



CELEBRATING

50
YEARS

The Indian Card Clothing Company Ltd.
Annual Report 2003-04

SUMMARY OF FIVE YEAR DATA

(Rs. in Lac)

Sr. No.	Particulars	Year Ended				
		31.3.2004	31.3.2003	31.3.2002	31.3.2001	31.3.2000
PROFIT AND LOSS ACCOUNT						
1. Sales						
	Metallic card clothing	2214.83	2230.61	2161.89	2308.14	2224.97
	Woollen	913.20	541.81	671.61	693.40	814.82
	Others	466.45	508.69	475.37	703.20	592.03
	Trading Goods	37.94	25.26	28.04	34.07	26.70
	Servicing Income	49.91	53.87	54.34	56.80	48.85
	Total	3682.33	3360.24	3391.25	3795.61	3707.37
	Including Exports	558.68	675.70	683.24	736.01	417.84
2. Other Income						
	Dividend and Interest	199.88	116.94	125.13	198.69	132.31
	Profit on sale of Investments	359.73	205.32	169.39	8.40	113.10
	Rent received	80.24	76.57	79.19	64.99	64.37
	Others	123.96	152.85	115.81	41.54	133.04
	Total	763.81	551.68	489.52	313.62	442.82
3.	Material Cost including stock change	1310.48	1174.21	1093.41	1247.76	1262.73
4.	Staff Cost	872.67	1078.60	893.36	857.17	811.05
5.	Other Expenses	950.52	1073.59	1144.47	1217.48	1303.27
6.	Depreciation	146.90	173.16	205.31	203.09	223.84
7.	Interest	0.63	0.27	1.08	1.50	7.77
8.	Profit before tax	1164.94	412.09	543.14	582.23	541.53
9.	Current and deferred tax	183.08	88.13	104.02	211.00	115.00
10.	Profit after tax	981.86	323.96	439.12	371.23	426.53
11.	Extraordinary item	0.00	0.00	0.00	0.00	(755.20)
12.	Earning per share Rs.	21.57	7.12	9.65	8.16	(7.22)
13.	Dividend per share Rs.	10.00*	3.00	3.50	3.50	3.50
*Dividend for 31-3-2004 includes Rs. 5 of special dividend on the occasion of Golden Jubilee year.						
Balance Sheet						
14. Fixed Assets						
	Gross Block	3174.02	3308.37	3312.87	3357.72	3490.20
	Depreciation	(2225.52)	(2152.55)	(2066.34)	(1951.27)	(2063.03)
	Net Block	948.50	1155.82	1246.53	1406.45	1427.17
15.	Investments	3786.48	2909.06	2430.15	1567.62	1413.25
16.	Bank Deposits	125.24	109.26	728.49	901.26	765.29
17.	Other Current Assets	1808.79	1952.76	1729.84	1932.80	2109.99
18.	Security Deposits	(163.47)	(411.42)	(523.57)	(528.72)	(513.47)
19.	Other Current Liabilities and Provisions	(965.98)	(630.48)	(870.22)	(872.47)	(1048.90)
20.	Miscellaneous Expenditure	0.00	0.00	105.45	153.91	211.86
21.	Deferred Tax	27.74	23.82	28.41	0.00	0.00
22.	APPLICATION OF FUNDS	5567.30	5108.82	4875.08	4560.85	4365.19
23.	Share Capital	455.11	455.11	455.11	455.11	455.11
24.	Reserves and Surplus	5029.26	4560.83	4419.97	4105.74	3910.08
25.	Loan Funds	82.93	92.88	0.00	0.00	0.00
26.	SOURCES OF FUNDS	5567.30	5108.82	4875.08	4560.85	4365.19

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

MANAGEMENT TEAM

M. K. Trivedi, *Managing Director*
 A. D. Dahotre, *Vice President*
(Finance) and Company Secretary
 U. V. Bhawe, *Vice President*
(Human Resources)
 N. Jain, *General Manager (Sales & Marketing)*
 U. S. Borkar, *General Manager (Materials)*
 V. V. Mule, *General Manager (Production)*

REGISTERED OFFICE

Mumbai-Pune Road,
 Pimpri, Pune 411 018.
 Tel.: (020) 4111455, 27425390
 Website: www.cardindia.com
 Email: accounts@cardindia.com

AUDITORS

M/s. B. K. Khare & Co.
 706/708, Sharda Chambers,
 New Marine Lines,
 Mumbai 400 020

SOLICITORS

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

BANKERS

Corporation Bank
 HDFC Bank
 ICICI Bank

REGISTRAR AND SHARE TRANSFER AGENTS

M/s. Sharepro Services
 Satam Estate, 3rd Floor,
 Above Bank of Baroda,
 Cardinal Gracious Road, Chakala
 Andheri (E), Mumbai 400 099.
 Tel.: (022) 28215168, 28348218

ANNUAL GENERAL MEETING

12 Noon, Thursday

16th September, 2004 at the Registered Office

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Notice

NOTICE is hereby given that the FIFTIETH 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, 16th September, 2004, at 12 noon to transact the following business :

ORDINARY BUSINESS

1. To receive, consider, and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. 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.
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.

SPECIAL BUSINESS

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contract (Regulation) Act, 1956, Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 and other applicable laws, rules and regulations and subject to such other approvals, permissions, sanctions, as may be necessary, and subject to such conditions as may be prescribed by any authority while granting such approvals, sanctions, permissions which may be agreed to by the Board of Directors, consent of the Company be and is hereby accorded to voluntarily de-list the equity shares of the Company from Pune Stock Exchange where the equity shares of the Company are presently listed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as it may, in its absolute discretion, deem necessary, desirable and appropriate to give effect to the above resolution".

By Order of the
Board of Directors

Registered Office :
Mumbai Pune Road
Pimpri, Pune 411 018
Pune, 28th May, 2004

A. D. DAHOTRE
Company Secretary

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 8th September, 2004 to 16th September, 2004 both days inclusive.

3. Members are requested to bring the copy of their Annual Report and the Attendance slip at the Annual General Meeting.
4. 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.
5. Members holding shares in physical form 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.

EXPLANATORY STATEMENT

Pursuant to Section 173 of the Companies Act, 1956.

ITEM 2

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 47th Annual General Meeting of the Company held on 6th September, 2001. 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 2 are the present Directors of the Company and are seeking re-appointment. 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 are concerned or interested in the proposed resolution.

ITEM 4

Presently the equity shares of the Company are listed on the following stock exchanges:

1. The Stock Exchnage, Mumbai (BSE)
2. National Stock Exchange (NSE)
3. Pune Stock Exchange (PSE)

Securities and Exchange Board of India (SEBI) have made it mandatory that any delivery in the Company's shares against stock exchange trade shall be compulsory in dematerialised form. Investors have access to dealings in the shares of the Company through NSE and BSE. Trading in the Company's shares has not taken place on PSE for last couple of years. It is, therefore, proposed to de-list shares of the Company from PSE. As per SEBI (De-listing of Securities) Guidelines, 2003, members' approval by a special resolution is required for voluntary de-listing of shares from PSE. Proposed de-listing will not adversely affect the investor as the Company's shares will continue to be listed on NSE and BSE. De-listing will take effect after all approvals, permissions and sanctions are received.

Directors recommend the resolution for approval of the members.

None of the Directors is concerned or interested in the resolution.

By Order of the
Board of Directors

A. D. DAHOTRE
Company Secretary

Registered Office :
Mumbai Pune Road
Pimpri, Pune 411 018
Pune, 28th May, 2004

Directors' Report

Your Directors have pleasure in presenting the Company's Balance Sheet as at 31st March, 2004, together with the Profit and Loss Account for the year ended on that date.

FINANCIAL RESULTS

	(Rupees in Lac)	
	Year ended 31-03-2004	Year ended 31-03-2003
Sales and Servicing Income	3682.33	3360.24
Gross Profit	548.03	294.12
Extra-ordinary Items	Nil	(198.26)
Other Income	763.81	489.39
Depreciation	(146.90)	(173.16)
Profit Before Tax	1164.94	412.09
Provision for Tax	(183.08)	(88.13)
Profit(loss) after Tax	981.86	323.96
Profit brought forward	2795.77	2660.44
Profit available for appropriation	3777.63	2984.40
Appropriated as under		
General Reserve	100.00	35.00
Dividend	455.12	136.56
Tax on Dividend	58.31	17.07
Retained in Profit and Loss A/c	3164.20	2795.77

OPERATIONS-HIGHLIGHTS

Your Company's Sales and Servicing Income for the year at Rs. 3682.33 lac was higher by 9.60% as compared to Rs. 3360.24 lac in 2002-2003.

Sale of metallic card clothing registered a marginal decline during the year, due to partial recovery in the demand for your Company's products and to some extent, continuing competition. Sales of woollen card clothing increased by 68.50% during the year to Rs. 913.20 lac from Rs. 541.81 lac in the previous year due to increased demand from woollen sector. Exports declined by 17.30% to Rs. 558.68 lac from Rs. 675.70 lac in the previous year. The decline was partly on account of price competition in some of the overseas markets.

DIVIDEND

Interim dividend of 30% was paid for the year ended 31st March, 2004 (nil for the previous year). Second interim dividend of 20% and on the occasion of Golden Jubilee of the Company, Special dividend of 50% was approved. Your Directors do not recommend final dividend for the year ended 31-3-2004 (30% for the year ended 31-03-2003).

SUBSIDIARY COMPANIES

ICC International Agencies Ltd. recorded a marginal increase in income from Rs. 224.65 lac in the previous year to Rs. 226.24 lac in the current year. The subsidiary company recorded profit after tax of Rs. 19.90 lac in the current year against previous year's profit after tax of Rs. 34.29 lac. The lower profit after tax was mainly on account of lower commission income. ICC International Agencies Ltd. paid a dividend of 10%.

Directors' Report (Contd.)

Garnett Wire Ltd., a U.K. Company, in which your Company holds 60% of the issued share capital, reported lower turnover and consequently lower profit after tax of PDS 2638/- against PDS 8463/- in the previous year and did not declare dividend. The contraction of demand in the UK domestic market and the relative strength of the currency affected trading conditions for Garnett Wire Limited.

ICC Investments and Finance Consultants Limited recorded higher income of Rs. 103.53 lac(Rs. 17.39 lac in the previous year). Profit after tax was Rs. 90.43 lac (profit of Rs. 14.47 lac in the previous year) and paid dividend of 90%.

DIRECTORS

The present Directors who were appointed for a period of three years under Article 115 at the 47th Annual General Meeting held in September, 2001 will retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that to the best of their knowledge and belief and according to the information and explanations made 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 judgments and estimates have been made 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, 2004 and of the profit of the Company for the year April 1, 2003 to March 31, 2004;
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

Your Company has complied with the guidelines on Corporate Governance under the Listing Agreement and a certificate from the Auditors of the Company as well as detailed report on Corporate Governance, approved by the Board of Directors of the Company is annexed to this report. A Management Discussion and Analysis Report also accompanies this Report.

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 and Accura Fixed Flats. The certificate was renewed in November, 2002 for a further period of three years. In-house Research and Development Centre during its sixth year of operation continued 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.

Directors' Report (Contd.)

FOREIGN EXCHANGE EARNINGS AND OUT-GO

Total foreign exchange earnings	Rs. 571.81 lac
Total foreign exchange out-go	Rs. 510.41 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 given in Annexure II.

CONSERVATION OF ENERGY

During the year, additional capacitors were installed to improve power factor. Capacity reservoir with automatic controlling device installed during the year reduced consumption of electricity.

AUDITORS

M/s B. K. Khare & Co., 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 May, 2004

ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004

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 blow-room and carding applications, maintenance of card clothing in spinning mills and process improvements. |
| 2. Benefits derived as a result of the above R&D | Introduction of new product range, technology upgradation and reduction in cost of production. |
| 3. Future plan of action | Further development of new products in carding application for both cotton and woollen industry. |
| 4. Expenditure on R&D : | |
| (a) Capital | Nil |
| (b) Recurring | Rs. 23.07 lac |
| (c) Total | Rs. 23.07 lac |
| (d) Total R&D expenditure as a percentage of total turnover | 0.63% |

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, new products for blow room and card clothing maintenance in spinning mills. |
| 2. Benefits derived as a result of above efforts | New product development, cost reduction, process improvement. |
| 3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), the 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 therefor and future plans of action
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Nil

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004

Name of the Employee	Designation/ Nature of Duties	Qualification	Age (Years)
Mehul K. Trivedi	Managing Director	LLB (Hons) (U.K.) Solicitor Supreme Court of England & Wales	42

Exprience (Years)	Date of Commencement of Employment	Remuneration Received (Rs.)	Previous Employment Company
16	01-09-1989	29,44,000/-	Solicitor S.J. Berwin & Co. London, England

Notes :

1. Nature of employment is contractual. Other terms and conditions are as approved by the shareholders.
2. Mr. Mehul K. Trivedi is a son of the Chairman, Mr. K.K. Trivedi and the brother of Mr. Prashant K. Trivedi, Director.
3. Remuneration received includes salary, allowances, commission, Company's contribution to Provident Fund, Gratuity and Superannuation funds, medical benefits at actual expenditure and monetary value of perquisites as per Income Tax Rules for other benefits.