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The Indian Card Clothing Company Ltd.
52nd Annual Report 2005-06

SUMMARY OF FIVE YEAR DATA

(Rs. Lac)

Sr. No.	Particulars	Year Ended				
		31.3.2006	31.3.2005	31.3.2004	31.3.2003	31.3.2002
PROFIT AND LOSS ACCOUNT						
1.	Sales					
	Metallic card clothing	2964.35	2664.66	2214.83	2230.61	2161.89
	Woollen	724.80	1232.23	913.20	541.81	671.61
	Others	942.81	726.74	466.45	508.69	475.37
	Trading Goods	39.95	33.90	37.94	25.26	28.04
	Servicing Income	45.08	54.99	49.91	53.87	54.34
	Total	4716.99	4712.52	3682.33	3360.24	3391.25
	Includes Exports	875.03	777.47	558.68	675.70	683.24
2.	Other Income					
	Dividend and Interest	68.85	58.80	199.88	116.94	125.13
	Profit on sale of Investments	530.41	525.96	359.73	205.32	169.39
	Profit on sale of Assets	666.63	6.66	66.03	17.36	40.46
	Rent received	109.03	121.36	80.24	76.57	79.19
	Others	55.08	66.19	57.93	135.49	75.35
	Total	1430.00	778.97	763.81	551.68	489.52
3.	Material Cost including stock change	1602.79	1643.85	1310.48	1174.21	1093.41
4.	Staff Cost	1032.95	1038.91	872.67	1078.60	893.36
5.	Other Expenses	1501.93	1244.51	950.52	1073.59	1144.47
6.	Depreciation	141.03	147.07	146.90	173.16	205.31
7.	Interest	0.93	1.32	0.63	0.27	1.08
8.	Profit before tax	1867.36	1415.83	1164.94	412.09	543.14
9.	Current and deferred tax	331.87	342.51	183.08	88.13	104.02
10.	Profit after tax	1535.49	1073.32	981.86	323.96	439.12
11.	Earning per share Rs.	33.74	23.58	21.57	7.12	9.65
12.	Dividend per share Rs.	12.50	12.00	10.00	3.00	3.50
BALANCE SHEET						
13.	Fixed Assets					
	Gross Block	5137.09	3803.97	3174.02	3308.37	3312.87
	Depreciation	(2207.09)	(2310.40)	(2225.52)	(2152.55)	(2066.34)
	Net Block	2930.06	1493.57	948.50	1155.82	1246.53
14.	Investments	2053.37	3274.21	3786.48	2909.06	2430.15
15.	Bank Deposits	102.49	125.52	125.24	109.26	728.49
16.	Other Current Assets	3024.59	2532.46	1808.79	1952.76	1729.84
17.	Security Deposits	(225.10)	(269.60)	(163.47)	(411.42)	(623.57)
18.	Other Current Liabilities and Provisions	(950.53)	(1109.34)	(965.98)	(630.48)	(870.22)
19.	Miscellaneous Expenditure.	-	-	-	-	105.45
20.	Deferred Tax	25.84	16.61	27.74	23.82	28.41
21.	APPLICATION OF FUNDS	6960.72	6063.43	5567.30	5108.82	4875.08
22.	Share Capital	455.11	455.11	455.11	455.11	455.11
23.	Reserves and Surplus	6371.02	5484.21	5029.26	4560.83	4419.97
24.	Loan Funds	134.59	124.11	82.93	92.88	-
25.	SOURCES OF FUNDS	6960.72	6063.43	5567.30	5108.82	4875.08

DIRECTORS

K. K. Trivedi, Chairman
Prashant K. Trivedi, Deputy Chairman
M. K. Trivedi, Managing Director
H. C. Asher
M. M. Shah
J. M. Kothary
C. M. Maniar
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, Vice President (Sales & Marketing)
U. S. Borkar, General Manager (Materials)
A. B. Pawar, General Manager (Production)

REGISTERED OFFICE

Mumbai-Pune Road,
Pimpri, Pune 411 018.
Tel. : (020) 39858200
Website : www.cardindia.com
e-mail : 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
(India) Pvt. Ltd.
Satam Industrial Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road, Chakala
Andheri (E), Mumbai 400 099.
Tel. (022) 28215168, 28348218

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ANNUAL GENERAL MEETING

12.00 noon, Thursday,

31st August, 2006 at The Registered Office

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NOTICE

NOTICE is hereby given that the FIFTY SECOND 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, 31st August, 2006, at 12 noon to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, and adopt the Audited Balance Sheet as at 31st March, 2006, 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, 2006.
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.

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

By Order of the
Board of Directors

Pune, 23rd May, 2006

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 24th August, 2006 to 31st August, 2006 both days inclusive.
3. The final dividend on Equity Shares, as recommended by the Directors for the year ended 31st March, 2006, if declared at the meeting, will be paid within 30 days of the date of the Annual General Meeting to those members whose names appear on the Register of Members of the Company as on the date of the Annual General Meeting.
4. In terms of provisions of section 205A of the Companies Act, 1956, the amount of Rs.150,410/- of final dividend for year ended 31st March, 1998 remaining unpaid or unclaimed for a period of seven years from the date of payment, was

transferred to the Investor Education and Protection Fund of the Central Government. Members are requested to claim from the Company any unpaid dividend for subsequent period. As per Section 205C, no claim shall lie against the Company or the said fund in respect of amounts remaining unclaimed or unpaid for a period of seven years and transferred to the said fund.

5. Members are requested to bring the copy of their Annual Report and the Attendance slip at the Annual General Meeting.
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. The members using electronic mail may send questions to e-mail address: adahotre@cardindia.com.
7. 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. Members holding shares in electronic form are requested to verify correctness of their bank particulars with their Depository Participant.

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

By Order of the
Board of Directors

Pune, 23rd May, 2006

A.D. Dahotre
Company Secretary

Directors' Report

Your Directors have pleasure in presenting the Company's Balance Sheet as at 31st March, 2006, together with the Profit and Loss Account for the year ended on that date.

FINANCIAL RESULTS	(Rupees in Lac)	
	Year Ended 31-03-2006	Year ended 31-03-2005
Sales and Servicing Income	4716.99	4712.52
Gross Profit.....	578.39	795.18
Other Income	1430.00	778.97
Depreciation	141.03	147.07
Profit Before Tax.....	1867.36	1415.83
Provision for Tax.....	331.87	342.51
Profit / (loss) after Tax	1535.49	1073.32
Profit brought forward.....	3509.15	3164.20
Profit available for appropriation.....	5044.64	4237.52
Appropriated as under :		
General Reserve	155.00	110.00
Dividend	568.89	546.13
Tax on Dividend.....	79.79	72.24
Retained in Profit and Loss A/c	4240.96	3509.15

OPERATIONS-HIGHLIGHTS

Your Company's Sales and Servicing Income for the year was Rs.4716.99 lac as compared to Rs. 4712.52 lac in 2004-05.

Sale of metallic card clothing registered growth of 11.25% during the year to Rs.2964.35 lac from Rs.2664.66 lac in the previous year as a result of higher demand for your Company's products. Sales of woollen card clothing decreased by 41.18% during the year to Rs.724.80 from Rs. 1232.23 lac in the previous year due to decreased demand from woollen sector. Exports increased by 12.55% to Rs.875.03 lac during the year from Rs.777.47 lac in the previous year.

Other Income includes Rs.298.18 lac of gain as a result of the acquisition of 9,225 square metres land by the Pimpri Chinchwad Municipal Corporation for road widening during the year 2005-06. Capital work in progress includes a commercial building under construction of Rs.1336.68 lac and the project for manufacture of card clothing in Himachal Pradesh of Rs.750.35 lac as at 31st March, 2006.

DIVIDEND

Interim dividend of 100% was paid for the year ended 31st March, 2006 (100% in the previous year). Your Directors recommend final dividend of 25% for the year ended 31-3-2006 (20% for the year ended 31.03.2005).

SUBSIDIARY COMPANIES

ICC International Agencies Ltd. recorded an increase in income of 42.71% from Rs.335.93 lac in the previous year to Rs.479.40 lac in the current year. The subsidiary company recorded profit after tax of Rs.168.01 lac in the current year against previous year's profit after tax of Rs.46.87 lac. The higher profit after tax was mainly on account of higher commission income and marginal improvement in income from traded goods. ICC International Agencies Limited paid a dividend of 40% (previous year 15%).

Garnett Wire Ltd.(GWL), a U.K. Company, in which your Company has 60% of the issued share capital, reported higher turnover and consequently improved profit after tax of PDS 68,245/- against PDS 12,520/- in the previous year. GWL declared dividend of 11.43%. Higher sale of card clothing to US market and increased servicing activity in UK contributed to improved profitability of GWL.

DIRECTORS

The present Directors who were appointed for a period of three years under Article 115 at the 50th Annual General Meeting held on 16th September, 2004 will continue to hold office.

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, 2006 and of the profit of the Company for the year April 1, 2005 to March 31, 2006;
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, 2005 for a further period of three years. In-house Research and Development Centre during its seventh 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.

FOREIGN EXCHANGE EARNINGS AND OUT-GO

Total foreign exchange earnings	Rs.894.06 lac
Total foreign exchange out-go	Rs.1078.83 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, energy efficient diesel gensets installed in the previous and current years resulted in savings of one-third of diesel previously consumed for each unit of power generated. Maintenance of power factor at unity continued to entitle the Company to rebate in energy bill.

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, 23rd May, 2006

ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2006**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; improvements in card upgradation products; maintenance of card clothing in spinning mills and process improvements; new products to improve the performance of the woollen cards. |
| 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 and Card Upgradation Products. |
| 4. Expenditure on R&D : | |
| (a) Capital | Nil |
| (b) Recurring | Rs.53.75 lac |
| (c) Total | Rs.53.75 lac |
| (d) Total R&D expenditure as a percentage of total turnover | 1.15% |

Technology absorption, adaptation and innovation

- | | |
|--|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | Development of card clothing for new generation of High Production cards, new products for blow room, card upgradation, card clothing maintenance in spinning mills and new products for woollen cards to enhance the performance. |
| 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, 2006**

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	44

Experience (Years)	Date of Commencement of Employment	Remuneration Received (Rs.)	Previous Employment Company
18	01-09-1989	45,85,000/-	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, Deputy Chairman.
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.