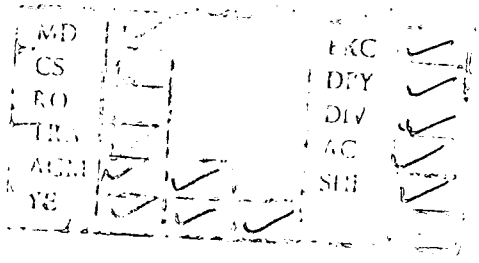
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THE INDIAN CARD CLOTHING COMPANY LIMITED

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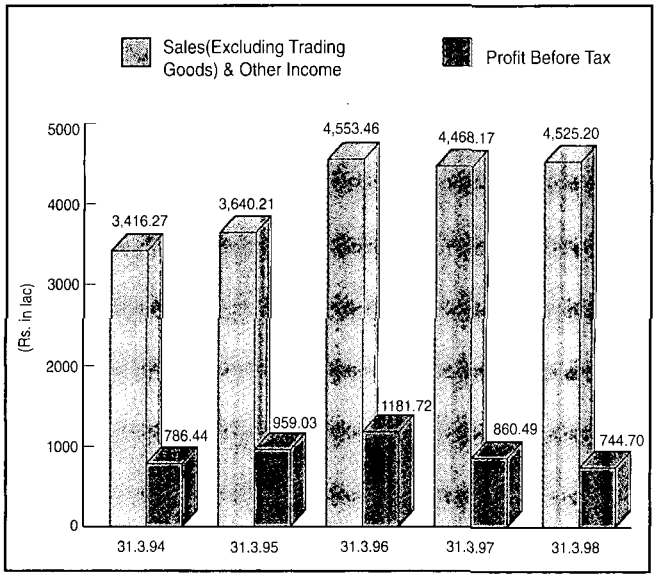
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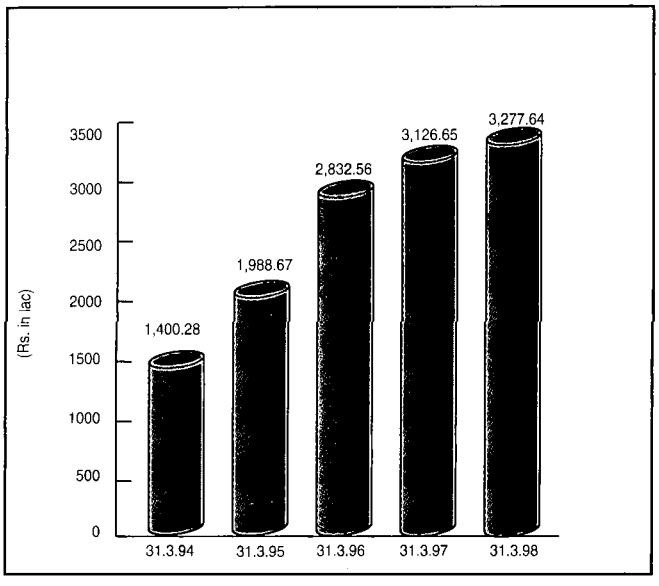
The Indian Card Clothing Company Ltd. is the pioneer in the manufacture of card clothing in India and has sustained its position as a market leader for over 40 years. In the last few years, the Company's card clothing has made its mark in the world market as a quality product and exports are rising year after year.

With the sound technological base developed over years, the Company manufactures both Flexible and Metalic Card Clothing for processing all sorts of fibre used by the textile industry. The technology is constantly upgraded to meet the changing international requirements.

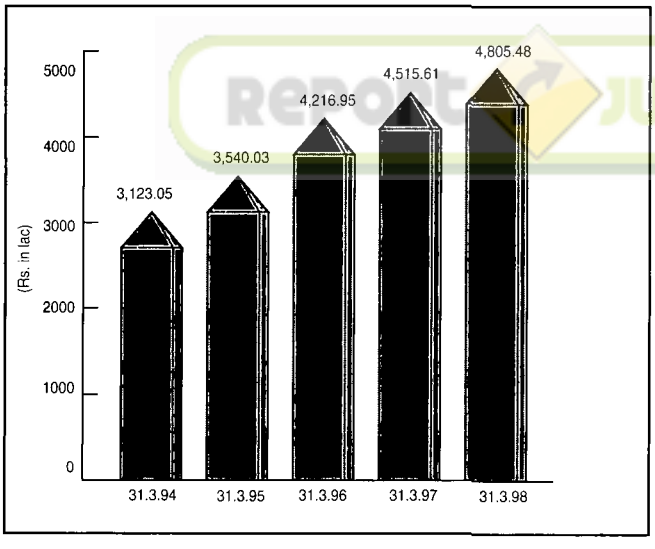
GROWTH IN SALES & PROFIT



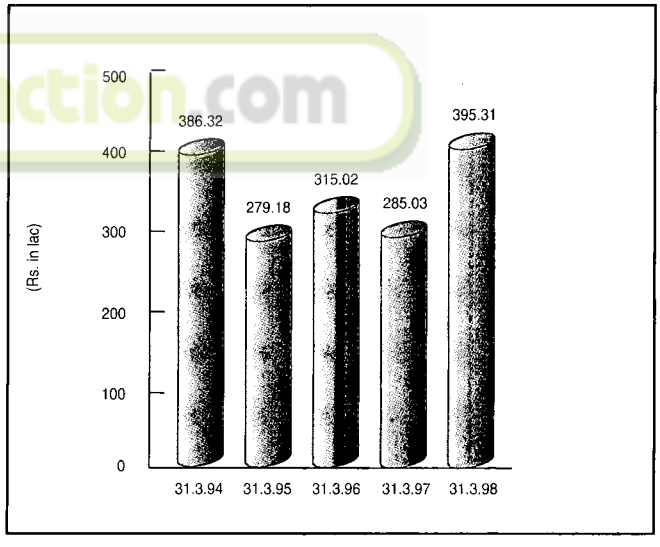
GROWTH IN GROSS FIXED ASSETS



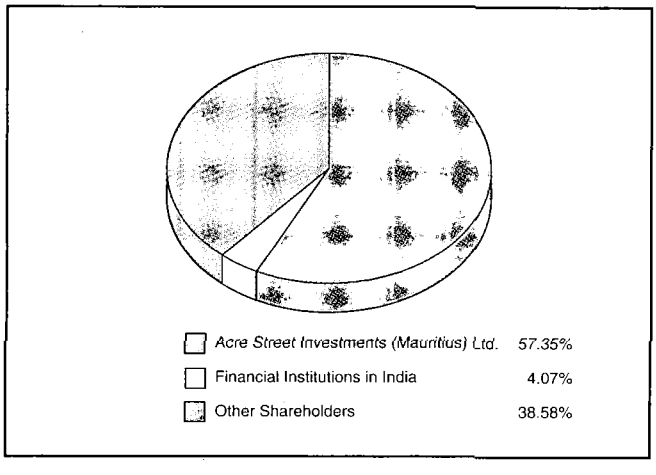
GROWTH IN NET WORTH



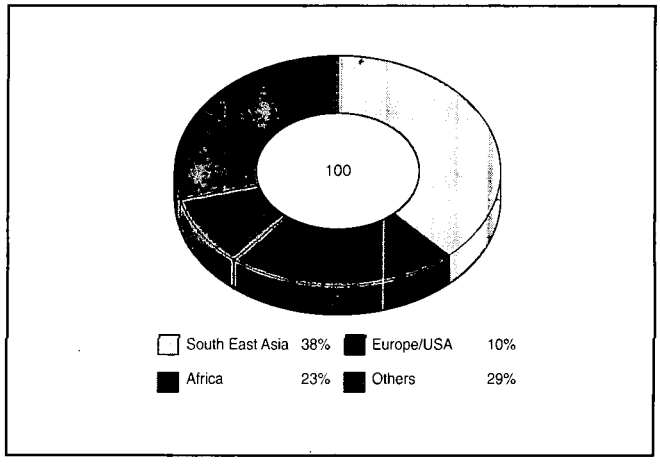
GROWTH IN EXPORT : CARD CLOTHING



PATTERN OF SHAREHOLDING



PATTERN OF EXPORTS : CARD CLOTHING



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THE INDIAN CARD CLOTHING COMPANY LIMITED

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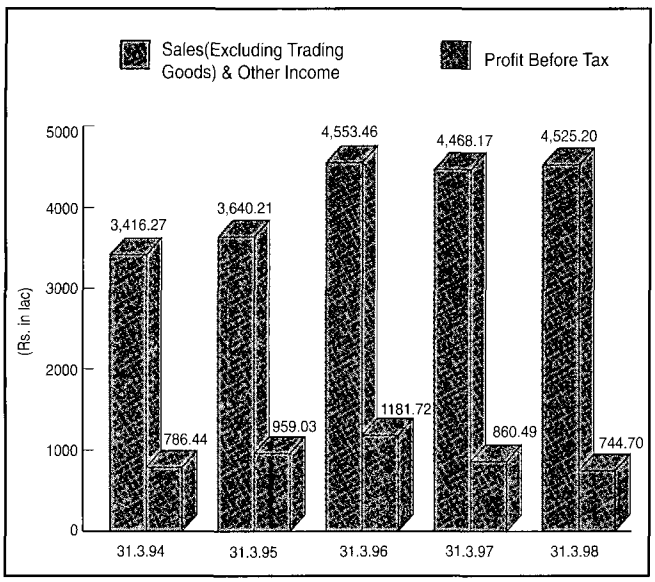
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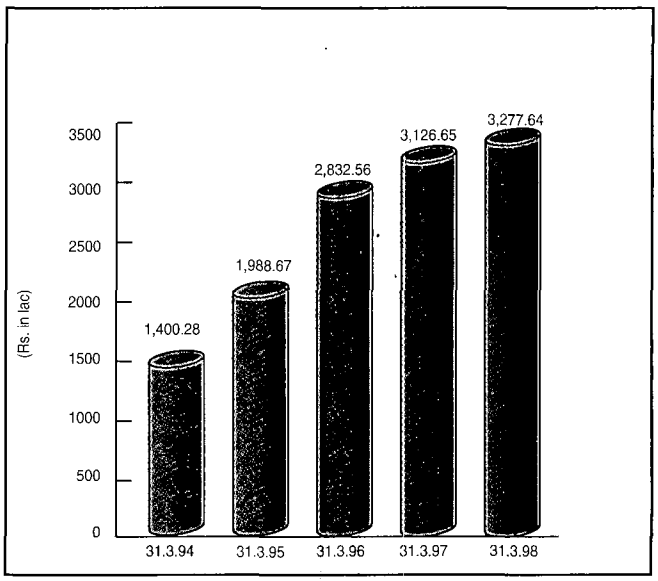
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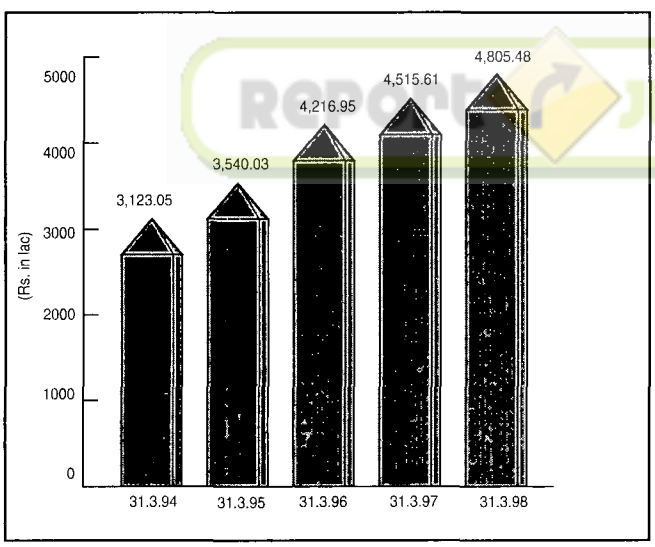
GROWTH IN SALES & PROFIT



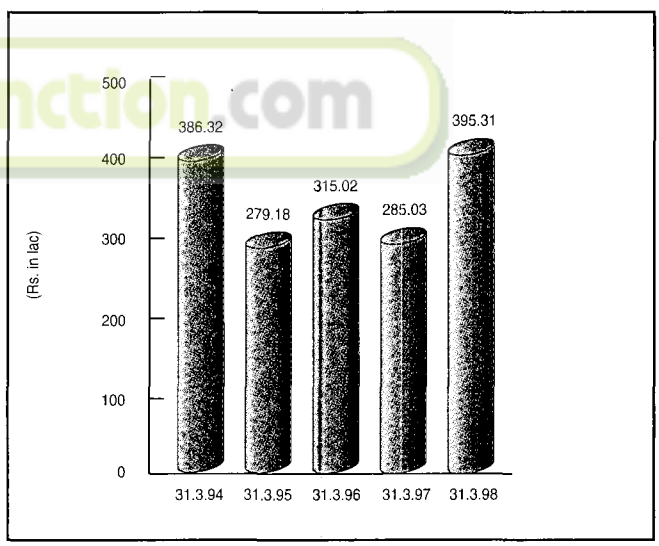
GROWTH IN GROSS FIXED ASSETS



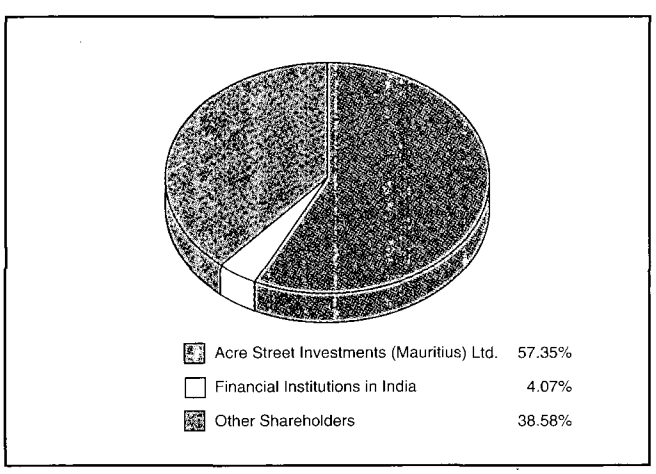
GROWTH IN NET WORTH



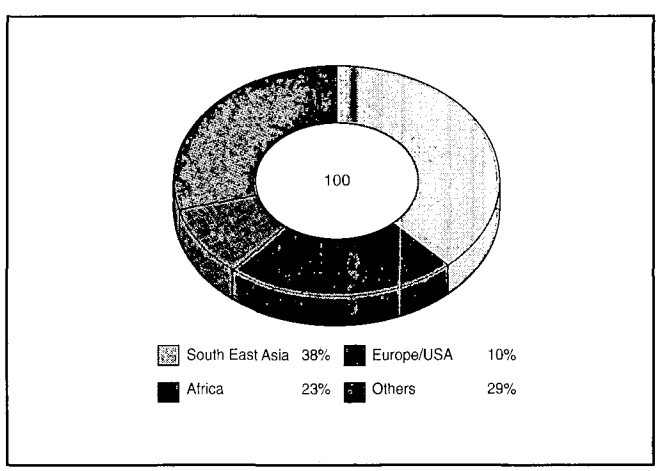
GROWTH IN EXPORT : CARD CLOTHING



PATTERN OF SHAREHOLDING



PATTERN OF EXPORTS : CARD CLOTHING



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THE INDIAN CARD CLOTHING COMPANY LIMITED

DIRECTORS

K. K. Trivedi, *Chairman*

M. M. Shah, *Managing Director*

M. K. Trivedi, *Executive Director*

H. C. Asher

J. M. Kothary

C. M. Maniar

Prashant K. Trivedi

Sudhir Merchant

Gautam B. Doshi

MANAGEMENT TEAM

M. M. Shah, *Managing Director*

M. K. Trivedi, *Executive Director*

R. Raman, *Vice President (Marketing)*

A. D. Hajare, *Vice President (Technical)*

S. G. Athavale, *Vice President (Operations)*

N. Chopra, *Vice President (Property Development)*

A. D. Dahotre, *Vice President (Finance) and Company Secretary*

REGISTERED OFFICE AND SHARE DEPARTMENT

Mumbai-Pune Road,
Pimpri, Pune 411 018.
Tel.: (212) 777200

AUDITORS

M/s. Sharp & Tannan
Bank of Baroda Building,
Bombay Samachar Marg,
Mumbai 400 023.

SOLICITORS

M/s. Crawford Bayley & Co.
State Bank Building,
N. G. Vaidya Marg,
Mumbai 400 023.

BANKERS

Corporation Bank
Centurion Bank
State Bank of India

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Notice

NOTICE is hereby given that the FORTY-FOURTH ANNUAL GENERAL MEETING of the Members of THE INDIAN CARD CLOTHING COMPANY LIMITED will be held at the Company's Registered Office at Mumbai Pune Road, Pimpri, Pune 411 018, on Thursday, 17th September, 1998, at 12 noon to transact the following business :

ORDINARY BUSINESS

1. To receive, consider, and adopt the audited Balance Sheet as at 31st March, 1998, and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. To declare dividend for the year ended on 31st March, 1998.

3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

4. To appoint Mr. K.K.Trivedi, Mr. M.M. Shah, Mr. M.K. Trivedi, Mr. H.C. Asher, Mr. J.M. Kothary, Mr. C.M. Maniar, Mr.Prashant K. Trivedi, Mr. Sudhir Merchant and Mr. Gautam B. Doshi as Directors of the Company for a period of three years from the date of this Meeting, in accordance with the principle of proportional representation as provided in Articles 115 of the Articles of Association of the Company and Section 265 and other applicable provisions, if any, of the Companies Act, 1956.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution, as a Special Resolution :

   "RESOLVED that in pursuance of Section 265 and other applicable provisions of the Companies Act, 1956 ("the Act"), and the Articles of Association of the Company, approval of the Company be and is hereby accorded for the payment to Directors and Alternate Directors (who are neither in the wholetime employment, nor Managing Directors, nor Executive Directors of the Company) of remuneration, by way of commission at a rate not exceeding 1% of the net profit of the Company calculated in accordance with the provisions of the Act as the Board of Directors may from time to time determine in each financial year, such commission being divisible amongst the Directors and Alternate Directors of the Company by way of remuneration for their services as such Directors as aforesaid, provided that the remuneration payable to each Director shall be such as may be determined by the Chairman of the Board of Directors from time to time.

   RESOLVED FURTHER that this Resolution shall be effective for a period of five years from the Accounting Year commencing from 1st April, 1998".

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution, as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Section 198, 269, 309, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the reappointment of Mr. M.K. Trivedi as the Executive Director of the Company, on such remuneration and other terms and conditions as contained in the Agreement dated 20th August, 1997 entered between the Company and Mr. M.K. Trivedi, with effect from 1st October, 1997 for the tenure of five years to end on 30th September, 2002.

   RESOLVED FURTHER that the remuneration proposed to be paid to Mr. M.K Trivedi in terms of the aforesaid agreement shall be paid as a minimum remuneration even in the absence or inadequacy of profits for any year during the tenure of his holding the office as the Executive Director of the Company".

Registered Office :
Mumbai Pune Road
Pimpri, Pune 411 018

By Order of the
Board of Directors

Pune, 28th July, 1998

A. D. Dahotre
Company Secretary

NOTES :

1. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of item 4 to 6 above is set out below.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from 10th September, 1998 to 17th September, 1998 both days inclusive.

4. The final dividend on Equity Shares, as recommended by the Directors for the year ended 31st March, 1998, if declared at the meeting, will be made payable on or after 1st October, 1998 to those members whose names appear on the Register of Members of the Company on 17th September, 1998.

5. An amount of Rs. 99,706/- being the unpaid/unclaimed final dividend for the year ended 31st March, 1994 and interim dividend for the year ended 31st March, 1995 has been transferred to the General Revenue Account of the Central Government pursuant to the provisions of Section 205A(5) of the Companies Act, 1956.

6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company Secretary, so as to reach at least seven days before the date of the meeting, so that the information required may be made available at the meeting.

7. A member may advise number and type of account, name of bank and branch to the Company Secretary so that the same can be printed on the dividend warrant in addition to the name to avoid possibility of misuse.

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Explanatory Statement

Pursuant to Section 173 of the Companies Act, 1956.

ITEM 4 :

Article 115 of the Company's Articles of Association provides for appointment of all the Directors of the Company once every three years in accordance with the principle of proportional representation. Mr. Gautam B. Doshi was appointed as Additional Director by the Board. The last appointment of other Directors was made at the Forty - first Annual General Meeting of the Company held on 14th September,1995. Accordingly, the term of office of the present Directors will expire at this Annual General Meeting.

All the Directors of the Company mentioned in the resolution at item 4 are the present Directors of the Company and are seeking reappointment. The Company has received letters from all the Directors of the Company, consenting, if appointed, to act as Director of the Company.

All the Directors of the Company are interested in the resolution at item 4 as it relates to their appointment.

ITEM 5 :

The non Whole-time Directors of the Company are being paid remuneration by way of commission in pursuance of the Special Resolution passed by the Shareholders at the 39th Annual General Meeting of the Company held on 28th September, 1993. As the said resolution was effective upto 31st March, 1998, it is now proposed to pass a fresh Resolution for payment of remuneration to the non Whole-time Directors in terms of the Special Resolution set out at item 5. The provisions of sub-section (4) of Section 309 of the Companies Act, 1956 inter alia provide that a Director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration either by way of monthly, quarterly or annual payment with the approval of the Central Government or by way of commission if the Company by special resolution authorises such payment. The proviso to this sub-section further provides that the remuneration paid to such Director or where there is more than one such Director, to all of them together, shall not exceed one per cent of the net profits of the Company, if the Company has a Managing or Wholetime Director or a Manager.

All the Directors of the Company, except Mr. M.M. Shah and Mr. M. K.Trivedi, are non Whole-time Directors and may be deemed to be interested in this Resolution.

Mr. M. K. Trivedi is related to two non-whole time Directors, as the son of Mr. K.K. Trivedi and the brother of Mr. Prashant K. Trivedi, and accordingly may be deemed to be interested in this Resolution.

Mr. K.K. Trivedi and Mr. Prashant K. Trivedi are relatives and may be deemed to be interested to the extent of remuneration to which the other will be entitled under the resolution.

ITEM 6 :

Mr. M.K. Trivedi (Mr. Trivedi), a U.K. National, is a qualified graduate in Law (U.K.) and is a non practising Solicitor of the Supreme Court of England and Wales (U.K). Mr. Trivedi, after his initial training in the fields of Law (especially joint ventures and collaborations) in U.K was inducted in the Company with effect from 1st September, 1989 to oversee operations, especially marketing (in India and abroad), production/manufacturing and areas allied thereto.

Mr. Trivedi was co-opted as an Additional Director and was appointed by the Board of Directors ("the Board") as an Executive Director of the Company, for a period of five years with effect from 1st October, 1992 to excise such management powers and fulfil such duties and functions as may be entrusted to him by the Board. His term of office expired on 30th September, 1997. With the efficient management of affairs by Mr. Trivedi, the Company has substantially improved its profitability.

Accordingly, Mr. Trivedi was again reappointed by the Board as the Executive Director of the Company for a period of five years with effect from 1st October, 1997.

The Company has entered into an Agreement dated 20th August, 1997 with Mr. Trivedi on the remuneration in accordance with Schedule XIII of the Companies Act,1956 and on the terms and conditions, as under:

a) Salary:

Salary of Rs. 30,000/- (Rupees Thirty Thousand Only) per month with such revisions as may be approved by the Board from time to time.

b) Bonus: Maximum of one year's salary as the Board may approve.

c) Commission: At one percent of the net profits of the Company, subject to a ceiling of 50% of the annual salary.

d) Perquisites: Perquisites, in addition to salary, bonus and commission, will be restricted in value to Rs. 4,50,000/- per annum and the same shall be computed as hereinafter provided.

i) Housing: Furnished residential accommodation or in lieu thereof house rent allowance per month of 60% of monthly salary in case accommodation is located at Mumbai and 50% of monthly salary otherwise, with free fuel, gas, electricity, water and furnishings or reimbursement of charges thereof.

ii) Medical Reimbursement: Of actual expenses incurred in or outside India for self and family.

iii) Leave Travel Concession: For self and family, once in a year in accordance with Rules of the Company.

iv) Club Membership Fees: Fees (including entrance/ admission) subject to a maximum of any two clubs.

v) Personal accident Insurance: Premium for accident insurance for self.

vi) Provident Fund/Superannuation Fund/annuity: Contribution towards the Company's Provident Fund and Superannuation Scheme, or annuity fund or scheme of any retirement or pension fund or scheme which the Company may introduce in future.

vii) Gratuity: Benefit under the Company's gratuity scheme.

viii) Car: Free use of car with driver on Company's business.

ix) Telephone: Use of telephone at residence.

x) Leave: On full pay and allowance as per Rules of the Company. Encashment of leave will be permitted at the time of retirement.

e) For the purpose of calculating the value of perquisites hereinabove, items at (vi), (vii), (viii), (ix) and (x) shall be excluded. Perquisites shall be evaluted as per Income Tax/ Rules, wherever applicable or at actual cost.

f) In case, the Company has no profits or has inadequate profits, the Executive Director shall be entitled to be paid remuneration (by way of salary, perquisites and allowances) as mentioned in clause a,b,c,d and e above, which, however, shall not exceed the ceiling of Rs. 87,500/- per month, without the approval of the Central Government.

g) The Executive Director shall not be entitled to receive any fees for attending meetings of the Board and/or any Committee thereof.

The details set out above were circulated on 20th August, 1997 to Members as an abstract under section 302 of the Companies Act, 1956.

The Agreement under reference will be available for inspection at the Registered Office of the Company between 11.00 AM to 1.00 PM on any working day.

Mr. M.K. Trivedi is the son of Mr. K.K. Trivedi, the Chairman of the Company and brother of Mr. Prashant K. Trivedi, the Director of the Company. Accordingly Mr. K.K. Trivedi, Mr. Prashant K. Trivedi and Mr. M.K. Trivedi are concerned or interested in the proposed resolution. No other Director is interested in the proposed resolution.

Registered Office :
Mumbai Pune Road
Pimpri, Pune 411 018

Pune, 28th July, 1998

By Order of the
Board of Directors

A. D. Dahotre
Company Secretary

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Directors' Report

Your Directors have pleasure in presenting the Company's Balance Sheet as at 31st March, 1998, together with the Profit and Loss Account for the year ended on that date.

FINANCIAL RESULTS

(Rupees in lac)

	Year ended 31-03-1998	Year ended 31-03-1997
Sales and Servicing Income	**4351.54**	4217.47
Gross Profit from Operations	**889.71**	982.45
Other Income	**224.84**	277.66
Depreciation	**(263.91)**	(246.05)
Profit Before Tax	**744.70**	860.49
Provision for Tax	**(250.00)**	(357.00)
Profit after Tax	**494.70**	503.49
Profit brought forward	**2499.40**	2251.74
Profit available for appropriation	**2994.10**	2755.23
Appropriated as under		
General Reserve	**50.00**	51.00
Dividend		
Interim	**—**	136.56
Proposed Final	**204.83**	68.27
Retained in Profit and Loss A/c	**2739.27**	2499.40

OPERATIONS

Your Company's Sales and Servicing Income for the year reflects rise of 3.2 % as a result of higher supplies to new generation high speed production cards and of new types of products. Decrease in Other Income is mainly due to profit of Rs.53.19 lac on sale of Units last year which is not in this year.

The liberalised import policy has thrown open opportunity to overseas manufacturers of card clothing to have a share in the Indian market. As a result, competition in your Company's product range has increased. In addition, recession in capital goods industry in general and textile machinery industry in particular affected the performance of industry at large. Current year's results should be viewed in this background.

DIVIDEND

Your Directors recommend a dividend of 45% for the year ended 31-03-1998 (45 % for the year ended 31-03-97)

DIVERSIFICATION

Your Company has filed a petition before the Company Law Board to protect its interest in respect of the investment in Suessen Asia Ltd.

Pursuant to your approval in the Annual General Meeting held on 14th September, 1995, your Company invested Pound Sterling (PDS) 210,000 (equivalent to Rs.136.39 lac) in 60 % of equity share capital of Garnett Wire Ltd., a U. K. company engaged in manufacture of complementary type of card clothing. You will be happy to note that Garnett Wire Ltd. declared a maiden dividend of 7.71% for the year ended 31st March, 1998.

Texmaticc India Ltd. an Indian Joint Venture Company in which you approved an investment of Rs.25 lac at the Annual General Meeting last year commenced operations during that year and reported turnaround during the year.

Your Company continued its activities of Investment and Property Development.

DIRECTORS

All the Directors will retire at the 44th Annual General Meeting, and being eligible, offer themselves for reappointment.

TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

Your Company has maintained ISO 9002 recognition by Bureau Veritas Quality International (BVQI) for Metallic and Flexible Card Clothing, making your Company's products more acceptable in the domestic and export markets.

Your Company continues to posses recognition of the Central Government for inhouse Research and Development facilities.

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Information regarding technology absorption given in Annexure I forms part of the report.

FOREIGN EXCHANGE EARNINGS AND OUT-GO

Export of Card Clothing of your Company increased to **Rs. 395.31 lac** for the year from Rs. 285.03 lac last year. Efforts are on to increase market share and penetrate additional markets.

Total foreign exchange earnings.....Rs. 438.17 lac

Total foreign exchange out-go.....Rs. 506.52 lac

INDUSTRIAL RELATIONS

Industrial relations in the Company continued to be cordial during the year under review. Your Directors look forward to continuing participation of employees in the Company's efforts to increase productivity and maintain the high quality of its products.

PARTICULARS OF EMPLOYEES

Information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, which forms part of the report, is given in Annexure II attached.

CONSERVATION OF ENERGY

Magnetic scale preventer for condenser water circulation in air conditioning plant was installed during the year. Your Company proposes to install electroflow energy saving system in power house.

AUDITORS

M/s Sharp & Tannan, the present Auditors of the Company, have signified their consent to continue in office.

For and On Behalf of the
Board of Directors

K. K. TRIVEDI
Chairman

Mumbai, 16th June, 1998

ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998

PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORTION

Research and Development (R&D)

1.	Specific areas in which R&D carried out by the Company.	New products for carding applications and process improvement.
2.	Benefits derived as a result of the above R&D	Improvement in product quality, technology upgradation and reduction in cost of production.
3.	Future plan of action	Development of new products for carding applications and improvement in processes.
4.	Expenditure on R&D :	
	(a) Capital	Nil
	(b) Recurring	Not identified separately
	(c) Total	As per (b) above
	(d) Total R&D expenditure as a percentage of total turnover.	As per (b) above

Technology absorption, adaptation and innovation

1.	Efforts,in brief, made towards technology absorption, adaptation and innovation.	Development of card clothing for new range of cards.
2.	Benefits derived as a result of above efforts	Product development/improvement, cost reduction.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

Technology Imported	Year of Import	Has technology been fully absorbed?	If not fully absorbed, area where this has not taken place, reasons therefore and future plans of action
Tops Knowhow	1994-95	Yes	—
Metallic Knowhow	1994-95	Yes	—
Accessories for improving card performance	1997-98 (part)	No	Transfer and absorption of technology in progress

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Auditors' Report

To,
The Members of
The Indian Card Clothing Company Limited.

We have audited the attached Balance Sheet of The Indian Card Clothing Company Limited as at 31st March, 1998 and the annexed Profit & Loss Account of the Company for the year ended on that date. In accordance with the provisions of Section 227 of the Companies Act, 1956, we report as under:

(1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, dated 7th September, 1988, issued by the Company Law Board under Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure our report on the matters specified in paragraphs 4 and 5 of the said order.

(2) Further to our comments in the Annexure referred to in Paragraph (1) above :

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;

(c) The said Balance Sheet and the Profit and Loss Account are in agreement with the books of account; and

(d) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes on accounts appearing in schedules 10 and 11 respectively, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair View:

(i) in the case of the Balance Sheet, of the state of the Company's affairs as at 31st March, 1998 and

(ii) in the case of the Profit and Loss Account of the profit of the Company for the year ended on that date.

SHARP & TANNAN
Chartered Accountants
By the hand of

MILIND P. PHADKE
Partner

Mumbai, 16th June, 1998

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our Report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that all these fixed assets have been physically verified by the management during the year which in our opinion, is reasonable. Discrepancies noticed on such verification, which were not material, have been properly dealt with in the books of accounts.

2. None of the fixed assets have been revalued during the year.

3. The stocks of finished goods, trading goods, stores, spare parts and raw materials of the Company have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable.

4. The procedure of physical verification of stocks followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.

5. The discrepancies noticed on physical verification of stocks as compared to book records, which were not material, have been properly dealt with in the books of accounts.

6. In our opinion, the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles except that in keeping with past practice, excise duty paid/ payable on unsold finished goods, is not included in valuation of inventory (Refer Note 1 of Schedule 11). The valuation of stocks is on the same basis as in earlier years.

7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management, as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.

8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.

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