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The Indian Card Clothing Company Ltd.
53rd Annual Report 2006-07

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SUMMARY OF FIVE YEAR DATA

(Rs. in Lac)

Sr. No.	Particulars	Year Ended				
		31.3.2007	31.3.2006	31.3.2005	31.3.2004	31.3.2003
PROFIT AND LOSS ACCOUNT						
1.	Sales					
	Metallic card clothing	3078.47	2964.35	2664.66	2214.83	2230.61
	Woollen	593.33	724.80	1232.23	913.20	541.81
	Others	772.77	942.81	726.74	466.45	508.69
	Trading Goods	59.88	39.95	33.90	37.94	25.26
	Servicing Income	48.18	45.08	54.99	49.91	53.87
	Total	4552.63	4716.99	4712.52	3682.33	3360.24
	Includes Exports	912.75	856.00	777.47	558.68	675.70
2.	Other Income					
	Dividend and Interest	127.07	68.85	58.80	199.88	116.94
	Profit on sale of Investments	376.14	530.41	525.96	359.73	205.32
	Profit on sale of Assets	988.50	666.63	6.66	66.03	17.36
	Rent received	279.17	109.03	121.36	80.24	76.57
	Others	50.62	55.08	66.19	57.93	135.49
	Total	1821.50	1430.00	778.97	763.81	551.68
3.	Material Cost including stock change	1549.56	1602.79	1643.85	1310.48	1174.21
4.	Staff Cost	1129.12	1132.36	1038.91	872.67	1078.60
5.	Other Expenses	1503.84	1402.52	1244.51	950.52	1073.59
6.	Depreciation	235.59	141.03	147.07	146.90	173.16
7.	Interest	1.13	0.93	1.32	0.63	0.27
8.	Profit before tax	1954.89	1867.36	1415.83	1164.94	412.09
9.	Current and deferred tax	323.40	331.87	342.51	183.08	88.13
10.	Profit after tax	1631.49	1535.49	1073.32	981.86	323.96
11.	Earning per share Rs.	35.85	33.74	23.58	21.57	7.12
12.	Dividend per share Rs.	12.50	12.50	12.00	10.00	3.00
BALANCE SHEET						
13.	Fixed Assets					
	Gross Block	6533.67	5137.09	3803.97	3174.02	3308.37
	Depreciation	(2394.24)	(2207.03)	(2310.40)	(2225.52)	(2152.55)
	Net Block	4139.43	2930.06	1493.57	948.50	1155.82
14.	Investments	2525.82	2053.37	3274.21	3786.48	2909.06
15.	Bank Deposits	2.41	102.49	125.52	125.24	109.26
16.	Other Current Assets	2365.11	3024.59	2532.46	1808.79	1952.76
17.	Security Deposits	(258.82)	(225.10)	(269.60)	(163.47)	(411.42)
18.	Other Current Liabilities and Provisions	(981.25)	(950.53)	(1109.34)	(965.98)	(630.48)
19.	Deferred Tax	12.84	25.84	16.61	27.74	23.82
20.	APPLICATION OF FUNDS	7805.54	6960.72	6063.43	5567.30	5108.82
21.	Share Capital	455.11	455.11	455.11	455.11	455.11
22.	Reserves and Surplus	7350.43	6371.02	5484.21	5029.26	4560.83
23.	Loan Funds	-	134.59	124.11	82.93	92.88
24.	SOURCES OF FUNDS	7805.54	6960.72	6063.43	5567.30	5108.82

THE INDIAN CARD CLOTHING COMPANY LIMITED

DIRECTORS

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

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.

MANAGEMENT TEAM

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

BANKERS

Corporation Bank
HDFC Bank
ICICI Bank

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.
Satam Industrial Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road, Chakala
Andheri (E), Mumbai 400 099.
Tel. (022) 28215168, 28348218

ANNUAL GENERAL MEETING

**12.00 noon, Saturday,
11th August, 2007 at the Registered Office**

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53rd ANNUAL REPORT 2006-2007**NOTICE**

NOTICE is hereby given that the FIFTY 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 Saturday, 11th August, 2007, at 12 noon to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, and adopt the Audited Balance Sheet as at 31st March, 2007, 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, 2007.
3. To appoint Mr. K. K. Trivedi, Mr. Prashant K. Trivedi, Mr. M. K. Trivedi, Mr. H. C. Asher, Mr. M. M. Shah, Mr. J. M. Kothary, Mr. C. M. Maniar and Mr. Sudhir Merchant as Directors of the Company for a period of three years from the date of this meeting in accordance with the principle of proportional representation as provided in Article 115 of the Articles of Association of the Company and Section 265 and other applicable provisions, if any, of the Companies Act, 1956.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

Pune, 28th May, 2007

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 4th August, 2007 to 11th August, 2007 both days inclusive.
3. The final dividend on Equity Shares, as recommended by the Directors for the year ended 31st March, 2007, 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.100,854/- of final dividend for year ended 31st March, 1999 remaining unpaid or unclaimed for a period of seven years from the date of payment, was transferred to the Investor Education and Protection Fund of the Central Government. Members are requested to claim from the Company any unpaid dividend for subsequent period. As per Section 205C, no claim shall lie against the Company or the said Fund in respect of amounts remaining unclaimed or unpaid for a period of seven years and transferred to the said Fund.
5. Members are requested to bring the copy of their Annual Report and the Attendance slip at the Annual General Meeting.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company Secretary, so as to reach at least seven days before the date of the meeting, so that the information required may be made available at the meeting. The members using electronic mail may send questions to e-mail address: adahotre@cardindia.com.
7. Members holding shares in physical form may advise number and type of account, name of bank and branch to the Company Secretary so that the same can be printed on the dividend warrant in addition to the name to avoid possibility of misuse. Members holding shares in electronic form are requested to verify correctness of their bank particulars with their Depository Participant.

EXPLANATORY STATEMENT

Pursuant to Section 173 of the Companies Act, 1956.

ITEM 3

Article 115 of the Company's Articles of Association provides for appointment of all the Directors of the Company once every three years in accordance with the principle of proportional representation. The last appointment of the Directors was made at the 50th Annual General Meeting of the Company held on 16th September, 2004. Accordingly, the term of office of the present Directors will expire at this Annual General Meeting.

All the Directors of the Company mentioned in the resolution at item 3 are the present Directors of the Company and are seeking re-appointment. The Company has received letters from all the Directors of the Company, consenting, if appointed, to act as Director of the Company.

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

Pune, 28th May, 2007

By Order of the
Board of Directors

A.D. Dahotre
Company Secretary

THE INDIAN CARD CLOTHING COMPANY LIMITED

Directors' Report

Your Directors have the pleasure in presenting the Company's Balance Sheet as at 31st March, 2007, together with the Profit and Loss Account for the year ended on that date.

FINANCIAL RESULTS	(Rupees in Lac)	
	Year Ended	Year ended
	31-03-2007	31-03-2006
Sales and Servicing Income	4552.63	4716.99
Gross Profit	368.98	578.39
Other Income	1821.50	1430.00
Depreciation	235.59	141.03
Profit Before Tax	1954.89	1867.36
Provision for Tax	323.40	331.87
Profit/(loss) after Tax	1631.49	1535.49

OPERATIONS-HIGHLIGHTS

Your Company's Sales and Servicing Income for the year was Rs. 4552.63 lac as compared to Rs. 4716.99 lac in 2005-06.

Sale of metallic card clothing registered growth of 3.85% during the year to Rs. 3078.47 lac from Rs. 2964.35 lac in the previous year as a result of higher demand for your Company's products. Sale of woollen card clothing decreased by 18.14% during the year to Rs. 593.33 lac from Rs. 724.80 lac in the previous year due to decreased demand from woollen sector. Export increased by 6.63% to Rs. 912.75 lac during the year from Rs. 856.00 lac in the previous year.

Other Income includes Rs. 987.58 Lac of non-recurring gain as a result of a development agreement in respect of the land at Pimpri and is included under capital work in progress.

Capital work in progress also includes Rs. 379.52 Lac paid as an advance towards land and Rs. 356.92 Lac towards imported capital machinery in respect of the project for manufacture of card clothing in Himachal Pradesh. The project is delayed pending receipt of all the statutory permissions.

DIVIDEND

Interim dividend of 100% was paid for the year ended 31st March, 2007 (100% in the previous year). Your Directors recommend final dividend of 25% for the year ended 31-3-2007 (25% for the year ended 31.03.2006).

SUBSIDIARY COMPANIES

ICC International Agencies Ltd. recorded an increase in income of 30.82% from Rs.479.40 lac in the previous year to Rs.627.14 lac in the current year. The subsidiary company recorded profit after tax of Rs.127.58 lac in the current year against previous year's profit after tax of Rs.111.81 lac. The higher profit after tax was mainly on account of higher commission income and income from traded goods. ICC International Agencies Limited paid a dividend of 75% (previous year 40%).

Garnett Wire Ltd. (GWL), a U.K. Company, in which your Company has 60% of the issued share capital, recorded to lower turnover and consequently lower profit after tax of £ 22,349 against £ 67,844 in the previous year. GWL did not pay dividend during the year (11.43% in the previous year)

The reduction in Turnover reflected a relative weakness in the domestic U.K. market and modest growth in the export sales. Whilst increases in the cost of raw material, labour and energy contributed to the erosion of the margin, as these input costs could not be passed on in the sales price.

During the year the Company purchased 940 shares of Rs. 100 each at an aggregate price of Rs. 23,000 and therefore Shivraj Sugar and Allied Products Private Limited became a subsidiary of the Company.

53rd ANNUAL REPORT 2006-2007**DIRECTORS**

The present Directors who were appointed for a period of three years under Article 115 at the 50th Annual General Meeting held on 16th September, 2004 will retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

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, 2007 and of the profit of the Company for the year 1st April, 2006 to 31st March, 2007.
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 as certified by Bureau Veritas Quality International (BVQI) for Metallic and Flexible Card Clothing and Accura Fixed Flats. The certificate was renewed in November, 2005 for a further period of three years. In-house Research and Development Centre during its eighth year of operation continued to make a contribution to the development of newer and improved products and processes.

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

FOREIGN EXCHANGE EARNINGS AND OUT-GO

Total foreign exchange earnings Rs.932.87 lac

Total foreign exchange out-go Rs.696.88 lac

INDUSTRIAL RELATIONS

Industrial relations in the Company continued to be cordial during the year under review. Your Directors look forward to continuing participation of employees in the Company's efforts to increase productivity and maintain the high quality of its products.

PARTICULARS OF EMPLOYEES

Information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is given in Annexure II.

CONSERVATION OF ENERGY

Variable frequency drives for air-conditioning and individual on-off switches for lighting installed during the year resulted in saving of electrical power. 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, 28th May, 2007

K.K. TRIVEDI
Chairman

THE INDIAN CARD CLOTHING COMPANY LIMITED

ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2007

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 machinery in spinning mills; improvements in card up-gradation products to suit high production cards; development of new devices for proper maintenance of present generation card clothing in spinning mills and process improvements; card up-gradation products to improve performance of cards in woollen mills.
2. Benefits derived as a result of the above R&D

Introduction of new product range, assisting spinning industry to improve quality of their end products, technology up-gradation and reduction in cost of production.
3. Future plan of action

Development of new products in carding and blow-room application in spinning mills; new devices for proper maintenance of card clothing; improvement in processes and card up-gradation products.
4. Expenditure on R&D :

(a) Capital	Nil
(b) Recurring	Rs.73.84 lac
(c) Total	Rs.73.84 lac
(d) Total R&D expenditure as a percentage of total turnover	1.62%

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

Development of card clothing to suit latest generation of High production cards, new products for blow room, card up-gradation, card clothing maintenance in spinning mills and new products for different versions of woollen cards to improve performance.
2. Benefits derived as a result of above efforts

New Product development, cost reduction, process improvement
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), the following information may be furnished:

Technology Imported	Year of Import	Has technology been fully absorbed?	If not fully absorbed, area where this has not taken place, reasons therefor and future plans of action
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Nil

53rd ANNUAL REPORT 2006-2007**Annexure II To Directors' Report For The Year Ended 31st March, 2007**

Name of the Employee	Designation/ Nature of Duties	Qualification	Age (Years)
Mehul K. Trivedi	Managing Director	LLB (Hons) (U.K.) Solicitor Supreme Court of England & Wales	45

Experience (Years)	Date of Commencement of Employment	Remuneration Received (Rs.)	Previous Employment Company
19	01-09-1989	47,71,499/-	Solicitor S.J. Berwin & Co. London, England

Notes :

1. Nature of employment is contractual. Other terms and conditions are as approved by the shareholders.
2. Mr. Mehul K. Trivedi is a son of the Chairman, Mr. K.K. Trivedi and the brother of Mr. Prashant K. Trivedi, Deputy Chairman.
3. Remuneration received includes salary, allowances, commission, Company's contribution to Provident Fund, Gratuity and Superannuation funds, medical benefits at actual expenditure and monetary value of perquisites as per Income Tax Rules for other benefits.

THE INDIAN CARD CLOTHING COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

Cotton

The pace of consolidation within the card clothing industry appears to have come to a standstill for the time being after the spate of acquisitions in the previous financial year.

Although there were significant changes in the structure of the industry following the acquisitions, the global card clothing industry remains fragmented. Therefore, many competitors, vying for increased market share, but without a significant bargaining position between customers and suppliers in the re-clothing business, characterize the industry.

A few years ago, card clothing businesses were able to specialize in a particular segment of carding machines to be re-clothed. However, with the advent of a global market in textiles, the older make of cards are being replaced by cards with higher productivity and therefore many businesses are now moving up the value chain to re-clothe those high production cards, resulting in greater competitive pressures in the re-clothing business.

In the case of supplies to original equipment manufacturers, the four major manufacturers of carding machines have their own suppliers or associate companies who manufacture card clothing. Reiter A.G. and Lakshmi Machine Works Limited are now supplied card clothing by Graf + Cie A.G. and Lakshmi Card Clothing Limited respectively. Whilst Trutzschler GmbH and Trumac Engineering Limited have manufacturing facilities in Germany and in India respectively to produce card clothing from equipment purchased from J.D. Hollingsworth GmbH. All four manufacturers of card clothing are attempting to influence the customer's re-clothing decision with mixed success.

Within India, there are still only two major manufacturers of card clothing for short staple application viz., The Indian Card Clothing Company Limited and Lakshmi Card Clothing Company Limited. N.V. Bekaert S.A. through its acquisition of the assets of English Card Clothing Co. Limited, a subsidiary of Carclo plc has a small tops manufacturing plant in Pune, and Trutzschler GmbH has a small cotton flexible facility, in Ahmedabad. Trutzschler GmbH has commenced commercial production at its Ahmedabad plant for sundry items for the Trutzschler cards, although the main card clothing items are still imported.

Chinese textile machinery manufacturers have set up sales offices in India and Chinese card clothing manufacturers have appointed agents at various locations in India with a view to exploiting the buoyant Indian textile industry but have to date, met with limited success.

Woollen

The flexible card clothing business is less fragmented, as many producers of flexible card clothing have over the past few years withdrawn capacity due to the decline in the use of flexible card clothing in favour of metallic card clothing to process wool in developed economies. However, in India, majority of the wool spinners use flexible card clothing, but the business is characterized by erratic sales fluctuation due to the cyclical nature of the woolen and waste regeneration business, high inventory carrying costs and a diverse product line, which requires an element of customization.

In India there are two manufacturers of flexible card clothing for wool and long staple fibres. The Indian Card Clothing Company Limited and ABCC Limited. In addition there are a number of distributors of card clothing manufactured by Chinese and Italian producers, the latter firms, looking for markets to replace sales lost in Europe.

The competitive environment in the flexible card clothing business is fierce and marked by discounts and price wars between Indian manufacturers and foreign manufacturers to gain market share.

Opportunities

Growth of the textile industry

The consumption of fibre has a direct bearing on the demand for card clothing. In India, production of cotton yarn for the year 2006-07 at 2835.94 million kgs. has shown an increase over 2472 million kgs. in 2005-06, whilst production of blended yarn for the year 2006-07 at 637.20 million kgs. has shown an increase over 584 million kgs. in 2005-06. This trend augurs well for the continued demand for the Company's products.

Increase in the capacity of spinning frames and rotors have a direct impact on the potential for growth of the Company. India has the second largest spinning capacity in the world and the capacity expansion in the Indian textile industry continues unabated. Approximately 1.47 million spindles were added in the fiscal year 2006-2007 and the rate of expansion is expected to continue. In 1986 India had a spinning capacity of 26 million spindles and 19,300 rotors, by October 2006 it had 39.4 million spindles and 603,000 rotors. Approximately Rs.10,035 crores were disbursed under the Technology Upgradation Fund Scheme (TUFS). In the Budget 2007 the scheme has been extended further to 2010.

Exports

Tapping the markets outside of India presents a great opportunity for the Company to expand its reach, leveraging on its large domestic market. Participation in international textile machinery exhibitions has created a brand awareness of ICC in major textile markets to help in the effort to increase exports.

The Company also provides after sales service through regular visits of service engineers to its most important markets to help its customers maintain their card clothing.

Threats

Efforts by the two carding machine manufacturers to link performance guarantees and after sales service to the

53rd ANNUAL REPORT 2006-2007

purchase of card clothing from them or their associates for re-clothing poses a threat for the company's re-clothing business.

Heightened competition prevents the Company from being able to pass on the costs of raw materials like steel and increase in tariff for utilities like electricity charges, consequently causing pressure on operating margins.

Operations

The Company's main business is the manufacture and marketing of card clothing. Although the conditions in the cotton textile industry continue to remain buoyant, the Company recorded a marginal increase in turnover of 2 percent in cotton card clothing. The continued decline in the woollen industry resulted in the Company registering a decline in sales of woollen card clothing of 18 per cent resulting in a decrease in gross profit from operations by 13 percent.

Demand for better quality yarn required textile mills to invest in one-time purchases of card upgradation products like Accura Carding elements and Accura Beater segment although the Company registered a marginal decline of 8% in sales of these items. Sales of Sharprite, wire sharpening device and Sharprite Tops, the tops re-sharpening and cleaning device also saw a decline. Principal reasons for the decline in sales of these items was due to the textile mills expenditure on increasing production capacity by purchasing new equipment rather than retrofit products.

Efforts to enhance the operating efficiency including re-training manpower and introducing flexibility in manning, depending on skills, are continuing since these will become more critical over the years as demand continues to rise for re-clothing new carding capacity being created.

The above efforts are expected to result in supply of better quality products.

The decline in demand for woollen card clothing was principally due to labour disputes in the Panipat region, which is the centre for re-processing woollen and acrylic waste resulting in a shut down of many textile mills during the course of the year 2006-2007. In addition, the entry of Chinese card clothing in a few woollen mills when those mills were operating also affected the demand for the Company's products. Lastly, there has been a perceptible change in consumer demand away from blankets manufactured from re-processed wool or acrylic fibre to polyester filament yarn, generically referred to a "Polar Tec" blankets.

Outlook

The growth and profitability of card clothing business is highly dependent on the performance of the textile industry and yarn, being a global commodity, depends on market forces and the overall global economic outlook.

The Company hopes to further improve its operations by:

- (a) making further improvements in the quality of its products;
- (b) continuing to introduce new products which will increase the product portfolio of the Company and meet the requirements of the Company's existing and potential customers;
- (c) improving productivity in the manufacturing processes and,
- (d) reducing costs.

Internal Control Systems

The Company has a proper and well-established accounting and auditing system covering all areas of operations. The Company has upgraded its ERP system by implementing Oracle Applications at the end of the financial year ended 31st March, 2007.

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

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

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

Financial Performance

Trading conditions in the cotton textile industry have shown growth and consequently the sale of metallic card clothing for the cotton textile industry registered an increase of 3.85%. Woollen card clothing sales were affected by adverse industrial relations in one of the major woollen market of Panipat.

Sale of Accura assemblies, a one time retrofit device for carding machines, was lower by 7.31% during the year, as were sales of Sharprite, Sharprite Tops and Accura Beater Segments. The principal cause of this decline in sales was due to a growing trend amongst Spinning mills opting to purchase new carding machines instead of upgrading their old carding machines.

Exports have shown a growth of 6.63% on account of higher demand in the overseas market.

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 Company's economic situation and the global economic environment. Actual results might differ materially from those either expressed or implied.