



The Indian Card Clothing Company Ltd.
58th Annual Report 2011-12

SUMMARY OF FIVE YEAR DATA

(Rs. in Lac)

Sr. No.	Particulars	Year Ended				
		31.03.2012	31.03.2011	31.03.2010	31..03.209	31.3.2008
	PROFIT AND LOSS ACCOUNT					
1. Sales						
	Metallic Card Clothing	3,661.35	3,699.71	3,303.56	2472.43	3124.14
	Wollen	523.25	480.87	600.92	518.78	473.81
	Other	662.19	650.92	644.55	737.38	727.83
	Trading Goods	118.89	81.43	63.88	52.16	71.79
	Service Income	56.21	55.42	45.71	36.02	45.44
	Total	5,021.89	4,968.35	4,658.62	3816.77	4443.01
	Includes Export	1,484.31	1,086.93	1,069.18	658.44	1070.16
2 Other Income						
	Dividend & Interest	113.21	78.81	61.50	121.11	66.41
	Profit On Sale Of Investment	331.14	210.24	171.75	113.86	353.03
	Profit On Sale Of Assets	1,278.19	114.35	2.15	0.83	4.75
	Rent Received	619.30	477.47	418.51	364.84	343.36
	Others	38.03	50.37	97.14	112.23	58.26
	Total	2,379.87	931.24	751.05	712.87	825.81
3	Material Cost Including Stock Change	1,896.51	1,887.55	1,756.79	1539.72	1642.98
4	Staff Cost	1,738.94	1,617.12	1,366.63	1290.62	1332.46
5	Other Expenses	1,583.18	1,470.28	1,300.48	1209.04	1356.48
6	Depreciation	528.86	547.46	314.91	255.11	242.70
7	Interest	123.15	119.10	81.11	20.37	2.16
8 Profit Before Tax		1,531.12	258.08	589.75	214.78	692.04
9	Current & Deferred Tax	407.36	34.17	134.87	49.49	222.11
10 Profit After Tax		1,123.76	223.91	454.88	165.29	469.93
11	Earning Per Share Rs.	24.69	4.92	9.99	3.63	10.33
12	Divedend Per Share Rs.	13.50	3.00	3.00	2.50	6.00
	BALANCE SHEET					
13	Fixed Assets					
	Gross Block	10,053.98	10,160.95	9,342.84	8518.73	7176.57
	Depreciation	(4,184.05)	(3,647.84)	(3,143.45)	(2847.52)	(2619.31)
	Net Block	5,869.93	6,513.11	6,199.39	5671.21	4557.26
14	Investments	3,085.52	2,579.06	2,505.67	2207.40	3026.52
15	Bank Deposits	4.90	4.78	4.76	2.76	2.53
16	Other Current Assets	3,250.71	2,751.75	2,624.82	2313.03	2582.94
17	Security Deposits	(1,364.46)	(1,165.26)	(817.64)	(835.19)	(835.69)
18	Other Current Liabilities & Provisions	(1,203.19)	(1,580.63)	(1,344.89)	(1214.03)	(1521.39)
19	Deferred Tax	21.61	13.74	21.67	79.73	99.47
	APPLICATION OF FUNDS	9,665.02	9,116.55	9,193.78	8224.91	7911.64
20	Share Capital	455.11	455.11	455.11	455.11	455.11
21	Reserves & Surplus	8,241.57	7,823.58	7,758.36	7462.68	7430.53
22	Loan Funds	968.34	837.86	980.31	307.12	26.00
	SOURCES OF FUNDS	9,665.02	9,116.55	9,193.78	8224.91	7911.64

THE INDIAN CARD CLOTHING COMPANY LIMITED

DIRECTORS

K. K. TRIVEDI	Chairman Emeritus
PRASHANT K. TRIVEDI	Chairman
M. K. TRIVEDI	Managing Director
H. C. ASHER	Director
M. M. SHAH	Director
J. M. KOTHARY	Director
C. M. MANIAR	Director
SUDHIR MERCHANT	Director

MANAGEMENT TEAM

M. K. Trivedi, Managing Director
A. D. Dahotre, Vice President
(Finance) and Company Secretary
Amol Prabhu, Vice President
(Human Resources)
Prasad Mahale, Vice President
(Sales & Marketing)
A. B. Pawar, General Manager
(Production, Pimpri Works)
Sanjeev Kumar Arora, Plant Head
(HP Works)

REGISTERED OFFICE

Mumbai-Pune Road,
Pimpri, Pune 411 018.
Tel. : (020) 39858200
Website : www.cardindia.com
e-mail : accounts@cardindia.com

REGISTRAR AND SHARE TRANSFER AGENTS

M/s. Sharepro Services (India) Pvt. Ltd.
13 AB Samhita Warehousing Complex,
2nd Floor, Off. Andheri Kurla Road,
Sakinaka, Andheri (East),
Mumbai - 400 072.
Tel: (022) 67720300, 67720348, 67720400
Fax(022) 28591568
email: sharepro@shareproservices.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

ANNUAL GENERAL MEETING

12.00 noon, Friday,

10th August, 2012 at the Registered Office

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NOTICE

NOTICE is hereby given that the FIFTY-EIGHTH 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, at 12 noon on Friday, 10th August, 2012 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, and adopt the Audited Balance Sheet as at 31st March, 2012, 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, 2012.
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 pursuant to the provisions of Section 198, 269, 309, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, that the Company hereby approves the re-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 3rd November, 2011 entered between the Company and Mr. M.K. Trivedi, with effect from 1st October, 2011 to 30th September, 2014

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
Pune, 25th May, 2012

By Order of the Board of Directors

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 3rd August, 2012 to 10th August, 2012, both days inclusive. .
3. The final dividend on Equity Shares, as recommended by the Directors for the year ended 31st March, 2012, 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.952,194/- of interim dividends for year ended 31st March, 2004 and 2005 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.

THE INDIAN CARD CLOTHING COMPANY LIMITED

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.
8. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as provided under Section 109A of the Companies Act, 1956, are requested to submit the details to the Company's Registrar and Share Transfer Agent.
9. An explanatory statement under section 173 of the Companies Act, 1956 is annexed hereto.

EXPLANATORY STATEMENT

Pursuant to Section 173 of the Companies Act, 1956.

ITEM 4

Mr. Trivedi was appointed 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 of Directors ("the Board"). Mr. Trivedi was re-appointed as Executive Director at the Annual General Meeting held on 17th September, 1998 for a period of five years from 1st October, 1997. Mr. Trivedi was appointed as Managing Director of the Company at the Annual General Meeting held on 6th September, 2001 for a period from 1st January, 2001 to 30th September, 2002. Mr. Trivedi was re-appointed as the Managing Director of the Company at the Annual General Meeting held on (a) 29th August, 2003 for a period from 1st October, 2002 to 30th September, 2005, (b) 22nd September, 2005 for a period from 1st October, 2005 to 30th September, 2008 and (c) 14th August, 2009 for a period from 1st October, 2008 to 30th September, 2011. With the efficient management of affairs by Mr. Trivedi, the Company has improved its profitability. Exports of card clothing increased from Rs.418 lac in the year 1999-2000 to Rs.1484.31 lac in the year 2011-12. New products have contributed substantially to the turnover as well as profitability of the Company in the past couple of years.

Mr. M.K. Trivedi ("Mr. Trivedi"), aged 49 years, a U.K. National, graduated LLB (Hons.) from The London School of Economics is a qualified Solicitor of the Supreme Court of England and Wales (U.K). Prior to joining the Company, Mr. Trivedi practised as a solicitor in United Kingdom, specialising in corporate law (mergers, acquisitions and joint ventures). Mr. Trivedi was inducted in the Company as General Manager with effect from 1st September, 1989 to oversee operations, especially marketing (in India and abroad), production/manufacturing and areas allied thereto.

At a meeting of the Board held on 3rd November, 2011, the Company has re-appointed Mr. Trivedi as the Managing Director of the Company for a period of three years from 1st October, 2011 at a remuneration approved by the Remuneration Committee.

The Company has entered into an Agreement dated 3rd November, 2011 with Mr. Trivedi on the remuneration in accordance with Schedule XIII of the Companies Act, 1956 ("the Act") and on the terms and conditions as under:

The terms of remuneration of the Managing Director subject to ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956 ("the Act") shall be as follows :

1. Appointment of Mr. M. K. Trivedi (hereinafter referred to as the Managing Director), shall be for a period of three years from 1st October, 2011. The Managing Director shall have general control of the business of the Company in the ordinary course of business.
2. Remuneration:
The terms of remuneration of the Managing Director subject to ceiling limits laid down in Sections 198 and 309 of the Act, shall be as follows :
 - a. Salary:
Salary of Rs.250,000/- (Rupees two lac fifty thousand only) per month with annual increments not exceeding Rs.50,000/- (Rupees fifty thousand only) per month as may be approved by the Board of Directors from time to time.
 - b. Commission:
Amount as the Board may approve.
 - c. Perquisites:
In addition to salary and commission, perquisites as under:
 - 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 hereof.
 - ii) Medical Reimbursement:
Actual expenses incurred in or outside India for self and family.
 - iii) Personal Travel:
Travel expenses of self and family in or outside India.
 - 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/Super-annuation Fund/Annuity:
Contribution towards the Company's Provident Fund and Super-annuation Scheme, or annuity fund or scheme of any retirement or pension fund or scheme as existing from time to time.
 - vii) Gratuity:
Benefit under the Company's Gratuity Scheme.
 - viii) Car:
Free use of car with driver on Company's business as well as personal use of car for self and family.
 - 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.
 - xi) Leave Travel Concession:
Return passage for self and family, once in a year by business class, in case it is proposed that leave be spent in the home country.

THE INDIAN CARD CLOTHING COMPANY LIMITED

xii) Others

Any other expenditure as the Board may approve.

- d. For the purpose of calculating the value of perquisites hereinabove, items at (vi), (vii), (ix) (x) and (xi) shall be excluded. Perquisites shall be evaluated as per Income Tax Rules, wherever applicable or at actual cost.
- e. 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 herein.
- f. The Managing Director shall not be entitled to receive any fees for attending meetings of the Board and/or any Committee thereof.
3. The Managing Director shall be entitled to reimbursement of all entertainment and other expenses actually incurred for the business of the Company.
4. The Managing Director shall not become interested or otherwise be concerned through his wife and/or minor children in any selling agency of the Company.
5. The employment of the Managing Director shall forthwith be determined if he shall become insolvent or make any composition or arrangement with his creditors or shall cease to be the Director of the Company.
6. The Company may by a notice in writing to the Managing Director determine the contract if he is guilty of inattention or negligence.
7. The contract may be determined by giving six calendar months' notice in writing in that behalf by either party.
8. As required by Schedule XIII of the Act, the appointment and remuneration of the Managing Director shall be placed for approval by a resolution of the shareholders in a General Meeting.

As required under Section 302 of the Act, an abstract of the terms of appointment and remuneration payable to the Managing Director with effect from 1st October, 2011 and memorandum of interest was circulated to the members on 21st November, 2011.

The Agreement dated 3rd November, 2011 executed between the Company and Mr. Trivedi is open for inspection of members at the registered office of the Company between 11 am and 1 pm on all working days.

Memorandum of concern or interest:

Mr. M. K. Trivedi is the son of Mr. K. K. Trivedi, the Chairman Emeritus of the Company and brother of Mr. Prashant K. Trivedi, Chairman of the Company. Accordingly, Mr. K.K. Trivedi, Mr. Prashant K. Trivedi and Mr. M. K. Trivedi are concerned or interested in the proposed appointment and payment of remuneration.

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

By Order of the
Board of Directors

Pune, 25th May, 2012

A.D. Dahotre
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Company's Balance Sheet as at 31st March, 2012, together with the Profit and Loss Account for the year ended on that date.

Financial Results

	Year Ended 31-03-2012	(Rupees in Lac) Year Ended 31-03-2011
Sales and Other Income	7459.31	5902.68
Profit before Interest, Depreciation and Tax	2,183.13	946.64
Finance cost	123.15	141.10
Depreciation	528.86	547.46
Profit Before Tax	1531.12	258.08
Provision for Tax	407.36	34.17
Profit(loss) after Tax	1123.76	223.91

Operations-highlights

Your Company's Sales and Servicing Income for the year was Rs.5021.89 lac as compared to Rs.4968.35 lac in 2010-11.

Sale of metallic card clothing decreased by 1% during the year to Rs.3661.35 lac from Rs.3699.71 lac in the previous year. Demand for metallic card clothing was constrained because of low levels of activity in the textile spinning industry in India since many mills reduced production of yarn as it became un-remunerative to convert cotton procured at higher prices into yarn which was trading in the international market at prices lower than the cost of cotton. Sale of woollen card clothing increased by 8.8% during the year to Rs.523.25 lac from Rs.480.87 lac in the previous year due to improvement in procurement of input material. Exports increased significantly by 36.6% to Rs.1484.31 lac during the year from Rs.1086.93 lac in the previous year due to higher exports to Indonesia and Bangladesh.

New Manufacturing Facility at Nalagarh, Himachal Pradesh

Accura carriers and woollen metallic is now made in Nalagarh factory. Various ranges of metallic card clothing are under development, though dispatch of metallic card clothing from Nalagarh factory was limited during the year.

Realty

One floor of the IT Park building in Pimpri constructed in 2009-10 year, was sold to Tata BSS Ltd and another floor was fully let out during the year. Part of premises on the ground floor has been agreed to be sold and balance one floor remains to be un-occupied at the IT Park. During the year, the entire commercial building at Powai, Mumbai was fully occupied.

Dividend

Your Directors recommend final dividend of 35% for the year ended 31st March, 2012 in addition to Special Interim dividend of 100% (30% for the year ended 31st March, 2011).

Subsidiary Companies

ICC International Agencies Ltd.(ICCIAL) recorded increase in income of 22% from Rs.376.06 lac in the previous year to Rs.458.53 lac in the current year. The subsidiary company recorded profit after tax of Rs.57.98 lac in the current year against previous year's profit after tax of Rs.50.00 lac. A higher profit after tax was mainly on account of higher agency income. ICCIAL declared 50% dividend for the year (100% in the previous year).

Garnett Wire Ltd.(GWL), a U.K. Company, in which your Company has 60% of the issued share capital, recorded higher turnover of 22% from PDS 1111,145 to PDS 1356,460 resulting in profit after tax at PDS 45,433/- against PDS 8,716/- in the previous year. Higher turnover for the year was on account of higher sales of wire.

M/S. Shivraj Sugar and Allied Products Pvt. Ltd., subsidiary of the Company, has not started operations as yet.

Directors

The present Directors who were appointed for a period of three years under Article 115 at the 56th Annual General Meeting held on 9th August, 2010 will continue to hold office.

THE INDIAN CARD CLOTHING COMPANY LIMITED

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 31st March, 2012 and of the profit of the Company for the year 1st April, 2011 to 31st March, 2012;
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 Report.

Technology Absorption, Research And Development

Your Company continues to satisfy the requirements of ISO 9001:2008 as certified by Bureau Veritas Quality International (BVQI) for Metallic and Flexible Card Clothing and Accura Fixed Flats for Pimpri and Nalagarh factories. The certificate was renewed in November, 2011 for a further period of three years. In-house Research and Development Centre in metallic card clothing and card wire 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.1518.99 lac
Total foreign exchange out-go	Rs.908.38 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

With Notification No.289(E) dated 31st March, 2011 increasing limit to Rs.5 lac per month, information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is not applicable.

Conservation Of Energy

LED fittings for lighting in open area and energy saving starter for oxygen generator installed during the year resulted in power saving. 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

Mumbai, 25th May, 2012

PRASHANT K. TRIVEDI
Chairman

ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012
RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R & D carried out by the Company		New Design of Revolving Tops to improve performance for very high production cards. Improved Metallic Card Clothing suitable for very high production cards. Improvement in Manufacturing Process of Flexible Card Clothing wire Hardening and Tempering.	
2. Benefits derived as a result of above R & D.		Improved performance and longevity of Metallic Card Clothing and Revolving Flats.	
3. Future Plan of Action		Improvement in manufacturing processes to produce Products suitable for Very High Production Cards in terms of better Quality and Longevity.	
4. Expenditure on R & D : a) Capital b) Recurring c) Total d) Total R & D expenditure as a percentage of total turnover.		Expenditure on R & D : a) Rs.Nil lac b) Rs.60.69 lac c) Rs.60.69 lac d) 1.22 %	
Technology Imported	Year of Import	Has technology been fully absorbed?	If not fully absorbed, area where this has not taken place, reasons there-for and future plans of action
Nil	Nil	Nil	Not applicable

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

Currently, in India and globally, there are three distinct customer segments, which established card clothing manufacturers of short staple fibre serve. The premium segment is served by Graf + Cie AG ("Graf") owned by Rieter Holdings Limited and Trutzschler Card Clothing GmbH ("Trutzschler"), a subsidiary of Trutzschler GmbH. Both manufacturers have the advantage that their products are used by their respective parent companies in their carding machines as original equipment supplier. Lakshmi Card Clothing Limited ("LCC"), Bekaert Carding Solutions, ("BCS") and The Indian Card Clothing Co. Limited ("ICC") serve the value segment. Of these three card clothing manufacturers, only LCC have the advantage of being an original equipment supplier to Lakshmi Machine Works Limited. The low cost segment is served by a handful of Chinese card clothing manufacturers of which, White Shark and Gheron are the most prominent. Various common forces affect manufacturers of metallic card clothing and tops for short staple card clothing. There are high barriers to entry since the product is characterized by requirements of high precision engineering from special purpose machines. Since all staple fibre needs to be carded, there are very few substitutes to card clothing. However, critical inputs from suppliers are commodities like steel, cotton and rubber, over which the card clothing manufacturers have very little control. Spinning mills, which are customers of card clothing have low switching costs intra- segment but it is difficult for a manufacturer from one segment to supply a customer in a higher segment, for example a manufacturer of low cost segment supplying to customers in the value segment.