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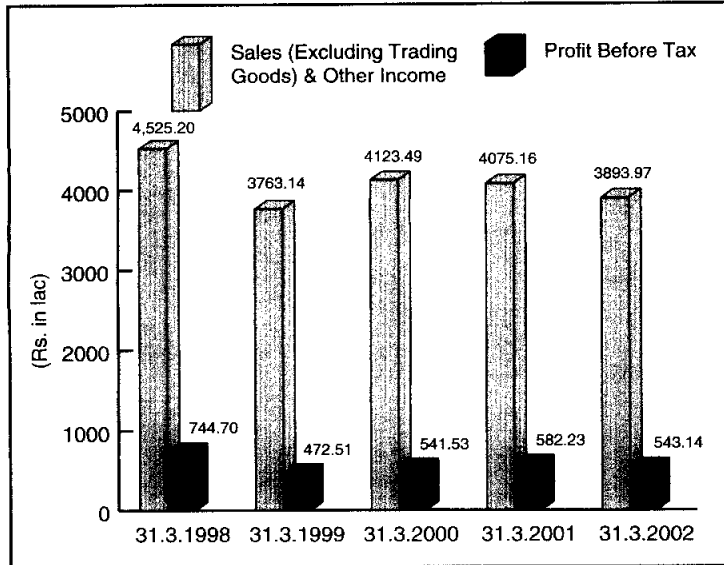
THE INDIAN CARD CLOTHING COMPANY LIMITED

48TH ANNUAL REPORT 2001-2002

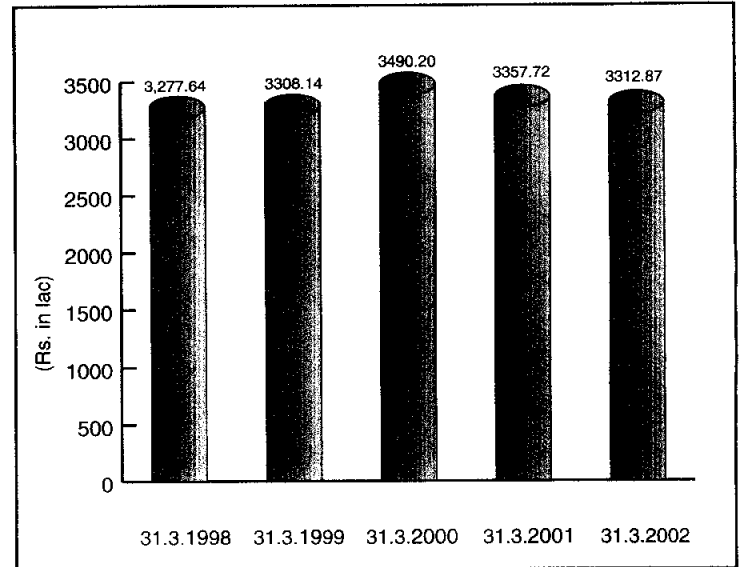
The Indian Card Clothing Company Ltd. is the pioneer in the manufacture of card clothing in India and has sustained its position as a market leader for over 46 years. In the last few years, the Company's card clothing has made its mark in the world market as a quality product and exports are rising year 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.

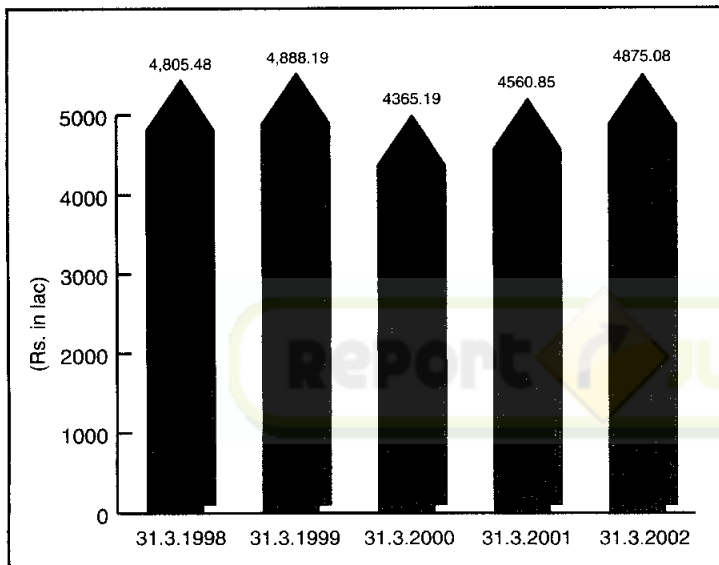
SALES & PROFIT



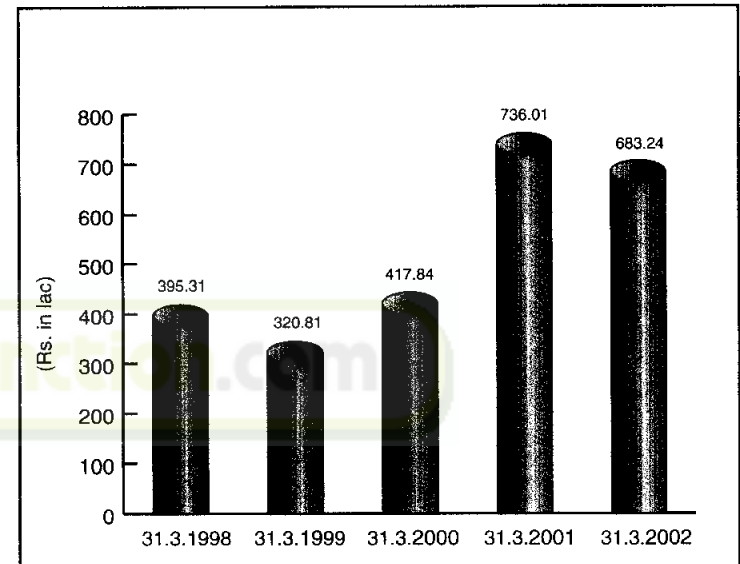
GROSS FIXED ASSETS



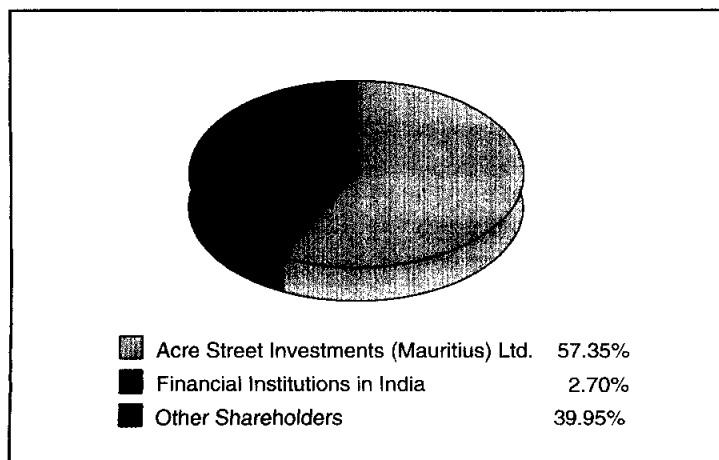
NET WORTH



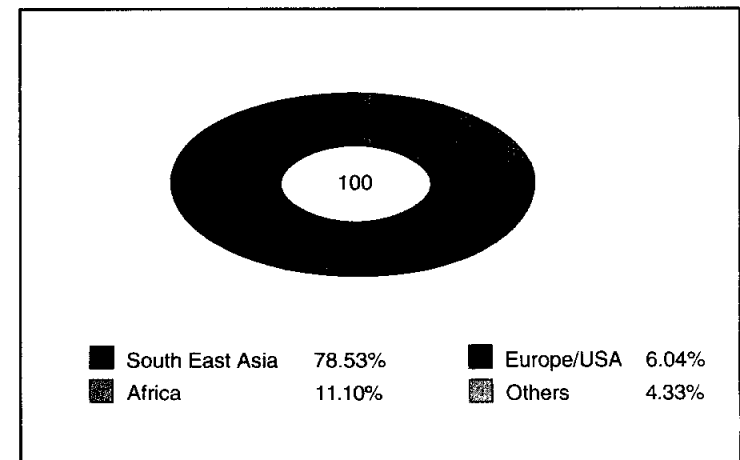
EXPORT : CARD CLOTHING



PATTERN OF SHAREHOLDING



PATTERN OF EXPORTS : CARD CLOTHING



THE INDIAN CARD CLOTHING COMPANY LIMITED**DIRECTORS**

K. K. Trivedi, *Chairman*
M. K. Trivedi, *Managing Director*
H. C. Asher
M. M. Shah
J. M. Kothary
C. M. Maniar
Prashant K. Trivedi
Sudhir Merchant

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
ICICI Bank
HDFC Bank
State Bank of India

MANAGEMENT TEAM

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

ANNUAL GENERAL MEETING
12 Noon, Wednesday
25th September, 2002
At the Registered Office

**REGISTERED OFFICE
AND SHARE DEPARTMENT**

Mumbai-Pune Road,
Pimpri, Pune 411 018.
Tel. : (020) 7477200, 4111455
Website : www.cardindia.com
Email : accounts@cardindia.com

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48TH ANNUAL REPORT 2001-2002**Directors' Report**

Your Directors have pleasure in presenting the Company's Balance Sheet as at 31st March, 2002, together with the Profit and Loss Account for the year ended on that date.

FINANCIAL RESULTS

	(Rupees in lac)	
	Year ended 31-03-2002	Year ended 31-03-2001
Sales and Servicing Income	3465.89	3795.61
Gross Profit from Operations	292.34	471.70
Other Income	456.12	313.62
Depreciation	(205.31)	(203.09)
Profit Before Tax	543.14	582.23
Provision for Tax	(104.02)	(211.00)
Profit(loss) after Tax	439.12	371.23
Profit brought forward	2425.64	2269.98
Profit available for appropriation	2864.76	2641.21
Appropriated as under		
General Reserve	45.00	40.00
Dividend	159.32	159.32
Tax on Dividend	—	16.25
Retained in Profit and Loss A/c	2660.44	2425.64

OPERATIONS - HIGHLIGHTS

Your Company's Sales and Servicing Income for the year declined from Rs.3795.61 lac to Rs.3465.89 lac.

Domestic sales remained soft, in part due to severe contraction in demand for card clothing products within the textile sector and in part due to continuing competition from overseas manufacturers. Sales of woollen card clothing declined from Rs.693.40 lac to Rs.671.61 lac. Exports declined from Rs.736.01 lac to Rs.683.24 lac.

Gross profit from operations decreased by 38% to Rs.292.34 lac from Rs.471.70 lac as a result of lower turnover.

Other income increased by 45.4% to Rs.456.12 lac from Rs.313.62 lac due to profit on sale of investments and assets.

DIVIDEND

Your Directors recommend a dividend of 35% for the year ended 31-3-2002 (35% for the year ended 31.03.2001).

SUBSIDIARY COMPANIES

ICC International Agencies Ltd. recorded increase of 2.6% in income from Rs.1.66 crore in the previous

year to Rs. 1.70 crore in the current year. The subsidiary company recorded profit after tax of Rs.8.48 lac in the current year against previous year's profit after tax of Rs.5.78 lac mainly on account of various cost cutting measures taken during the year.

Garnett Wire Ltd., a U.K. Company, in which your Company has 60% of the issued share capital, also recorded a satisfactory performance during the fifth year of investment by your Company and paid a dividend of 11.43%.

ICC Investments and Finance Consultants Limited was affected by the decline in market sensitive investments resulting in loss of Rs.13.43 lac on sale of shares during the year against profit of Rs. 2.85 lac in the previous year. The subsidiary Company recorded loss of Rs.12.96 lac during the year against profit of Rs.8.52 lac in the previous year. However, market value of investments was higher by Rs.49.41 lac on 31st March, 2002 (Rs.3.12 lac on 31st March, 2001) as compared to cost.

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 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 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, 2002 and of the profit of the Company for the year April 1, 2001 to March 31, 2002;
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

Under the Listing Agreement with the Stock Exchanges, your Company is required to comply with the guidelines on Corporate Governance by 31st March, 2002. These requirements have been implemented and a certificate from the Auditors of the Company as well as a detailed Report on Corporate Governance, approved by the Board of Directors of the Company is set out in annexure 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. The Certificate was renewed in the year 1999-2000 for a further period of three years. Inhouse Research and Development Centre during its fourth 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

Exports of card clothing decreased to Rs.683.24 lac, Rs.736.01 lac in the previous year due to the global contraction of demand for card clothing products.

Total foreign exchange earnings Rs. 713.87 lac
Total foreign exchange out-go Rs. 260.75 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 nil.

CONSERVATION OF ENERGY

During the year, an energy efficient refrigerant type air dryer for supplying compressed air required in the process of manufacture was installed.

AUDITORS

M/s Sharp & Tannan, the retiring auditors of the Company have expressed their unwillingness to be appointed as auditors of the Company. Resolution for appointing M/s B.K. Khare & Co., Chartered Accountants as auditors of the Company in place of M/s Sharp & Tannan, the retiring Auditors of the Company, has been included for consideration of shareholders at the forthcoming Annual General Meeting. M/s B.K. Khare & Co., Chartered Accountant have signified their consent to be appointed as auditors of the Company.

For and On Behalf of the
Board of Directors

K K TRIVEDI
Chairman

Mumbai, 30th July, 2002

48TH ANNUAL REPORT 2001-2002**ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2002****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 and process improvement. |
| 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 applications and improvement in processes. |
| 4. Expenditure on R&D : | |
| (a) Capital | Nil |
| (b) Recurring | Rs. 22.76 lac |
| (c) Total | Rs. 22.76 lac |
| (d) Total R&D expenditure as a percentage of total turnover. | 0.65% |

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
Accessories for improving card performance	1997-98	Yes	—

THE INDIAN CARD CLOTHING COMPANY LIMITED

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

Cotton yarn production which was 2267.73 million kgs. during 2000-2001 declined to 2208.07 million kgs. in 2001-2002. Production of blended yarn similarly declined from 644.43 million kgs. during 2000-2001 to 613.31 million kgs. during 2001-2002 (Source : Ministry of Textiles).

The textile industry, on which the Company is highly dependent, has been experiencing a demand slowdown for over three years. The Company's record shows that 336 textile mills, both in the private sector and within the National Textile Corporation Limited, have closed in the last three years.

Higher domestic price of cotton compared with international price have rendered producing a large variety of counts of yarn un-remunerative. Large stocks of yarn and the poor liquidity in the textile market have combined to make conditions in the textile industry difficult.

OPPORTUNITIES

Brand: The "ICC" brand enjoys a positive image in India due to its long association and partnership with the Indian textile industry for over 45 years. Through selective advertisements in textile magazines and through newsletters, the Company also promotes the brand.

Sales and Service Network: The Company has sales offices located at all the major textile centres in India and two service stations located in Coimbatore and Madurai. A team of experienced well-trained sales staff man the sales offices rendering sales and service support. A network of agents worldwide also supports the Company's export drive in critical international markets.

Product portfolio: The Company has a wide range of card clothing products suitable for the full range of carding machines. Through its subsidiary, Garnett Wire Limited, the Company offers metallic card clothing products for processing long staple fibres. The Company's Research and Development effort has been directed at increasing the range of products to assist customers to reduce their per unit cost of producing yarn and reduce the Company's dependence on card clothing products by introducing accessories for carding.

THREATS

There is increasing competition from foreign manufacturers, willing to offer discounts thereby pricing their products at rates lower than those of the Company. The Company has had to counter this by improving the quality of its products.

Each "down" cycle in the textile industry has resulted in incrementally larger number of mills closing down, incapable of competing against those mills, which have invested in technology. The Company has responded by widening the number of countries, which it services.

OPERATIONS

The fiscal year 2001-2002 was one of the most challenging and difficult periods in recent times for the Company due to the steep drop in demand for card clothing products. In order to counter the effects of this development on profitability, the Company implemented a series of measures and undertook initiatives including reduction in planned investments, focused efforts on cost reduction, and inventory optimisation.

The Company's main business is manufacture and marketing of card clothing. Under the current difficult market scenario, sales of card clothing showed a decline of 8.7 percent.

OUTLOOK

There appear to be early signs of some improvement in the domestic textile industry. However, it is not expected that those textile mills that have closed will re-open. The global textile market is also showing early signs of recovery.

The Company hopes to improve operations by concentrating on making further improvement in the quality of the products and the introduction of new products which will increase the product base of the Company and will meet requirements of the Company's existing customers. Thrust on cost reduction will also continue. The Company has signed a settlement with the Employees Union which provides for improvement in productivity.

INTERNAL CONTROL SYSTEMS

The Company has a proper and well-established accounting and auditing system covering all areas of operations.

The Company has a costing system to help control costs and to take decisions on pricing.

A firm of auditors manned by technically and commercial qualified personnel carries out internal audit, which is followed up by discussions with each department.

The manufacturing plant of the Company has ISO 9001 certification and this is renewed from time to time.

48TH ANNUAL REPORT 2001-2002**FINANCIAL PERFORMANCE**

Some of the key performance indicators are given below:

Particulars	2000-2001 Rs.lac	2001-2002 Rs.lac	Change Percent
Sales			
- Metallic card clothing	2308.14	2082.24	- 9.8
- Woollen	693.40	671.61	- 3.1
- Others	703.20	629.66	- 10.5
Trading Goods	34.07	28.04	- 17.7
Servicing Income	56.80	54.34	- 4.3
TOTAL	3795.61	3465.89	- 8.9
Exports	736.01	683.24	- 7.2

CAUTIONARY STATEMENT

The Management Discussion and Analysis report contains forward looking statement based on data and information available with the Company and on its assumptions on the Country's economic situation and the global economic environment. Actual results might differ materially from those either expressed or implied.

REPORT ON CORPORATE GOVERNANCE

In terms of the Listing Agreement with Stock Exchanges, the Company is required to implement the code of Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) before 31 March 2002. Accordingly, the Board of Directors

2.3 Particulars of Directorship of Board, membership and office of Chairman of Board Committees across all companies and attendance at the Board meetings of the Company are given below :

Name of the Director	Directorships held	Membership of Board Committees	Chairman of Board Committees	Board Meetings Attended	AGM attended
Mr. K.K. Trivedi Chairman	9	Nil	Nil	6	Yes
Mr. M.K. Trivedi Managing Director	10	1	Nil	8	Yes
Mr. H.C. Asher	23	4	2	8	Yes
Mr. M.M. Shah	6	2	Nil	6	Yes
Mr. J.M. Kothary	7	2	1	7	Yes
Mr. C.M. Maniar	22	10	1	3	No
Mr. Prashant K. Trivedi	8	Nil	Nil	3	Yes
Mr. Sudhir Merchant	19	2	Nil	7	Yes

presents a report on the compliance of the said requirements in the following paragraphs.

1. THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's Corporate Governance policy aims at ensuring transparency, accountability and integrity in its all its operations and in its relations with all stakeholders (Investors, Customers, Employees, Suppliers and Government) with a view to increasing value for all of them.

2. BOARD OF DIRECTORS

2.1 The Directors of the Company are persons of eminence having vast and varied experience in manufacturing, marketing, finance and corporate administration. The Board of Directors consists of seven non-executive Directors and one Managing Director. Mr. H.C. Asher, Mr. M.M. Shah, Mr. J.M. Kothary, Mr. C.M. Maniar and Mr. Sudhir Merchant are independent Directors who constitute more than one-third of the total strength of the Board.

2.2 The Board of Directors meets as often as required at interval of not more than four months and once in a calender quarter. During the year, eight meetings of the Board of Directors were held on 20th April, 2001, 25th May, 2001, 28th June, 2001, 12th July, 2001, 6th September, 2001, 27th November, 2001, 29th January, 2002 and 18th March, 2002.

THE INDIAN CARD CLOTHING COMPANY LIMITED

Report on Corporate Governance

2.4 Particulars of Remuneration of Directors for the year ended 31st March, 2002 :

Rs.Lac

Name of the Director	Commission	Salary	Perquisites	Contributions to PF, etc.
Mr. K. K. Trivedi Chairman	1.00	—	—	—
Mr. M. K. Trivedi Managing Director	2.10	6.10	6.51	1.91
Mr. H. C. Asher	0.55	—	—	—
Mr. M. M. Shah	0.40	—	—	—
Mr. J. M. Kothary	0.50	—	—	—
Mr. C.M. Maniar	0.25	—	—	—
Mr. Prashant K. Trivedi	2.00	—	—	—
Mr. Sudhir Merchant	0.45	—	—	—

3. AUDIT COMMITTEE

Audit Committee was constituted during the year and met on 27th November, 2001 and 29th January, 2002 to review half yearly audited results and quarterly unaudited financial results respectively. The composition and particulars of meetings attended by members of the Committee are given below :

Name of the Director	No. of Meetings attended
Mr. J.M. Kothary Chairman Independent Director	2
Mr. H.C. Asher Independent Director	2
Mr. Sudhir Merchant Independent Director	1

The terms of reference of the Audit Committee are as set out in the Listing Agreement with the Stock Exchanges. The Managing Director was invited to attend meetings of the Committee. The Statutory Auditors were also present at the time of review of half yearly audited results.

4. REMUNERATION COMMITTEE

The Board of Directors will constitute Remuneration Committee to consider remuneration payable to the Managing Director in due course.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Committee was constituted during the year and met on 26th October, 2001, 10th November, 2001, 27th November, 2001, 19th December, 2001, 28th December, 2001, 5th January, 2002, 22nd January, 2002, 29th January, 2002, 8th February, 2002, 17th February, 2002, 28th February, 2002 and 30th March, 2002. The constitution and particulars of meetings attended by members of the Committee are given below :

Name of the Director	No. of Meetings attended
Mr. H. C. Asher Chairman Independent Director	12
Mr. J. M. Kothary Independent Director	12
Mr. M. K. Trivedi Managing Director (appointed on Committee on 6-9-2001)	Nil

Company Secretary, Mr. A. D. Dahotre is a Compliance Officer.

Number of complaints received from shareholders in the nature of non-receipts of dividend warrants/ share certificates after transfer/annual report : 141

All the complaints were resolved to the satisfaction of shareholders. Share transfers are not pending beyond 30 days.

48TH ANNUAL REPORT 2001-2002**Report on Corporate Governance****6. GENERAL BODY MEETINGS**

Last three Annual General Meetings of the Company were held as given below :

Date	Time	Venue
6th September, 2001	12 noon	Registered office of the Company
21st September, 2000	12 noon	Registered office of the Company
26th August, 1999	12 noon	Registered office of the Company

No special resolutions were put through postal ballot in the last AGM.

7. DISCLOSURES

There were no materially significant transactions with promoters, directors or the management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large. Other related party transactions have been disclosed at Note No. 14 of Schedule No. 10 to the Balance Sheet.

The Company has complied with the necessary requirements and no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

8. COMMUNICATION TO SHAREHOLDERS

Quarterly, half yearly and annual results and information relating to convening of general meetings are filed with the Stock Exchanges and are published in Indian Express or Times of India and Loksatta or Maharashtra Times newspapers, one each in English and local language, as required under the Listing Agreement. Financial results, dates of Board and Annual General Meeting are published on website of the Company at www.cardindia.com. Management Discussion and Analysis is part of the annual report.

9. GENERAL SHAREHOLDER INFORMATION**FINANCIAL CALENDAR :**

AGM date, time and venue : 12 Noon on Wednesday, 25th September, 2002 at the Registered Office

Board Meeting for consideration of accounts and recommendation of dividend : 10th June, 2002

Posting of Annual Reports : by 1st, September, 2002

Book closure dates : from 19th September, 2002 to 25th September, 2002.

Last date for receipt of proxy forms : 23rd September, 2002

Dividend payment date : by 20th October, 2002

Board Meetings for consideration of unaudited results for first and third quarters : within 25 days from end of quarter.

Board Meeting for approval of audited half yearly accounts : By 20th November, 2002

Listing on Stock : Shares of the Company are listed on The Stock Exchange, Mumbai (Stock Code: 509692), National Stock Exchange (Stock Code: INDIANCARD) and Pune Stock Exchange (Stock Code: INDCA 9692, shares not traded).

Monthly high and low quotation and volume of shares traded in the last financial year alongwith the sensx and nifty.

Month	NSE		Shares Traded	Nifty	
	High	Low		High	Low
Apr, 01	32.00	29.30	3775	1024.90	1155.35
May, 01	34.45	30.50	8409	1122.05	1217.00
Jun, 01	35.05	32.00	8409	1067.00	1148.05
Jul, 01	34.35	30.00	475	1051.70	1110.45
Aug, 01	35.40	29.75	4101	1053.75	1078.95
Sep, 01	32.00	29.00	389	854.20	1048.20
Oct, 01	36.00	31.00	2042	899.65	993.20
Nov, 01	34.00	32.00	1250	987.50	1080.60
Dec, 01	32.00	30.15	1295	1020.00	1115.25
Jan, 02	33.50	30.25	4369	1055.30	1109.90
Feb, 02	32.85	30.40	9749	1074.20	1189.40
Mar, 02	32.95	31.00	5983	1123.05	1193.05
Apr, 02	37.00	32.05	36021	1074.20	1146.50
May, 02	36.90	32.00	5607	1026.75	1127.60
June, 02	44.00	32.80	19703	1102.05	1029.25

Source : Downloaded from NSE site, www.nseindia.com