34,30,05,877	36,40,61,272	8,17,11,388	10,92,40,755	2,37,39,889	89,09,909	–	–	44,84,57,154	48,22,11,936
Unallocated Corporate Assets							48,79,75,660	28,90,15,582	48,79,75,660	28,90,15,582
Total Assets	**34,30,05,877**	**36,40,61,272**	**8,17,11,388**	**10,92,40,755**	**2,37,39,889**	**89,09,909**	**48,79,75,660**	**28,90,15,582**	**93,64,32,814**	**77,12,27,518**
d. Segment liabilities	(9,60,10,874)	(8,61,43,951)	(1,04,44,498)	(5,76,66,000)	–	–	–	–	(10,64,55,372)	(14,38,09,951)
Unallocated Corporate Liabilities	–	–	–	–	–	–	(26,28,51,578)	(17,41,68,235)	(26,28,51,578)	(17,41,68,235)
Total Liabilities	**(9,60,10,874)**	**(8,61,43,951)**	**(1,04,44,498)**	**(5,76,66,000)**	**–**	**–**	**(26,28,51,578)**	**(17,41,68,235)**	**(36,93,06,950)**	**(31,79,78,186)**
e. Cost incurred during the period to acquire segment fixed assets	3,01,34,234	2,64,72,522	–	–	–	–	27,10,592	17,42,124	3,28,44,826	2,82,14,646
f. Depreciation / Amortisation	1,37,81,215	1,10,72,573	2,96,49,030	4,10,76,518	–	–	14,12,918	12,71,763	4,48,43,163	5,34,20,854
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

Schedules forming part of the Accounts as at March 31, 2010

Schedule 18 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

13. II. **Information about secondary Business Segments**

(Amount in Rs.)

Revenue by geographical market	2009–2010	2008–2009
Sales		
Domestic	31,84,43,753	17,27,92,596
Export	56,04,18,933	53,07,58,844
Total	**87,88,62,686**	**70,35,51,440**
Assets		
Sundry Debtors		
Within India	6,42,27,183	5,75,14,270
Outside India	12,52,16,914	14,34,02,286
Total	**18,94,44,097**	**20,09,16,556**

14. 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.

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:

a. None

Details of transactions made with Related Parties during the year:

Nature of Transaction	International Belting Ltd.		R.C.A Limited		Faridabad Investment Co. Ltd.		Key Management Personnel	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Director Remuneration	–	–	–	–	–	–	51,24,175	26,57,115
Interest on Loan :								
– Received	–	6,96,822	–	–	1,07,935	3,02,852	–	–
– Paid	14,95,019	–	91,003	10,01,474	–	–	–	–
Rent Received	–	–	29,760	29,760	–	–	–	–
Rent Paid	–	–	18,840	18,840	–	–	–	–
Inter Corporate Deposit:								
– Loan given	4,10,54,483	81,50,000	90,00,000	38,50,000	4,67,10,000	9,34,50,000	–	–
– Repayment of Loan	1,97,00,000	91,50,000	90,00,000	38,50,000	5,00,44,225	10,45,90,669	–	–
– Loan taken	7,73,00,000	–	16,43,00,000	15,49,00,000	7,81,20,000	5,64,59,331	–	–
– Loan repaid	7,73,00,000	–	16,43,00,000	15,49,00,000	7,81,20,000	5,64,59,331	–	–
Outstanding								
– Loan given	2,13,54,483	–	–	–	–	31,00,000	–	–
– Loan Taken	–	–	–	–	–	–	–	–
– Interest Receivable	–	–	–	–	–	2,34,225	–	–
Sale of Shares	–	–	–	–	–	25,00,000	–	–
Purchase of Shares	1,50,00,000	70,00,000	–	–	–	–	–	–
Guarantee given and outstanding	16,30,00,000	–	–	–	–	–	–	–

Schedules forming part of the Accounts as at March 31, 2010

Schedule **18** ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

15. 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.

    Expenditure incurred on account of Operating lease rentals during the year and recognised in the Profit and Loss account amounts to Rs.8,92,348/- (Previous Year Rs.10,78,925/-).

16. Rs.1,178.50 Lacs being unutilised amount at the beginning of the year out of the issue proceeds of convertible warrants in the previous year, has been fully utilised for general corporate purposes by investing the same towards proposed right issue of shares in Elpro International Limited and the same has been included in advances as share application money pending allotment of shares.

17. (i) Statement of Additional Information

PARTICULARS RELATING TO CAPACITIES, PRODUCTION, TURNOVER and STOCK (As Certified by the Management)

(Amount in Rs.)

	2009-2010	2008-2009
(a) Licensed Capacity:		
PVC Fire Resistant Antistatic Solid Woven (Mtrs)	7,00,800	2,01,600
Coal Conveyor Belting including Food		
Conveyor Belting V- Belts (Nos)	4,20,000	4,20,000
(b) Installed Capacity :		
PVC Fire Resistant Antistatic Solid Woven (Mtrs)	7,00,800	4,00,000
Coal Conveyor Belting.		
Industrial and Food PVC Conveyor Belting :(Mtrs)	–	1,75,000
(c) Actual Production :		
PVC Fire Resistant Antistatic Solid Woven (Mtrs) Coal Conveyor Belting.	3,49,330	2,70,802

	31.03.2010		31.03.2009	
	Qty. (Mtrs)	Value (Rs.)	Qty. (Mtrs)	Value (Rs.)
(d) Turnover:				
PVC Fire Resistant Antistatic Solid	3,46,972	85,82,34,977	2,83,017	68,24,39,095
Woven Coal Conveyor Belting.				
(e) Opening and Closing stock of				
Finished Goods:				
1. Opening Stock				
PVC Fire Resistant Antistatic Solid	5,512	88,59,205	17,727	2,13,06,870
Woven Coal Conveyor Belting				
2. Closing Stock				
PVC Fire Resistant Antistatic Solid	7,870	99,53,883	5,512	88,59,205
Woven Coal Conveyor Belting				

Schedules forming part of the Accounts as at March 31, 2010

Schedule 18 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

(f) Opening and Closing Stock of Traded Goods :

(Amount in Rs.)

Items	Opening Stocks	Purchase	Sales/Adjust	Closing Stock
Fittings and Accessories	16,01,511	89,63,333	*1,40,32,655	22,21,972
	(11,08,157)	(81,30,359)	*(1,06,21,042)	(16,01,511)
Equipments	2,34,974	63,82,731	68,30,547	2,93,185
	(–)	(13,48,711)	(11,60,317)	(2,34,974)
Light Weight Belts	24,25,856	–	6,71,139	**17,54,717
	(–)	(24,25,856)	(–)	**(24,25,856)

* Include Rs. 5,48,758 /- (Previous Year Rs. 3,70,215/-) being captive consumption.
Figures in bracket pertains to figures of previous year.

** Closing Stock of Light Weight Belts of Rs. 17,54,717/- (Previous Year Rs. Nil) is in Transit.

17. (ii)

(Amount in Rs.)

	31.03.2010	31.03.2009
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)	69,47,417	71,48,954
Sales (in Rupees)	2,39,11,238	2,45,49,510

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

** Net of 34,711 Units (Previous Year 36652 Units) transmission loss.

18. Raw Materials Consumed :

	2009-2010		2008-2009	
	Qty. (Kgs)	Value (Rs.)	Qty. (Kgs)	Value (Rs.)
(a) Polyester Yarn	14,63,963	12,27,98,948	10,63,696	12,37,49,628
(b) Spun Yarn	3,02,508	2,51,64,183	3,05,514	2,82,16,461
(c) Cotton Yarn	4,49,386	3,04,01,699	2,57,374	1,78,09,403
(d) Chemicals				
i) PVC Resin	12,72,575	7,44,26,582	9,58,850	6,46,33,116
ii) Phosphate Plasticizer	6,88,502	7,99,65,030	3,36,548	4,28,18,998
iii) Others	11,23,166	6,76,21,176	9,86,902	7,62,64,273
(e) Fabrics	59,566	75,28,503	1,09,991	1,62,47,454
Total		**40,79,06,121**		**36,97,39,333**

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

	2009-2010		2008-2009	
	(Rs.)	%	(Rs.)	%
(a) Raw Materials:				
Imported	19,96,39,691	49	22,88,08,459	62
Indigenous	20,82,66,430	51	14,09,30,874	38
Total	**40,79,06,121**	**100**	**36,97,39,333**	**100**
(b) Stores, Spares & Components:				
Imported	–	–	–	–
Indigenous	25,26,016	100	20,64,129	100
Total	**25,26,016**	**100**	**20,64,129**	**100**

Schedules forming part of the Accounts as at March 31, 2010

Schedule 18 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

20. C.I.F Value of Imports:

(Amount in Rs.)

	2009-2010	2008-2009
(a) Raw Materials	17,54,85,703	21,58,22,769
(b) Capital Goods	83,40,127	35,70,037
(c) Trading Goods	71,76,687	77,34,884
Total	19,10,02,517	22,71,27,690

21. Expenditure in Foreign Currency:

(Amount in Rs.)

	2009–2010	2008–2009
Travelling Expenses	18,81,514	27,90,400
Postage & Telegram	36,729	33,805
Rent	7,14,848	9,28,673
Commission	82,56,627	1,18,04,687
Freight Expenses	3,46,81,081	3,18,29,513
Interest on PCFC & FCNRB DL Loan	30,27,744	34,56,927
Interest on LC- Buyers Credit	6,36,343	63,383
Testing Expenses	–	7,38,116
Other Expenses	36,98,374	46,74,205
Total	5,29,33,260	5,63,19,709

22. Earning in Foreign Currency:

(Amount in Rs.)

	2009-2010	2008-2009
Export of Beltings at F.O.B. Value	52,90,62,311	49,53,02,784
Total	52,90,62,311	49,53,02,784

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

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

As per our report of even date
For **LODHA & CO.**
Chartered Accountants

For & on behalf of the Board

H. K. Verma	**R. K. Dabriwala**	**M.P.Jhunjhunwala**	**L.K.Tibrawalla**	**Alka Malpani**
Partner	*Managing Director*	*Director*	*Director*	*Company Secretary*

Place : Kolkata
Date : May 17, 2010

Cash Flow Statement for the year ended March 31, 2010

(Amount in Rs.)

	31.03.2010	31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	20,57,10,397	3,72,25,437
Adjustment for		
Depreciation	4,48,43,163	5,34,20,854
Provision for losses on mark to market basis on derivative transaction	–	(2,34,50,645)
Provision for doubtful debts and advances	36,83,366	–
(Profit)/Loss on sale of Fixed Assets (Net)	(26,96,622)	65,725
Liquidated Damages / Rebate & discount	1,38,151	5,67,407
Dividend from Long Term Investment	(28,171)	(28,171)
Interest Paid	2,15,33,348	3,36,89,816
Interest Received	(1,71,84,628)	(83,14,266)
Liability Written off/ back (Net)	(1,274)	(2,79,427)
Operating profit before working capital changes	25,59,97,730	9,28,96,730
Adjustment for		
Trade and other receivables	(8,16,92,794)	(28,50,06,680)
Inventories	3,12,913	(44,31,186)
Trade and other Payables	(44,48,661)	1,87,40,600
	(8,58,28,542)	(27,06,97,266)
Cash generated form Operation	17,01,69,188	(17,78,00,536)
Direct Taxes (paid)/Refund received	(7,76,71,018)	(56,22,795)
Net Cash from/(used in) Operating Activities	**9,24,98,170**	**(18,34,23,331)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,13,85,227)	(2,90,68,021)
Sale of Fixed Assets	1,08,75,055	5,89,444
(Purchase)/Sale of Investments	(1,47,53,244)	(45,00,000)
Loans Given	(7,06,96,603)	8,15,04,698
Dividend received	28,171	28,171
Interest received	55,23,990	1,25,43,354
Net Cash from/(used in) Investing Activities	**(10,04,07,858)**	**6,10,97,646**

Cash Flow Statement *(Contd.)* for the year ended March 31, 2010

(Amount in Rs.)

	31.03.2010	31.03.2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	5,22,71,008	(7,02,62,737)
Proceeds from Equity Shares	–	23,20,50,000
Dividend Paid (Including Corporate Dividend Tax on that)	(95,50,536)	(55,87,208)
Interest paid	(2,31,99,576)	(3,15,37,119)
Net cash from/(used in) Financing Activities	1,95,20,896	12,46,62,936
Net increase/(Decrease) in cash and Cash Equivalents	1,16,11,208	23,37,251
Cash and Cash Equivalents at the begining of the year	78,52,547	55,15,296
Cash and Cash Equivalents at the end of the year	1,94,63,755	78,52,547

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.

As per our report of even date
For **LODHA & CO.**
Chartered Accountants

For & on behalf of the Board

H. K. Verma
Partner

R. K. Dabriwala
Managing Director

M.P.Jhunjhunwala
Director

L.K.Tibrawalla
Director

Alka Malpani
Company Secretary

Place : Kolkata
Date : May 17, 2010

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	28854	State Code	21
CIN	L21300WB1973PLC028854		
Balance Sheet Date	31 (Date) 03 (Month) 2010 (Year)		

II. Capital raised during the year (Rs.)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	33750000	Private Placement	NIL

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

*Total Liabilities	936433	*Total Assets	936433
Sources of Funds			
Paid–up Capital	67500	Reserves and Surplus	499626
Secured Loans	255551	Unsecured Loans	9176
Unsecured Loans	NIL	Deferred Tax Liability	1182
Application of Funds			
Net Fixed Assets	183117	Investments	40012
Net Current Assets	609906	Misc. Expenditure	0.00

* Including Current Liabilities & Provisions of Rs. 1,03,398 thousands.

IV. Performance of the Company (Rs.)

Turnover (Including other Income)	901074	Total Expenditure	695364
Profit Before Tax	205710	Profit After Tax	129632
Earnings Per Share in Rs.	1.92	Dividend	0.20

V. Generic Names of Principal Products of the Company

Product Description	**Item Code No.** (ITC Code)
PVC Fire Resistant Antistatic Solid Woven Coal Conveyor Belting	39269001
Wind Power	NA

For & on behalf of the Board

Place : Kolkata
Date : May 17, 2010

R. K. Dabriwala	**M.P.Jhunjhunwala**	**L.K.Tibrawalla**	**Alka Malpani**
Managing Director	*Director*	*Director*	*Company Secretary*

International Conveyors Ltd.

Registered Office: 10, Middleton Row, Kolkata – 700 071

PROXY FORM

I/We ____of ________________ in the district of ______________________ being a member/ members of the above named Company and holding ____ equity shares hereby appoint ____ as my proxy to vote for me on my behalf, at the 37th Annual General Meeting of the Company to be held at Calcutta Chamber of Commerce, 18H Park Street, Stephen Court, Kolkata – 700 071 on Monday, the 27th day of September 2010 at 3:30 P. M.

Proper Revenue Stamp Re. 1

Signed this ___________ day of ____________________ 2010

Signature ____________________________________

Name ____

Regd. Folio / Client ID No. ______________________

Note: The Proxy Form duly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time for the commencement of the Meeting.

International Conveyors Ltd.

Registered Office: 10, Middleton Row, Kolkata – 700 071

ATTENDANCE SLIP

37th Annual General Meeting on Monday, September 27, 2010 at 3:30 P. M

Name and Address of the Member ____

Regd. Folio / Client ID No. ____

I certify that I am a registered shareholder of the Company and hold ____ Shares.

Please indicate whether Member / Proxy ____

Member's / Proxy's Name in Block Letters

Member's / Proxy's Signature

Note: Shareholder / Proxy holder must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.

Financial Highlights 2006-2010

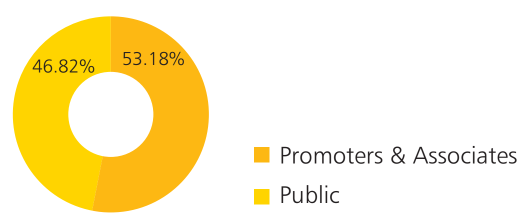
	2006	2007	2008	2009	2010
TURNOVER	3,775.18	5,195.67	6,840.65	7,184.00	9,024.61
OPERATING PROFIT	573.47	927.77	950.88	906.46	2,505.54
DEPRECIATION	171.90	192.11	659.21	534.21	448.43
PROFIT BEFORE TAX	401.57	735.66	291.67	372.25	2,057.10
TAX	127.28	85.09	28.17	95.89	760.79
PROFIT AFTER TAX	274.29	650.57	263.50	276.36	1,296.32
DIVIDEND PAYOUT	27.37	56.16	56.16	56.93	157.55
RETAINED EARNINGS	246.92	594.41	207.34	219.43	1,138.77
SHAREHOLDERS' FUNDS	1,178.36	1,772.77	1,992.56	4,532.49	5,671.26
LOANS	1,303.09	2,981.27	2,827.19	2,124.56	2,647.27
GROSS FIXED ASSETS	1,529.05	3,628.98	3,688.76	3,807.66	3,976.66
DEBT EQUITY RATIO	1:0.90	1:0.59	1:0.70	1:2.13	1:2.14
EARNING PER SHARE (RS.)	0.57	1.36	0.55	0.57	1.92
DIVIDEND PER SHARE (RS.)	0.05	0.10	0.10	0.10	0.20
NET WORTH PER SHARE (RS.)	2.45	3.69	4.15	6.71	8.40

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

Share Data (As on 31.03.2010)

No. of Shares Issued	:	67500000
Market Capitalisation (Rs.)	:	2025000000
No. of Shareholders	:	1609
Listing at	:	Kolkata & Mumbai

Share Holding Pattern



International Conveyors Limited

10, Middleton Row, Kolkata - 700 071