

The Indian Card Clothing Company Limited

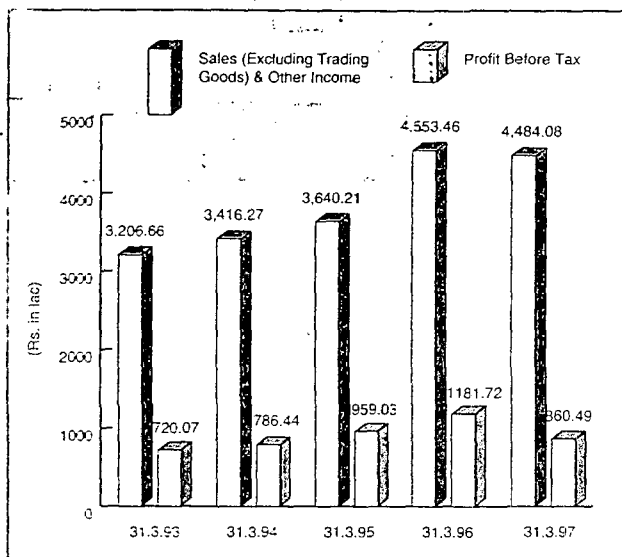


43rd Annual Report 1996-97

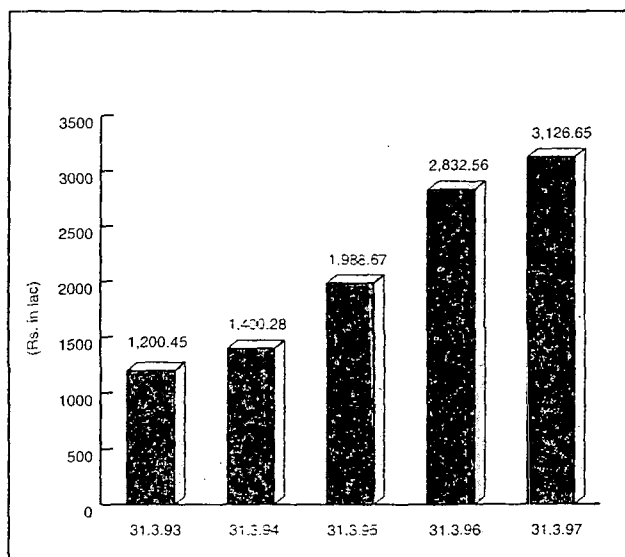
The Indian Card Clothing Company Ltd. is the pioneer in the manufacture of card clothing in India and has sustained its position as a market leader for over 39 years. In the last few years, the Company's card clothing has made its mark in the world market as a quality product and exports are rising year 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.

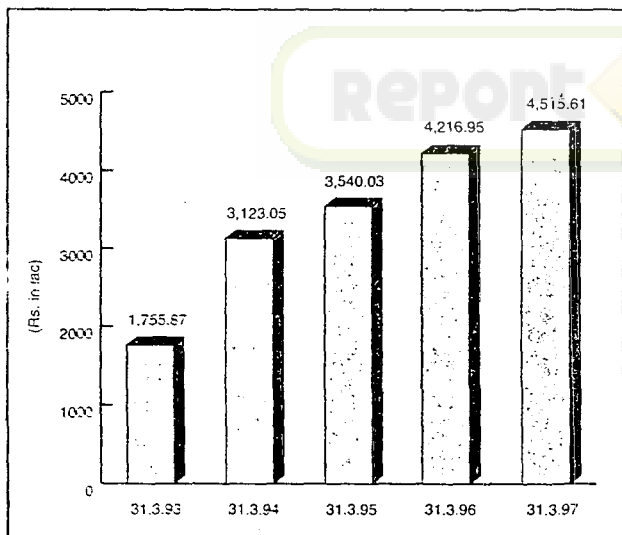
GROWTH IN SALES & PROFIT



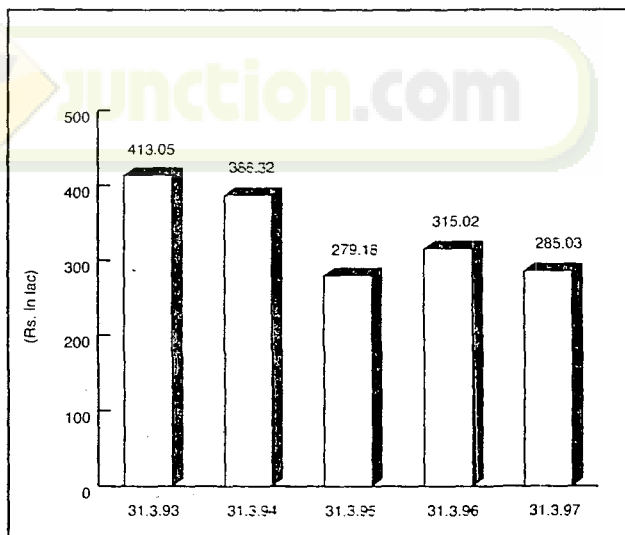
GROWTH IN GROSS FIXED ASSETS



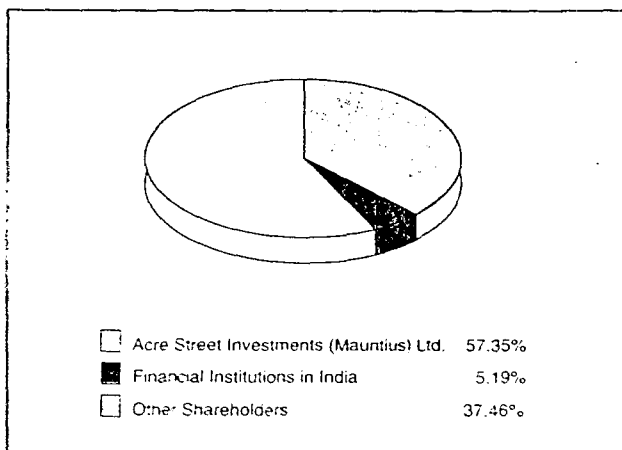
GROWTH IN NET WORTH



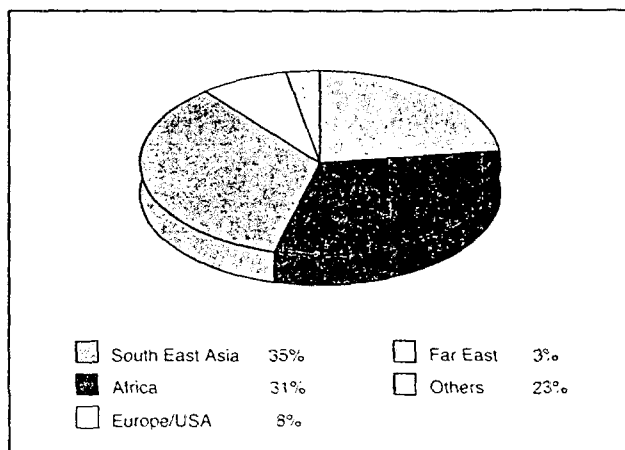
GROWTH IN EXPORT : CARD CLOTHING



PATTERN OF SHAREHOLDING



PATTERN OF EXPORTS : CARD CLOTHING



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

AUDITORS

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

MD		BKC
CS		DPY
RC		DIV
TRA		AC
AC M		SHI
Ye		

SOLICITORS

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

BANKERS

Corporation Bank
Canara Bank
State Bank of India

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

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43RD ANNUAL REPORT 1996-97**Notice**

NOTICE is hereby given that the FORTY-THIRD 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 Wednesday, 20th August, 1997, at 12 noon to transact the following business :

ORDINARY BUSINESS

1. To receive, consider, and adopt the audited Balance Sheet as at 31st March, 1997, 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, 1997.
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 pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), Clause 3 of the Memorandum of Association of the Company be and is hereby amended by inserting the following sub-clause (c-viii) after the present sub-clause (c-vii).

(c-viii) To carry on the business of establishing, running, operating and maintaining business service centres, to provide services therein, to lease, sub-lease, let, sub-let, license, sub-license, rent, hire or otherwise permit or allow use or occupation of any of the Company's land, premises, properties, shops, offices, galas, workshops, factories or other places of business or any part thereof, whether leasehold or freehold or otherwise used, occupied, owned or possessed by the Company, with or without any furniture, fixtures, fittings, articles, effects or other things therein.

RESOLVED FURTHER that pursuant to Section 149(2A) of the Act, the Company hereby approves the commencement and execution of all or any of the activities covered by sub-clause (c-viii) in Clause 3 of the Company's Memorandum of Association by the Board of Directors as and when it thinks fit."

NOTES :

1. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of item 4 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 Tuesday, 12th August, 1997 to Wednesday, 20th August, 1997 both days inclusive.
4. The final dividend on Equity Shares, as recommended by the Directors for the year ended 31st March, 1997, if declared at the meeting, will be made payable on or after 1st September, 1997 to those members whose names appear on the Register of Members of the Company on 20th August, 1997.
5. An amount of Rs.86,798/- being the unpaid/unclaimed final dividend for the year ended 31st March, 1993 and interim dividend for the year ended 31st March, 1994 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 account number, 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.

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

Pune, 8th July, 1997

By Order of the
Board of Directors

A. D. Dahotre
Company Secretary

Explanatory Statement

Pursuant to Section 173 of the Companies Act, 1956.

ITEM 4 :

The Company owns an immovable property at Powai, Mumbai and has constructed a building thereon admeasuring approximately 12,500 square feet ("the said Building"). Part of the said Building is being used by the Company for its office premises. The remaining part of the said Building is not required in the immediate future by the Company for its own use. Accordingly, the Company proposes to carry on business of letting out immovable properties. The resolution at item No.4 of the Notice relates to carrying on the business as aforesaid. The proposed amendment with respect to the object would enable the Company to carry on its business more economically and more efficiently and under the existing circumstances the proposed business may be conveniently and advantageously be combined with the existing business of the Company. It will also help the Company to attain its main purpose by new improved means. The resolution for amending object clause of Memorandum of Association requires approval of

members at a general meeting by passing a special resolution under section 17 of the Companies Act, 1956 ("the Act").

Section 149(2A) of the Act, inter alia, provides that the commencement of new business requires a special resolution in a general meeting. Accordingly, the resolution at item No.4 is proposed for the approval of the members of the general meeting.

None of the directors is interested or concerned in this item of resolution. A copy of the Memorandum and Articles of Association of the Company is open for inspection to the members of the Company on any working day between 10.00 am to 12.00 noon at the registered office of the Company.

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

Pune, 8th July, 1997

By Order of the
Board of Directors

A. D. Dahotre
Company Secretary

Dematerialisation of shares

Shares of the Company have been admitted by National Securities Depository Ltd. (NSDL) for dematerialisation from 3rd July, 1997

Benefits of Dematerialisation

1. No risk of loss, theft or fraud of share certificates.
2. Bad deliveries are almost eliminated.
3. There is no paper work like transfer deeds and no lodging, despatching of transfer documents.
4. Transfer of securities is immediate on completion of respective settlement.
5. Receipt/payment of proceeds on selling/purchasing is much faster.
6. Total saving of stamp duty of 0.5% of market value. However, there is some additional cost for services of Depository Participant (DP).
7. Market lot of shares is not applicable. Even a single share can be transacted, eliminating problem of odd lots.
8. Option available for taking shares out of Depository and holding share certificates in physical form.

How to Dematerialise

1. Approach DP of your choice and open Investor account like opening an account with bank.
2. For dematerialisation, fill up Dematerialisation Request Form (DRF) to be provided by your DP and hand over share certificates duly cancelled by writing "Surrender for Dematerialisation" to your DP.
3. Your DP will issue receipt to you for share certificates lodged.
4. Your DP will give the documents to R&T Agent/ Company.
5. Your DP will intimate to you dematerialisation of shares, normally within 15 days.
6. Your DP will give you statement of holdings and update your account after each transaction like a bank account.
7. You will be able to use the same account for dematerialising shares of different Companies.
8. DP will enter into an agreement with you and charge you at the agreed rate for dematerialisation/rematerialisation of share certificates based normally on number of certificates and for custody on monthly/annual basis, on value of shares held.

43RD ANNUAL REPORT 1996-97**Directors' Report**

Your Directors have pleasure in presenting the Company's Balance Sheet as at 31st March, 1997, together with the Profit and Loss Account for the year ended on that date.

FINANCIAL RESULTS

	(Rupees in lac)	
	Year ended 31-3-1997	Year ended 31-3-1996
Sales and Servicing Income	4217.47	3682.27
Gross Profit from Operations	982.45	812.46
Other Income	277.66	934.59
Depreciation	(246.05)	(496.62)
Profit Before Tax	860.49	1181.72
Provision for Tax	(357.00)	(300.00)
Profit after Tax	503.49	881.72
Transfer from Investment		
Allowance Reserve	—	6.50
Profit brought forward	2251.74	1657.32
Profit available for appropriation	2755.23	2545.54
Appropriated as under		
General Reserve	51.00	89.00
Dividend		
Interim	136.56	136.53
Proposed Final	68.27	68.27
Retained in Profit and Loss A/c	2499.40	2251.74

OPERATIONS

Notwithstanding the difficult trading conditions prevailing in the textile and textile machinery industry, as well as a slow down in the capital goods industry in general your Company's Sales and Servicing Income for the year rose by Rs.535.20 lac as a result of higher supplies to new generation of high speed production cards and new types of products. Decrease in Other Income from Rs.934.59 lac last year to Rs.277.66 lac for the year is mainly due to the extraordinary profit realised last year of Rs.355.86 lac on sale of Units (current year Rs.53.19 lac) and credit as per Accounting Guidelines of Rs.268.20 lac reported last year under Lease Equalisation Account (current year debit of Rs.79.45 lac).

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. Current year's results must be viewed in this background.

DIVIDEND

The interim dividend at 30 % for the year ended 31-3-1997 (30 % for the year ended 31-3-1996) has been paid. Your Directors now recommend a final dividend at 15 %

(15 % for the year ended 31-3-1996), making a total for the year ended 31-3-1997 at 45 % (45 % for the year ended 31-3-1996). In view of the large number of small shareholders, the administrative cost of distribution of dividend warrants for both interim and final dividend is disproportionately high. Accordingly, your Directors have decided that for the financial year 1997-98, your Company will declare only a final dividend.

DIVERSIFICATION

Recession in textile machinery industry in the domestic and overseas markets and the time taken to stabilise the products, had an adverse effect on the working of Suessen Asia Limited.

Texmaticc India Ltd. the joint venture company in which you approved investment of Rs.25 lac at the Annual General Meeting last year commenced operations in the beginning of year under review.

Your Company continued in the activities of Investment and Property Development.

DIRECTORS

The present Directors who were appointed for a period of

THE INDIAN CARD CLOTHING COMPANY LIMITED

three years under Article 115 at the 41st Annual General Meeting held in September, 1995 will continue to hold office.

Mr. Gautam B. Doshi, a practising Chartered Accountant, who also has wide experience in industry was co-opted as Additional Director last year.

TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

Your Company was awarded ISO 9002 recognition by Bureau Veritas Quality International (BVQI) for Metallic and Flexible Card Clothing in the month of November, 1996. This has made your Company's products more acceptable in the domestic and export markets.

Your Company is in the process of formalising in house Research and Development facilities.

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

FOREIGN EXCHANGE EARNINGS AND OUT-GO

Your Company's products continued to find acceptance in the export markets during the year, however due to the recession in the textile industry worldwide, there was a marginal reduction in exports. Efforts are on to capture new markets.

Total foreign exchange earnings .. Rs. 306.94 lac
Total foreign exchange out-go .. Rs. 443.62 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

Chilling coil and accessories were added to one of the air-conditioning plant, electro magnetic rotor starter was provided in air-conditioning plant and new factory shed was equipped with metal halide lamps during the year. These measures will result in saving of energy consumed.

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, 8th May, 1997

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Annexure I to Directors' Report for the year ended 31st March, 1997

PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

Research and Development (R&D)

- | | |
|--|--|
| 1. Specific areas in which R&D carried out by the Company. | Development of new processes and methods of manufacture, import substitute materials, new products for carding applications. |
| 2. Benefits derived as a result of the above R&D | Reduction of cost of production, improvement in product quality, import substitution, technology upgradation. |
| 3. Future plan of action | Development of new products and 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 and import substitution. |
| 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	—



Certificate of Approval

Awarded to

**THE INDIAN CARD CLOTHING CO. LTD.,
BOMBAY-PUNE ROAD, PIMPRI,
PUNE - 411 018, INDIA.**

*Bureau Veritas Quality International certify that the
Quality Management System of the above supplier
has been assessed and found to be in accordance
with the requirements of the quality
standards detailed below*

QUALITY STANDARDS

BS EN ISO 9002:1994

SCOPE OF SUPPLY

**MANUFACTURE AND SUPPLY OF METALLIC &
FLEXIBLE CARD CLOTHING FOR PROCESSING
ALL NATURAL AND MANMADE FIBRE.**

Original approval date: 6TH NOVEMBER 1996

*Subject to the continued satisfactory operation of the supplier's
Quality Management System, this Certificate is valid for a period of three years from:*

6TH NOVEMBER 1996

Date 20TH NOVEMBER 1996



Phvtt

For Bureau Veritas Quality International

Certificate No: 19007

SF06/B

The use of the Accreditation Mark indicates accreditation in respect of those activities covered by the accreditation certificate number 008

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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, 1997 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, 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, 1997 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, 8th May, 1997

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. The fixed assets have not 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.