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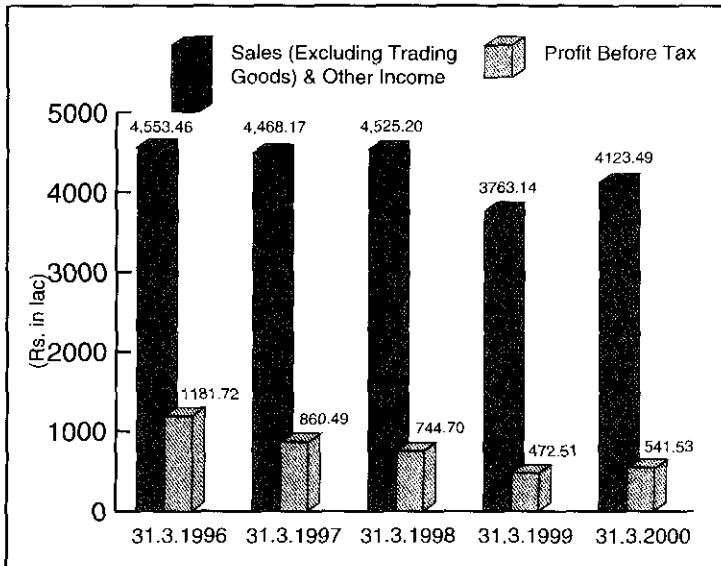
THE INDIAN CARD CLOTHING COMPANY LIMITED

46TH ANNUAL REPORT 1999-2000

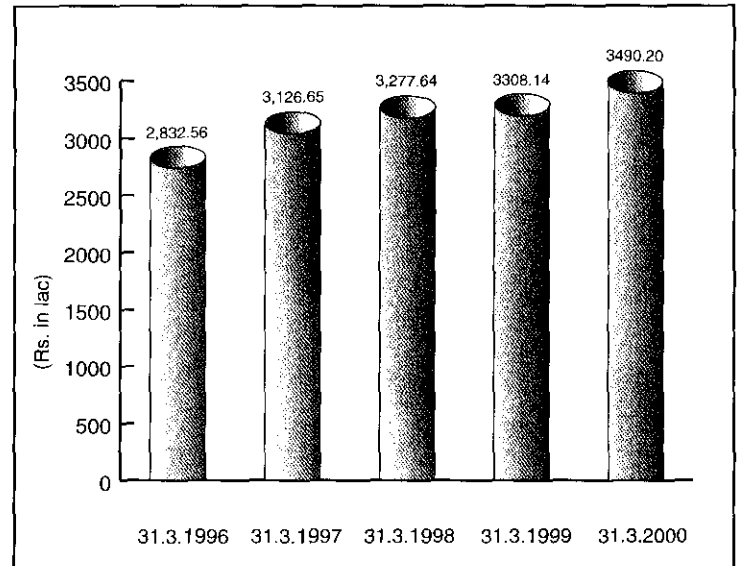
The Indian Card Clothing Company Ltd. is the pioneer in the manufacture of card clothing in India and has sustained its position as a market leader for over 42 years. In the last few years, the Company's card clothing has made its mark in the world market as a quality product and exports are rising year 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.

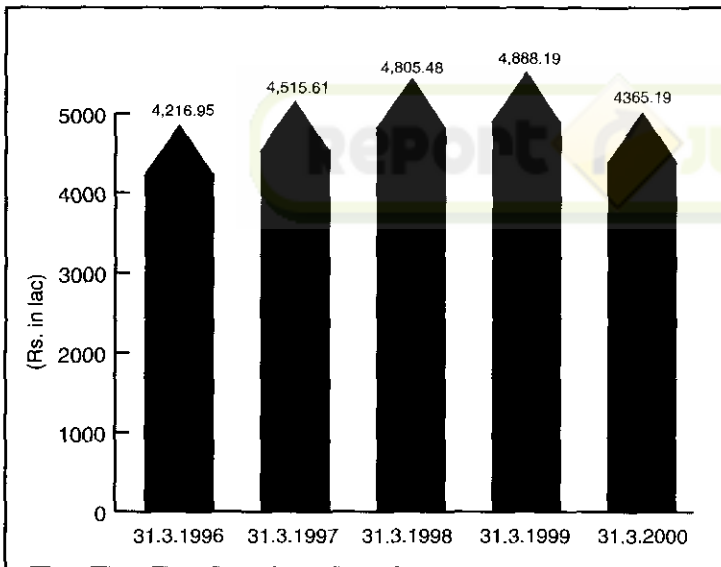
SALES & PROFIT



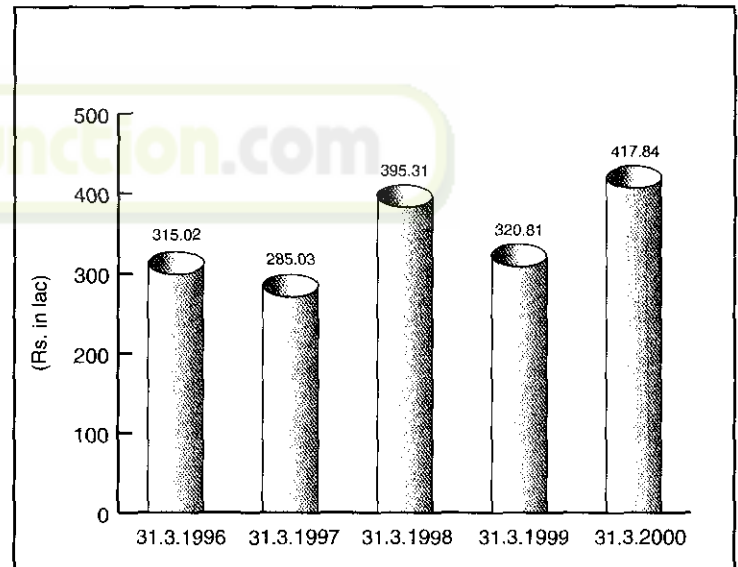
GROSS FIXED ASSETS



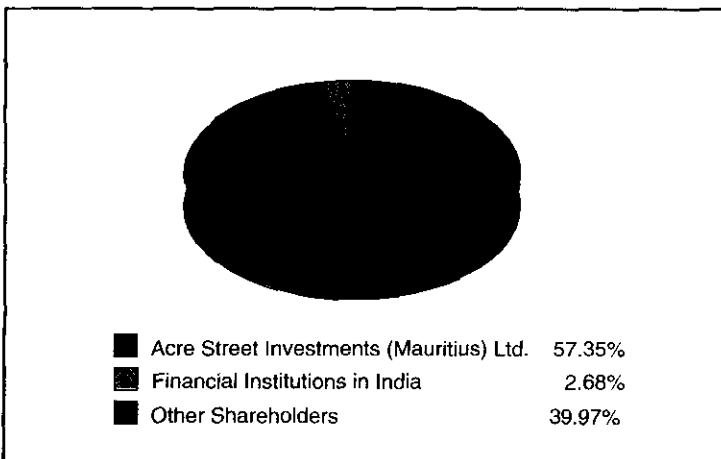
NET WORTH



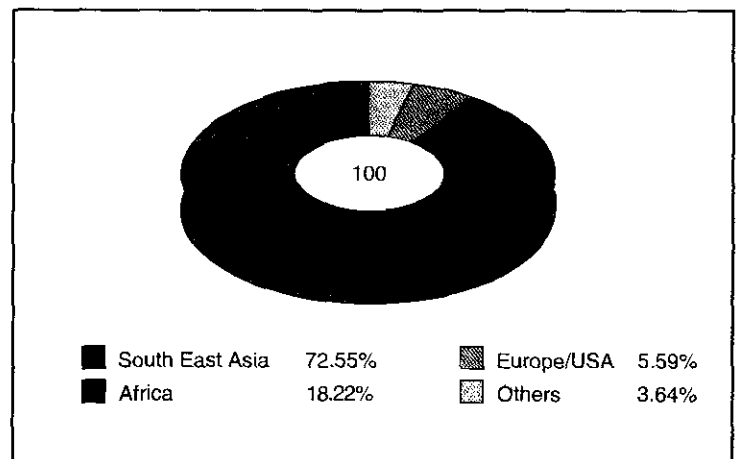
EXPORT : CARD CLOTHING



PATTERN OF SHAREHOLDING



PATTERN OF EXPORTS : CARD CLOTHING



THE INDIAN CARD CLOTHING COMPANY LIMITED

DIRECTORS

K. K. Trivedi, *Chairman*
M. 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.

SOLICITORS

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

BANKERS

Corporation Bank
Centurion 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

ANNUAL GENERAL MEETING
12 Noon, Thursday
21st September, 2000

**REGISTERED OFFICE
AND SHARE DEPARTMENT**

Mumbai-Pune Road,
Pimpri, Pune 411 018.
Tel. : (020) 7477200

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Directors' Report

Your Directors have pleasure in presenting the Company's Balance Sheet as at 31st March, 2000, together with the Profit and Loss Account for the year ended on that date.

FINANCIAL RESULTS

	(Rupees in lac)	
	Year ended 31-03-2000	Year ended 31-03-1999
Sales and Servicing Income	3707.37	3538.91
Gross Profit from Operations	322.55	461.07
Other Income	442.82	247.05
Depreciation	(223.84)	(235.61)
Profit Before Tax	541.53	472.51
Provision for Tax	(115.00)	(162.00)
Extraordinary item	(755.20)	—
Profit (loss) after Tax	(328.67)	310.51
Profit brought forward	2792.98	2739.27
Profit available for appropriation	2464.31	3049.78
Appropriated as under		
General Reserve	—	29.00
Dividend	159.29	204.80
Tax on Dividend	35.04	23.00
Retained in Profit and Loss A/c	2269.98	2792.98

OPERATIONS

Your Company's Sales and Servicing Income for the year reflects increase of 4.8% (4.4% in card clothing), as opposed to 18.7% decline for the previous year (16% in card clothing).

Liberalisation of the economy and the recession in major sectors of industry in general and textile industry in particular affected the performance of textile machinery components and parts like card clothing. Competition from overseas manufacturers continued during the year.

In relation to the Petition filed by your Company, as reported earlier, before the Company Law Board to protect its interest in Suessen Asia Limited, negotiations were carried out and shares held by your Company in Suessen Asia Limited were sold to DEG, Germany after obtaining the necessary approvals of the Government of India and Reserve Bank of India. Results for the year reflect loss of Rs.755.20 lac incurred on sale of the said shares. The settlement also resulted in an income of Rs.59.53 lac by way of sales commission.

The results of your Company for the year also include write off of Rs.213.42 lac being bad debts in relation to lease rental which the Company suffered having regard to the recessionary conditions prevailing in the economy.

As reported last year, your Company received advance for sale of major part of its investment in the residential housing project of Nirvan Builders and Developers Ltd. Sale of these shares was completed during the year. Increase in other income for the current year includes profit of Rs. 66.65 lac on sale of the said shares.

DIVIDEND

Your Directors recommend a dividend of 35% for the year ended 31-03-2000 (45% for the year ended 31.03.1999).

DIVERSIFICATION

Texmaticc India Ltd., in which your Company holds 50% of the issued share capital, in its fifth year of operations continue to report an encouraging performance. Texmaticc India Limited paid during the year final dividend of 12% in addition to 20% interim dividend paid last year for the year ended 31st March, 1999.

Garnett Wire Ltd, a U.K Company, in which your Company holds 60% of the issued share capital, continued recording satisfactory performance during the third year of investment by your Company and paid dividend of 9%.

ICC Investment and Finance Consultants Limited continued prudent investment of the funds. However, it did not declare dividend to conserve resources.

THE INDIAN CARD CLOTHING COMPANY LIMITED

DIRECTORS

The present Directors who were appointed for a period of three years under Article 115 at the 44th Annual General Meeting held in September, 1998 will continue to hold office.

TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

Your Company continues to satisfy requirements of ISO 9002 recognition by Bureau Veritas Quality International (BVQI) for Metallic and Flexible Card Clothing. The recognition was renewed during the year for further period of three years including the areas of product lines added recently. Inhouse Research and Development Centre during its second full year operation has begun to make a contribution to development of newer and improved products and processes.

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

FOREIGN EXCHANGE EARNINGS AND OUT-GO

As a result of intensified efforts, export of Card Clothing of your Company increased from 320.81 lac last year to Rs.417.84 lac for the year.

Total foreign exchange earningsRs. 440.90 lac
Total foreign exchange out-goRs. 659.17 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

Plugging of leakages of air through north lights on the roof resulted in substantial saving in consumption of power for air conditioning of the plant.

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, 12th June, 2000

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ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000

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 . | 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. |
| 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	—
Accessories for improving card performance	1997-98 (part)	No	Transfer and absorption of technology is in progress

THE INDIAN CARD CLOTHING COMPANY LIMITED

Notice

Notice is hereby given that the FORTY-SIXTH 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, 21st September, 2000, at 12 noon to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 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, 2000.
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.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th September, 2000 to 21st September, 2000 both days inclusive.
3. The final dividend on Equity Shares, as recommended by the Directors for the year ended 31st March, 2000, if declared at the meeting, will be made payable on or after 1st October, 2000.
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.
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. Members desirous of holding shares in electronic form may send share certificate to the Company Secretary through their depository participant.

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

By Order of the
Board of Directors

Pune, 12th June, 2000

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.

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

By Order of the
Board of Directors

Pune, 12th June, 2000

A. D. Dahotre
Company Secretary

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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 at 31st March, 2000 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;
 - (d) In our opinion, the said Profit and Loss Account and the Balance Sheet comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (e) 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 account appearing in schedules 10 & 11 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, 2000 and
 - (ii) in 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

Pune, June 12, 2000

(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 for inclusion of excise duty in the valuation of stock of finished goods to comply with the requirements of the mandatory Accounting Standard, AS-2, issued by the Institute of Chartered Accountants of India. (Refer Note 6 of Schedule 11).
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.
9. The parties to whom loans and advances in the nature of loans have been given by the Company are generally repaying the principal amounts as stipulated and are also regular in payment of interest wherever applicable.

THE INDIAN CARD CLOTHING COMPANY LIMITED

10. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, trading goods, plant and machinery, equipment and other assets and for the sale of goods.
11. According to the information and explanations given to us, transactions of purchase of goods and materials and sale of goods, material and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in value in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, or services have been made with other parties.
12. As explained to us, unserviceable or damaged stores, materials, finished goods and trading goods are determined by the Company and adequate provision for loss has been made in the accounts.
13. The Company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder apply.
14. In our opinion, the Company is maintaining reasonable records for the sale and disposal of realisable scrap. We are informed that the Company does not have any realisable by-products.
15. We are of the opinion that the Company has an internal audit system commensurate with its size and the nature of its business.
16. We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the products of the Company.
17. The Company has regularly deposited during the year Provident Fund and Employees' State Insurance Fund dues with the appropriate authorities.
18. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which were outstanding as at 31st March, 2000 for a period of more than six months from the date they become payable by the Company.
19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practices.
20. The Company is not a sick industrial company within the meaning of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In regard to the service activities of the Company:
- (i) the Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with its size and the nature of its service activities and such system provides for a reasonable allocation of the materials and man-hours consumed to the relative jobs.
 - (ii) in our opinion, there is a reasonable system of authorisation at proper levels with necessary controls on issue of stores and allocation of stores and labour to jobs and there is an adequate system of internal control commensurate with the size of the Company and the nature of its business.

SHARP & TANNAN
Chartered Accountants
By the hand of

MILIND P. PHADKE
Partner

Pune, June 12, 2000

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Balance Sheet as at 31st March, 2000

	Schedule	Rs.lac	Rs.lac	As at 31-03-1999 Rs.lac
SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
Share Capital	1	455.11		455.11
Reserves and Surplus	2	3910.08		4433.08
			4365.19	4888.19
2. LOAN FUNDS	3		—	123.63
TOTAL			4365.19	5011.82
APPLICATION OF FUNDS				
1. FIXED ASSETS				
Gross Block	4	3484.99		3299.60
Less : Depreciation		2063.03		1814.14
Net Block		1421.96		1485.46
Capital work-in-progress and advances		5.21		8.54
			1427.17	1494.00
2. INVESTMENTS	5		1413.25	2541.66
3. CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	6	876.09		865.50
Sundry Debtors		812.26		674.45
Cash and Bank Balances		780.81		216.88
Loans and Advances		406.12		582.96
		2875.28		2339.79
Less :				
CURRENT LIABILITIES AND PROVISIONS				
Liabilities	7	1243.22		1226.98
Provisions		319.15		290.08
		1562.37		1517.06
			1312.91	822.73
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)				
Technology fee			211.86	153.43
TOTAL			4365.19	5011.82
SIGNIFICANT ACCOUNTING POLICIES	10			
NOTES ON ACCOUNTS	11			

As per our report attached

SHARP AND TANNAN
Chartered Accountants
by the hand of

MILIND P. PHADKE
Partner

Mumbai, 12th June, 2000

A.D.DAHOTRE
Company Secretary

Mumbai, 12th June, 2000

K.K.TRIVEDI

M.M.SHAH
M.K.TRIVEDI

HEMRAJ C. ASHER
J.M.KOTHARY
C.M.MANIAR
PRASHANT K.TRIVEDI
SUDHIR MERCHANT
GAUTAM B.DOSHI

Chairman

Managing Director
Executive Director

Director

Director

Director

Director

Director

Director