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The Indian Card Clothing Company Ltd.
55th Annual Report 2008-09

SUMMARY OF FIVE YEARS DATA

(Rs. In Lac)

Sr. No.	Particulars	Year Ended				
		31.3.2009	31.3.2008	31.3.2007	31.3.2006	31.3.2005
	PROFIT AND LOSS ACCOUNT					
1.	Sales					
	Metallic Card Clothing	2472.43	3124.14	3078.47	2964.35	2664.66
	Woollen	518.78	473.81	593.33	724.80	1232.23
	Others	737.38	727.83	772.77	942.81	726.74
	Trading Goods	52.16	71.79	59.88	39.95	33.90
	Servicing Income	36.02	45.44	48.18	45.08	54.99
	Total	3816.77	4443.01	4552.63	4716.99	4712.52
	Includes Exports	658.44	1070.16	912.75	856.00	777.47
2.	Other Income					
	Dividend and Interest	121.11	66.41	127.07	68.85	58.80
	Profit on sale of Investments	113.86	353.03	376.14	530.41	525.96
	Profit on sale of Assets	0.83	4.75	988.50	666.63	6.66
	Rent Received	364.84	343.36	279.17	109.03	121.36
	Others	105.64	58.26	50.62	55.08	66.19
	Total	706.28	825.81	1821.50	1430.00	778.97
3.	Material Cost including stock change	1539.72	1642.98	1549.56	1602.79	1643.85
4.	Staff Cost	1247.61	1332.46	1129.12	1132.36	1038.91
5.	Other Expenses	1246.14	1356.48	1503.84	1401.93	1244.51
6.	Depreciation	254.44	242.70	235.59	141.03	147.07
7.	Interest	20.37	2.16	1.13	0.93	1.32
8.	Profit before tax	214.77	692.04	1954.89	1867.36	1415.83
9.	Current and deferred tax	49.49	222.11	323.40	331.87	342.51
10.	Profit after tax	165.28	469.93	1631.49	1535.49	1073.32
11.	Earning per share Rs.	3.63	10.33	35.85	33.74	23.58
12.	Dividend per share Rs.	2.50	6.00	12.50	12.50	12.00
	BALANCE SHEET					
13.	Fixed Assets					
	Gross Block	8584.78	7176.57	6533.67	5137.09	3803.97
	Depreciation	(2847.52)	(2619.31)	(2394.24)	(2207.03)	(2310.40)
	Net Block	5737.26	4557.26	4139.43	2930.06	1493.57
14.	Investments	2207.40	3026.52	2525.82	2053.37	3274.21
15.	Bank Deposits	2.76	2.53	2.41	102.49	125.52
16.	Other Current Assets	2246.98	2582.94	2365.11	3024.59	2532.46
17.	Security Deposits	(835.19)	(835.69)	(258.82)	(225.10)	(269.60)
18.	Other Current Liabilities and Provisions	(1214.03)	(1521.39)	(981.25)	(950.53)	(1109.34)
19.	Deferred tax	79.73	99.47	12.84	25.84	16.61
20.	APPLICATION OF FUNDS	8224.91	7911.64	7805.54	6960.72	6063.43
21.	Share Capital	455.11	455.11	455.11	455.11	455.11
22.	Reserves and Surplus	7462.68	7430.53	7350.43	6371.02	5484.21
23.	Loan Funds	307.12	26.00	-	134.59	124.11
24.	SOURCES OF FUNDS	8224.91	7911.64	7805.54	6960.72	6063.43

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)
H. Chandrashekhar, General Manager
(Sales & Marketing)
A. B. Pawar, General Manager
(Production)

BANKERS

Corporation Bank
HDFC Bank
ICICI Bank

ANNUAL GENERAL MEETING

12.00 noon, Friday
14th August, 2009 at the Registered Office

REGISTERED OFFICE

Mumbai-Pune Road,
Pimpri, Pune 411018.
Tel.: (020) 39858200
Website: www.cardindia.com
e-mail: accounts@cardindia.com

REGISTRAR AND SHARE TRANSFER AGENTS

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

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NOTICE

NOTICE is hereby given that the FIFTY-FIFTH ANNUAL GENERAL MEETING of the Members of THE INDIAN CARD CLOTHING COMPANY LIMITED will be held at the Company's Registered Office at Mumbai-Pune Road, Pimpri, Pune 411 018, at 12 noon on Friday, 14th August, 2009 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, and adopt the Audited Balance Sheet as at 31st March, 2009, 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, 2009.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass, with or without modifications, the following resolution, as a Special Resolution:

"RESOLVED pursuant to the provisions of Section 198, 269, 309, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, that the Company hereby approves the re-appointment of Mr. M. K. Trivedi as the Managing Director of the Company, on such remuneration and other terms and conditions as contained in the Agreement dated 12th August, 2008 entered between the Company and Mr. M. K. Trivedi, with effect from 1st October, 2008 to 30th September, 2011.

RESOLVED FURTHER that the remuneration proposed to be paid to Mr. M.K Trivedi in terms of the aforesaid agreement shall be paid as a minimum remuneration even in the absence or inadequacy of profits for any year during the tenure of his holding the office as the Managing Director of the Company".

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution, as an Ordinary Resolution:

"RESOLVED pursuant to the provisions of Section 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company that approval of members of the Company be and is hereby accorded for the payment of fee to the Directors including alternate directors (other than a Managing or Whole time Director, if any) for attending each meeting of the board of directors of the Company and / or any Committee thereof, of such amount as the Board may fix, subject to maximum sum as may be prescribed by the law or by the Central Government or any other authority from time to time."

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

Pune, 19th June, 2009

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, 2009 to 14th August, 2009 both days inclusive.
3. The final dividend on Equity Shares, as recommended by the Directors for the year ended 31st March, 2009, 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.239,582/- of final dividend for year ended 31st March, 2001 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.
8. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as provided under Section 109A of the Companies Act, 1956, are requested to submit the details to the Company's Registrar and Share Transfer Agent.
9. An explanatory statement under section 173 of the Companies Act, 1956 is annexed hereto.

55th ANNUAL REPORT 2008-2009**EXPLANATORY STATEMENT**

Pursuant to Section 173 of the Companies Act, 1956.

ITEM 4

The Company is engaged in manufacture and sale of card clothing, a component of textile machinery, from 1955. Profit before tax as percentage of sales and other income was 5% and earning per share of Rs.10 was Rs.3.95/- during the year ended 31st March, 2009. The Company has been consistently paying dividend and has been net foreign exchange earner. Total foreign exchange earnings was Rs.658.44 lac and out-go was Rs.415.21 lac, including dividend remittance, during the year ended 31st March, 2009, 57.35% shares of the Company are held by Multi Act Industrial Enterprises Ltd., a foreign company. The Company has a subsidiary company in UK engaged in manufacture of metallic card clothing products for processing long staple fibres.

Mr. M.K. Trivedi ("Mr. Trivedi"), aged 47yrs, is a U.K. National, graduated LLB (Hons.) from The London School of Economics is a qualified Solicitor of the Supreme Court of England and Wales (U.K). Prior to joining the Company, Mr. Trivedi practiced as a Solicitor in United Kingdom, specialising in corporate law (mergers, acquisitions and joint ventures). Mr. Trivedi was inducted in the Company as General Manager with effect from 1st September, 1989 to oversee operations, especially marketing (in India and abroad), production/manufacturing and areas allied thereto.

Mr. Trivedi was appointed as an Executive Director of the Company, for a period of five years with effect from 1st October, 1992 to exercise such management powers and fulfill such duties and functions as may be entrusted to him by the Board of Directors ("the Board"). Mr. Trivedi was re-appointed as Executive Director at the Annual General Meeting held on 17th September, 1998 for a period of five years from 1st October, 1997. Mr. Trivedi was appointed as Managing Director of the Company at the Annual General Meeting held on 6th September, 2001 for a period from 1st January, 2001 to 30th September, 2002. Mr. Trivedi was re-appointed as the Managing Director of the Company at the Annual General Meeting held on (a) 29th August, 2003 for a period from 1st October, 2002 to 30th September, 2005 and (b) 22nd September, 2005 for a period from 1st October, 2005 to 30th September, 2008. With the efficient management of affairs by Mr. Trivedi, the Company has improved its profitability. Exports of card clothing increased from Rs.418 lac in the year 1999-2000 to Rs.658 lac in the year 2008-09. New products have contributed substantially to the turnover as well as profitability of the Company in the past couple of years.

At a meeting of the Board held on 12th August, 2008, the Company has re-appointed Mr. Trivedi as the Managing Director of the Company for a period of three years from 1st October, 2008 at a remuneration approved by the Remuneration Committee.

The Company has entered into an Agreement dated 12th August, 2008 with Mr. Trivedi on the remuneration in accordance with Schedule XIII of the Companies Act, 1956 ("the Act") and on the terms and conditions as under:

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

1. Appointment of Mr. M. K. Trivedi (hereinafter referred to as the Managing Director), shall be for a period of three years from 1st October, 2008. The Managing Director shall have general control of the business of the Company in the ordinary course of business.

2. **Remuneration:**

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

- a. **Salary** : Salary of Rs.250,000/- (Rupees two lac fifty thousand only) per month.
- b. **Commission** : Amount as the Board may approve.

THE INDIAN CARD CLOTHING COMPANY LIMITED

c. Perquisites : In addition to salary and commission, perquisites as under:

- i) **Housing :** Furnished residential accommodation or in lieu thereof house rent allowance per month of 60% of monthly salary in case accommodation is located at Mumbai and 50% of monthly salary otherwise, with free fuel, gas, electricity, water and furnishings or reimbursement of charges hereof.
- ii) **Medical Reimbursement :** Actual expenses incurred in or outside India for self and family.
- iii) **Personal Travel :** Travel expenses of self and family in or outside India.
- iv) **Club Membership Fees :** Fees (including entrance/admission) subject to a maximum of any two clubs.
- v) **Personal Accident and Health Insurance :** Premium for accident insurance of self and health insurance for self and family.
- vi) **Provident Fund/Superannuation Fund/Annuity :** Contribution towards the Company's Provident Fund and Superannuation Scheme, or annuity fund or scheme of any retirement or pension fund or scheme as existing from time to time.
- vii) **Gratuity :** Benefit under the Company's Gratuity Scheme.
- viii) **Car :** Free use of car with driver for Company's business as well as personal use of car for self and family.
- ix) **Telephone :** Use of telephone at residence.
- x) **Leave :** On full pay and allowance as per Rules of the Company. Encashment of leave will be permitted as per the Rules. Leave accumulated on expiry/termination of the Agreement will be allowed to be carried forward or encashed.
- xi) **Leave Travel Concession :** Return passage for self and family, once in a year by business class, in case it is proposed that leave be spent in the home country.
- xii) **Others :** Any other expenditure as the Board may approve.

d. For the purpose of calculating the value of perquisites hereinabove, items at (vi), (vii), (ix) (x) and (xi) shall be excluded. Perquisites shall be evaluated as per Income Tax Rules, wherever applicable or at actual cost.

e. In case, the Company has no profits or has inadequate profits, the Managing Director shall be entitled to be paid remuneration (by way of salary, perquisites and allowances) as mentioned herein.

f. The Managing Director shall not be entitled to receive any fees for attending meetings of the Board and/or any Committee thereof.

- 3. The Managing Director shall be entitled to reimbursement of all entertainment and other expenses actually incurred for the business of the Company.
- 4. The Managing Director shall not become interested or otherwise be concerned through his wife and/or minor children in any selling agency of the Company.
- 5. The employment of the Managing Director shall forthwith be determined if he shall become insolvent or make any composition or arrangement with his creditors or shall cease to be the Director of the Company.

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6. The Company may by a notice in writing to the Managing Director determine the contract if he is guilty of inattention or negligence.
7. The contract may be determined by giving six calendar months' notice in writing in that behalf by either party.
8. As required by Schedule XIII of the Act, the appointment and remuneration of the Managing Director shall be placed for approval by a resolution of the shareholders in a General Meeting.

As required under Section 302 of the Act, an abstract of the terms of appointment and remuneration payable to the Managing Director with effect from 1st October, 2008 and memorandum of interest was circulated to the members on 12th August, 2008.

The Agreement dated 12th August, 2008 executed between the Company and Mr. Trivedi is open for inspection of members at the registered office of the Company between 11 am and 1 pm on all working days.

Memorandum of concern or interest:

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

ITEM 5

Article 120 (2) and (3) provide for payment of remuneration to a director who is neither in the whole time employment nor a managing director of the Company. The fee payable to such a director for attending each meeting of the board of directors and / or any committee thereof is specified to be maximum sum applicable to the Company as may be prescribed by law or by the Central Government from time to time.

At present the Company is remunerating to its directors who are neither in the whole time employment of the Company nor managing director by commission of 1% on profits of the Company as approved by the shareholders at its 54th Annual General Meeting of the Company held on 12th August 2008.

Any fee payable to a director (other than managing or whole time director) as provided in Article 120 (3) for attending a meeting of the board of directors and / or any committee thereof is subject to approval of the Company's general meeting. Accordingly, a resolution is proposed at Item 5 for shareholders approval for payment of such fee. Having regard to the time and attention required to be given by the non executive directors, it is proposed to remunerate them also by fee for attending each meeting of the board or committee thereof which shall be within the maximum sum applicable to the Company as may be prescribed by law or by the Central Government from time to time.

All Directors other than Mr. M. K. Trivedi are concerned or interested in the resolution as it concerns payment of fees to them. Mr. M. K. Trivedi being son of Mr. K. K. Trivedi and brother of Mr. Prashant K. Trivedi may also, as such be deemed to be interested in this resolution.

A copy of the articles of association of the Company is open for inspection of members at the registered office of the Company between 11am and 1 pm on all working days.

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

Pune, 19th June, 2009

By Order of the
Board of Directors

A.D. Dahotre
Company Secretary

THE INDIAN CARD CLOTHING COMPANY LIMITED

Directors' Report

Your Directors present the Company's Balance Sheet as at 31st March, 2009, together with the Profit and Loss Account for the year ended on that date.

FINANCIAL RESULTS

	Year Ended 31-03-2009	(Rupees in Lac) Year Ended 31-03-2008
Sales and Other Income	4523.05	5268.82
Profit before Interest, Depreciation and Tax	490.25	936.90
Interest	20.37	2.16
Depreciation	255.11	242.70
Profit Before Tax	214.77	692.04
Provision for Tax	49.49	222.11
Profit(loss) after Tax	165.28	469.93

OPERATIONS-HIGHLIGHTS

Your Company's Sales and Servicing Income for the year was Rs. 3816.77 lac as compared to Rs. 4443.01 lac in 2007-08.

Sale of metallic card clothing declined during the year to Rs. 2472.43 lac from Rs. 3124.14 lac in the previous year. This reflected the general recessionary conditions in the textile industry. Sale of woollen card clothing increased during the year to Rs. 518.78 lac from Rs. 473.81 lac in the previous year due to higher demand for products manufactured from shoddy yarn. Exports decreased to Rs. 658.44 lac during the year from Rs. 1070.16 lac in the previous year as recessionary situation was acute in overseas markets.

New Manufacturing Facility at Nalagarh, Himachal Pradesh

Construction of the factory building at Nalagarh is completed. Installation of machines and trial production is in progress. Production will commence in the financial year 2009-10.

Realty

A commercial building is under construction in Pimpri and Progressing. The project is expected to be completed by 31 December, 2009.

DIVIDEND

Your Directors recommend final dividend of 25% for the year ended 31st March, 2009 (60% for the year ended 31st March, 2008).

SUBSIDIARY COMPANIES

ICC International Agencies Limited recorded decrease in income from Rs. 691.70 lac in the previous year to Rs. 590.81 lac in the current year. The subsidiary company recorded loss after tax of Rs. 70.47 lac in the current year against previous year's profit after tax of Rs. 151.59 lac. Loss after tax was mainly on account of lower commission income of Rs. 173.14 lac in the current year against Rs. 476.65 lac in the previous year. ICC International Agencies Limited did not declare dividend for the year (75% in the previous year).

Garnett Wire Limited (GWL), a U.K. Company, in which your Company has 60% of the issued share capital, recorded lower turnover from PDS 1107,648 to PDS 875,426 resulting in loss after tax at PDS 2,527/- against profit of PDS 20,635/- in the previous year. Loss for the year was on account of lower turnover. GWL did not pay dividend during the year (Nil in the previous year).

M/S. Shivraj Sugar and Allied Products Pvt. Limited, a subsidiary of the Company, has not commenced business.

DIRECTORS

The present Directors who were appointed for a period of three years under Article 115 at the 53rd Annual General Meeting held on 11th August, 2007 will continue to hold office.

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

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Company as at 31st March, 2009 and of the profit of the Company for the year 1st April, 2008 to 31st March, 2009;

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, 2008 for a further period of three years. In-house Research and Development Centre during its ninth 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.658.44 lac
Total foreign exchange out-go	Rs.415.21 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

DAPC unit installed during the year improved power supply quality by reducing harmonic distortion. 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

K. K. TRIVEDI

Chairman

Mumbai, 19th June, 2009