

ICC

Report  junction.com

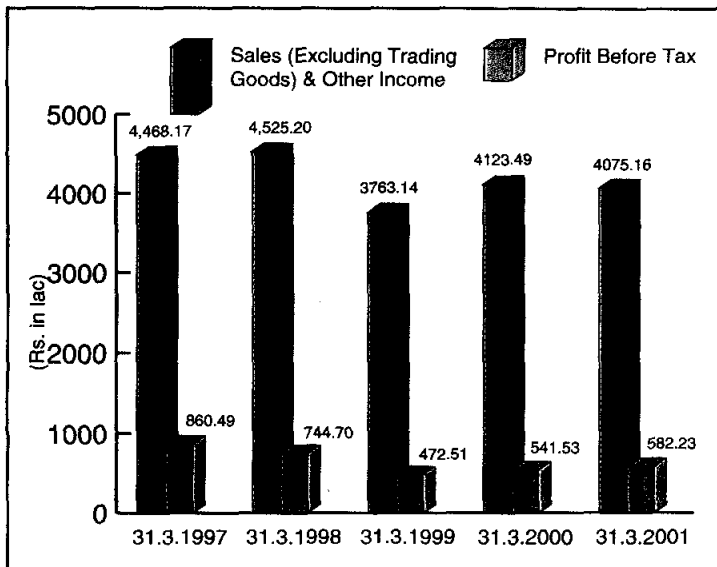
THE INDIAN CARD CLOTHING COMPANY LIMITED

47TH ANNUAL REPORT 2000-2001

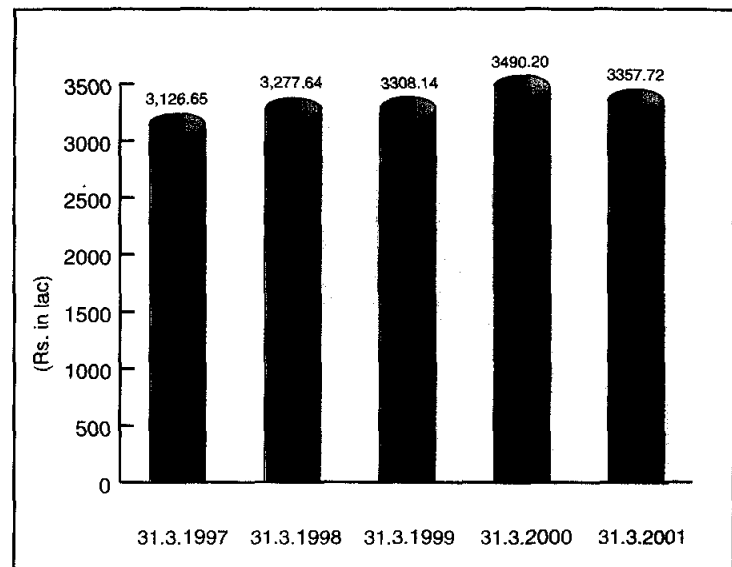
The Indian Card Clothing Company Ltd. is the pioneer in the manufacture of card clothing in India and has sustained its position as a market leader for over 43 years. In the last few years, the Company's card clothing has made its mark in the world market as a quality product and exports are rising year after year.

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

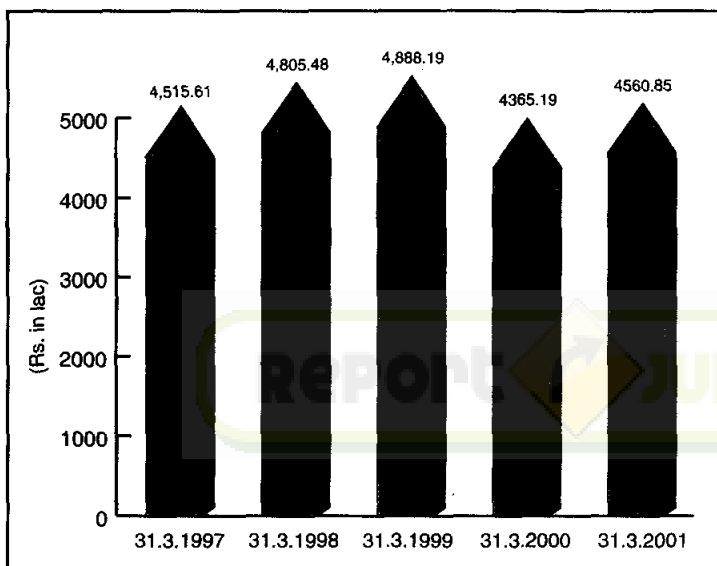
SALES & PROFIT



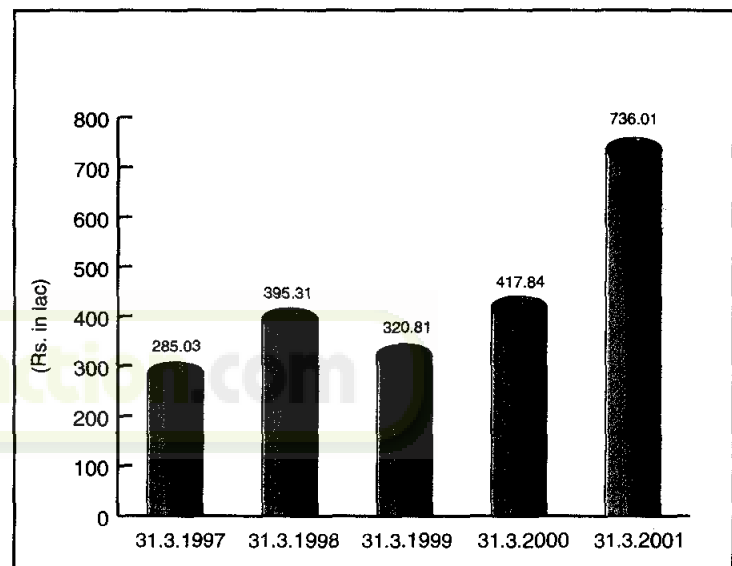
GROSS FIXED ASSETS



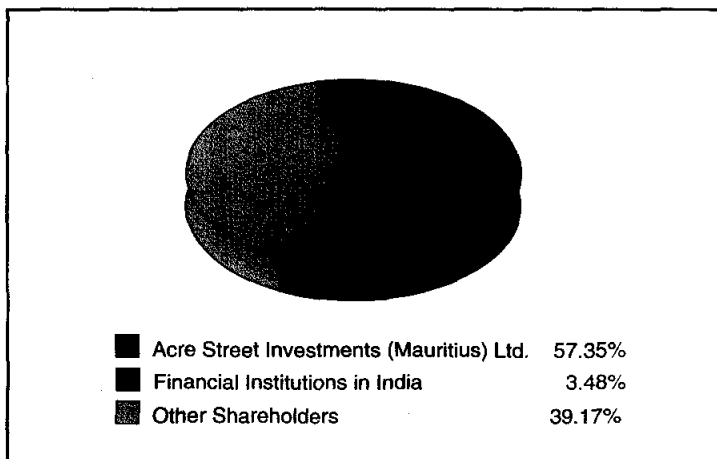
NET WORTH



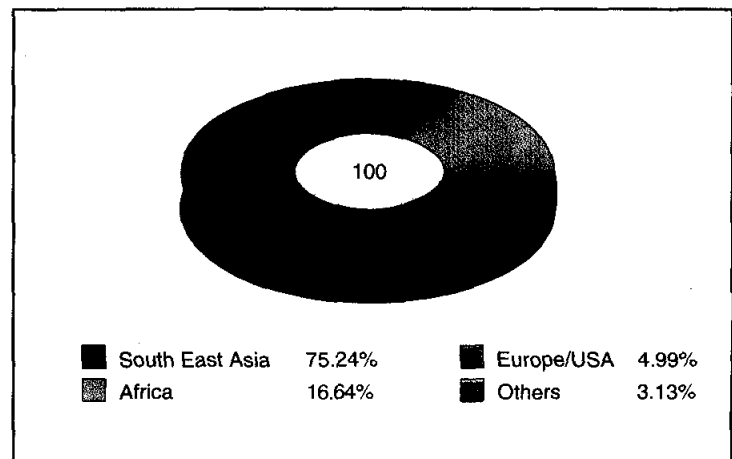
EXPORT : CARD CLOTHING



PATTERN OF SHAREHOLDING



PATTERN OF EXPORTS : CARD CLOTHING



THE INDIAN CARD CLOTHING COMPANY LIMITED**DIRECTORS**

K. K. Trivedi, *Chairman*
M. K. Trivedi, *Managing Director*
H. C. Asher
M. M. Shah
J. M. Kothary
C. M. Maniar
Prashant K. Trivedi
Sudhir Merchant

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
ICICI Bank
Centurion Bank
State Bank of India

MANAGEMENT TEAM

M. K. Trivedi, *Managing Director*
A. D. Hajare, *Vice President*
(Manufacturing and Technical)
A. D. Dahotre, *Vice President*
(Finance) and Company Secretary
U. V. Bhawe, *Vice President*
(Human Resources)
N. Chopra, *Vice President*
(Property Development)

ANNUAL GENERAL MEETING
12 Noon, Thursday
6th September, 2001
At the Registered Office

**REGISTERED OFFICE
AND SHARE DEPARTMENT**

Mumbai-Pune Road,
Pimpri, Pune 411 018.
Tel. : (020) 7477200, 4111455
Website : cardindia.com
Email : icc@cardindia.com

CONTENTS

Directors' Report	2 - 4
Notice to the Shareholders	5 - 7
Auditors' Report	8 - 9
Balance Sheet	10
Profit and Loss Account	11
Schedule 1 to 10	12 - 21
Cash Flow Statement	22 - 23
Statement U/S 212	24
ICC Investment and Finance Consultants Ltd.	25 - 31
Garnett Wire Ltd.	32 - 41
ICC International Agencies Ltd.	42 - 56

47TH ANNUAL REPORT 2000-2001**Directors' Report**

Your Directors have pleasure in presenting the Company's Balance Sheet as at 31st March, 2001, together with the Profit and Loss Account for the year ended on that date.

FINANCIAL RESULTS

	(Rupees in lac)	
	Year ended 31-03-2001	Year ended 31-03-2000
Sales and Servicing Income	3795.61	3707.37
Gross Profit from Operations	471.70	322.55
Other Income	313.62	442.82
Depreciation	(203.09)	(223.84)
Profit Before Tax	582.23	541.53
Provision for Tax	(211.00)	(115.00)
Extraordinary item	—	(755.20)
Profit (loss) after Tax	371.23	(328.67)
Profit brought forward	2269.98	2792.98
Profit available for appropriation	2641.21	2464.31
Appropriated as under		
General Reserve	40.00	—
Dividend	159.32	159.29
Tax on Dividend	16.25	35.04
Retained in Profit and Loss A/c	2425.64	2269.98

OPERATIONS - HIGHLIGHTS

Your Company's Sales and Servicing Income for the year reflects an increase of 2.4% to Rs.3795.61 lac (4.8% in 1999-2000) from Rs.3707.37 lac.

Domestic sales remained soft, in part due to sluggish conditions in the textile sector and in part due to continuing competition from overseas manufacturers. Sales of woollen card clothing declined by 14.8% from Rs.814.82 lac to Rs.693.40 lac. Exports however increased by 76% to Rs.736.01 lac from Rs.417.84 lac.

Gross profit from operations increased by 46% to Rs.471.70 lac from Rs.322.55 lac as a result of a better product mix.

Other income declined by 29% to Rs.313.62 lac from Rs.442.82 lac due to the absence of capital gains on market sensitive investments.

DIVIDEND

Your Directors recommend a dividend of 35% for the year ended 31-03-2001 (35% for the year ended 31.03.2000).

SUBSIDIARY COMPANIES

Your Company acquired the remaining shares of ICC International Agencies Ltd. (formerly known as

Texmaticc India Ltd.) from the joint venture partner in UK after obtaining the necessary approval from the Reserve Bank of India. The operations of ICC International Agencies Ltd. continued to remain satisfactory.

Garnett Wire Ltd., a U.K Company, in which your Company has 60% of the issued share capital, also recorded a satisfactory performance during the fourth year of investment by your Company and paid a dividend of 11.76%.

ICC Investments and Finance Consultants Limited was affected by the decline in market sensitive investments. Consistent with previous years policy, no dividend was declared.

DIRECTORS

Mr. M.M. Shah retired as Managing Director of the Company on 31st December, 2000. The Directors express their deep appreciation and place on record, the valuable services rendered by Mr. Shah as Managing Director of the Company through his entire period of tenure.

Board of Directors have appointed Mr. M. K. Trivedi as Managing Director of the Company for the remaining term of his office from 1st January, 2001 to 30th September, 2002. The necessary resolution for your approval of his appointment will be placed at the ensuing Annual General Meeting.

THE INDIAN CARD CLOTHING COMPANY LIMITED

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that to the best of their knowledge and belief and according to the information and explanations available to them :

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2001 and of the profit of the Company for the year April 1, 2000 to March 31, 2001;
3. proper and sufficient care has been taken 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;
4. the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Under the Listing Agreement with the Stock Exchanges, your Company is required to comply with the guidelines on Corporate Governance by 31st March, 2002. Your Directors and the Management of the Company are taking necessary steps for implementation of the guidelines.

TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

Your Company continues to satisfy the requirements of ISO 9001 as certified by Bureau Veritas Quality International (BVQI) for Metallic and Flexible Card Clothing. The Certificate was renewed in the previous

year for a further period of three years. Inhouse Research and Development Centre during its third full year operation has begun to make a contribution to the development of newer and improved products and processes.

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

FOREIGN EXCHANGE EARNINGS AND OUT-GO

As a result of intensified efforts, exports of card clothing recorded the highest ever level and increased to Rs.736.01 lac from Rs.417.84 lac in the previous year.

Total foreign exchange earningsRs. 767.58 lac
Total foreign exchange out-goRs. 342.18 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, is nil.

CONSERVATION OF ENERGY

During the year, an energy efficient screw chiller compressor and micro processor control device for the factory air conditioning plant was installed.

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, 28th June, 2001

47TH ANNUAL REPORT 2000-2001**ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2001****PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****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 | Rs. 9.04 lac |
| (c) Total | Rs. 9.04 lac |
| (d) Total R&D expenditure as a percentage of total turnover. | 0.24% |

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
Accessories for improving card performance	1997-98	Yes	—

THE INDIAN CARD CLOTHING COMPANY LIMITED

Notice

Notice is hereby given that the FORTY-SEVENTH 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, 6th September, 2001, at 12 noon to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 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 final dividend for the year ended on 31st March, 2001.
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.K. Trivedi, Mr. H.C. Asher, Mr. M.M. Shah, Mr. J.M. Kothary, Mr. C.M. Maniar, Mr. Prashant K. Trivedi and Mr. Sudhir Merchant 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 Article 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 an Ordinary Resolution :

"RESOLVED pursuant to the provisions of Section 198, 269, 309, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in supersession of resolution passed in the Forty-Fourth Annual General Meeting of the Company for reappointment of Mr. M.K. Trivedi as Executive Director of the Company for a term of five years, that the Company hereby approves the appointment of Mr. M.K. Trivedi as the Managing Director of the Company, on such remuneration and other terms and conditions as contained in the Agreement dated February 23, 2001 entered between the Company and Mr. M.K. Trivedi, with effect from 1st January, 2001 for the remaining term of his office upto 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 Managing Director of the Company."

Registered Office :
Mumbai-Pune Road
Pimpri, Pune 411 018

By Order of the
Board of Directors

A. D. Dahotre
Company Secretary

Pune, 28th June, 2001

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 30th August, 2001 to 6th September, 2001, both days inclusive.
3. The final dividend on Equity Shares, as recommended by the Directors for the year ended 31st March, 2001, if declared at the meeting, will be paid within 30 days of the date of the Meeting to those members whose names appear on the Register of Members of the Company as on the date of the Meeting.
4. Members are requested to bring the copy of their Annual Report and the Attendance slip at the Annual General Meeting.
5. 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. The members using electronic mail may send questions to e-mail address : adahotre@cardindia.com.
6. Members 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.
7. Delivery of the shares of the Company in case of sale of shares is allowed only in electronic/demat form. Members desirous of holding shares in electronic form may send share certificates to the Company Secretary through their depository participant.

Registered Office :
Mumbai-Pune Road
Pimpri, Pune 411 018

By Order of the
Board of Directors

A. D. Dahotre
Company Secretary

Pune, 28th June, 2001

47TH ANNUAL REPORT 2000-2001**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. The last appointment of the Directors was made at the forty fourth Annual General Meeting of the Company held on 17th September, 1998. 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

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 exercise such management powers and fulfill such duties and functions as may be entrusted to him by the Board. His term of office expired on September 30, 1997. Mr. Trivedi was reappointed as Executive Director of the Company for further period of five years with effect from 1st October, 1997 at the 44th Annual General Meeting held on 17th September, 1998. Mr. M.M. Shah retired as Managing Director of the Company on 31st December, 2000. With the efficient management of affairs by Mr. Trivedi, the Company has substantially improved its profitability.

Accordingly, Mr. M.K. Trivedi was appointed by the Board as the Managing Director of the Company for the remaining period of term of his office from 1st January,

2001 to 30th September, 2002 and entered into an Agreement dated February 23, 2001 with Mr. Trivedi on the remuneration in accordance with Schedule XIII of the Companies Act, 1956 and on the terms and conditions, as under. The terms of remuneration of Mr. M.K. Trivedi (hereinafter referred to as the Managing Director) are as follows :-

Remuneration :

Subject to ceiling limits laid in Section 198 and 309 of Companies Act, 1956 (the Act), the remuneration by way of salary, bonus, commission and perquisites are as follows :

a. Salary :

Salary of Rs.50,000/- (Rupees fifty 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.7,20,000/- (Rupees seven lac twenty thousand only) 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 :

Return passage for self and family, once in a year by Business Class for leave to be spent in the home country or any other place in India.

THE INDIAN CARD CLOTHING COMPANY LIMITED

iv) Club Membership Fees :

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

v) Personal Accident and Health Insurance :

Premium for accident insurance of self and health insurance for self and family.

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 as per the Rules. Leave accumulated on expiry/termination of the Agreement will be allowed to be carried forward or encashed.

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 evaluated as per Income Tax Rules, wherever applicable or at actual cost.

f. In case, the Company has no profits or has inadequate profits, the Managing 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.1,50,000/- (Rupees one lac fifty thousand only) per month, without the approval of the Central Government.

g. The Managing 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 23rd February, 2001 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 P.M. on any working day.

Mr. M.K. Trivedi is the son of Mr. K.K. Trivedi, the Chairman of 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 June, 2001

By Order of the
Board of Directors

A. D. Dahotre
Company Secretary

47TH ANNUAL REPORT 2000-2001**Auditors' Report****ANNEXURE TO THE 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 on 31st March, 2001 and the annexed Profit and 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, 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;
 - (d) in our opinion, the said Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - (e) on the basis of the written representations received from the directors of the Company as at 25th May, 2001 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as a director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (3) 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 9 & 10 respectively, give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view :
 - (i) in the case of the Balance Sheet, of the state of the Company's affairs as at 31st March, 2001; and
 - (ii) in case of the Profit and Loss Account, of the profit for the year ended on that date.

SHARP & TANNAN
Chartered Accountants
By the hand of

MILIND P. PHADKE
Partner

Mumbai, May 25, 2001

(Refer paragraph (1) of our Report of even date)

1. The Company is maintaining proper records to show full particulars, including quantitative details and situation of all fixed assets. We are informed that these fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. As explained to us, stocks of finished goods, trading goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals, except for stocks lying with third parties, in respect of which confirmations/reconciliations are pending in some cases.
4. In our opinion, the procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No material discrepancies were noticed on physical verification of stocks of finished goods, trading goods, stores, spare parts, components and raw materials as compared to book records.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles. The valuation is on the same basis as in the preceding year.
7. a) 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.
b) In view of the introduction of sub-section (6) of Section 370 of the Companies Act, 1956, the provisions of Section 370 dealing with "Loans etc. to companies under the same management" are not applicable with effect from 31st October, 1998.
8. a) According to the information and explanations given to us, the Company has granted an unsecured loan to company listed in the register maintained under section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the loan granted are not prima facie prejudicial to the interest of the Company.
b) In view of the introduction of sub-section (6) of Section 370 of the Companies Act, 1956, the provisions of Section 370 dealing with