

11th

REPORT

1998-99

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ISO 9002

**INDO COUNT
INDUSTRIES LTD.**

INDIAN TOP INTERNATIONAL PLAYERS

A Survey by GLOBAL MAGAZINE
Database 1997-98

Rank		Company	Year ending	Exports	Exports	Hike in	Sales	Export	Export	Top 200 Forex Earners	
97-98	96-97			1997-98 (Rs crore)	1996-97 (Rs crore)	exports (%)	1997-98 (Rs crore)	Intensity 97-98(%)	Intensity 96-97(%)		
42	33	Hindustan Spinning & Wvg Mills	9803	92.25	102.80	311.32	28.63	31.34			
43	46	Padmaji Polymers	9706	91.67	71.38	411.42	22.28	18.76			
44	107	Jyoti Structures	9803	91.46	38.49	183.08	48.86	27.83			
45	45	Oil Country Tubular	9803	91.08	73.82	264.20	44.59	38.58			
46	37	Jayashree Dyestuffs	9808	90.88	68.78	218.22	41.45	50.30			
47	104	Parabur Brothers & Exporters	9803	90.70	7.77	284.58	31.87	4.58			
48	181	Indian Aluminium Co	9803	89.89	-17.14	1,128.00	7.76	-1.48			
49	42	G T H Textiles	9803	88.68	88.82	144.22	61.45	68.12			
50	102	Tata Industries	9803	87.88	41.19	227.23	28.78	19.70			
51	35	Mahm Cotton Spinning Mills	9803	86.85	96.05	366.88	23.82	30.18			
52	58	Balmer Lawrie & Co	9803	86.78	83.70	841.31	12.59	11.58			
53	81	Vipry Industries	9712	79.27	47.84	265.20	38.63	41.67			
54	88	R T Exports	9803	78.36	62.84	164.78	74.79	66.64			
55	54	Ipsa Laboratories	9803	77.83	65.38	251.72	26.71	24.14			
56	82		9803	77.35	80.24	382.47	20.22	17.57			
57	101	Orchid Chemicals & Pharmaceuticals	9803	75.88	54.35	212.44	31.34	28.06			
58	101	Birla Corporation	9803	75.58	87.75	980.98	7.89	8.24			
59	61	Eastern Silk Inds	9803	74.74	81.54	49.32	75.25	70.81			
60	156	Compton Greenes	9803	74.58	-0.49	1,808.45	4.83	-0.82			
61	32	Tata Iron & Steel Co	9803	73.24	108.82	6,863.92	1.07	1.80			
62	84	Indo Count Inds	9803	71.28	46.82	68.37	73.86	70.23			
63	53	IT C Hotels	9803	70.84	85.42	148.89	48.29	45.65			
64	39	J K Industries	9803	70.07	88.49	1.55					
65	34	Nagreska Exports	9803	68.72	101.58	71					
66	101		9803	67.84	70.09	161					
67	83	Sanjay Computer	9803	67.81	43.47	171					
68	114	Lupin Laboratories	9803	67.75	35.86	964	121	144			
69	89	India Tourism Development	9803	65.13	88.71	257	122	123			
70	87	Isapal Alloys	9803	64.78	63.85	150	123	105			
71	88	Graphite India	9803	64.12	44.54	215	124	59			
72	52	Wakun India	9803	63.21	65.58	159	125	129			
73	78	Oriental Hotels	9803	62.68	49.34	101	126	141			
74	36	Hotel Lanka Ventures	9803	62.77	94.98	114	127	95			
75	91	Enkay Textbook Inds	9803	62.50	44.37	314	128	285			
76	88	P B M Polymers	9803	62.30	43.20	107	129	115			
77	71	Metrochem Industries	9803	61.40	51.82	122	130	181			
78	86	Auril Industries	9803	60.92	45.67	268	131	170			
79	130	Bhishma Tea Co	9803	60.10	30.26	162	132	172			
80	78	ATL Textiles	9803	59.89	48.30	77					
Top 500 Exporters											
Rank		Company	Year ending	Exports	Exports	Hike in	Sales	Export	Export	Top 500 Exporters	
97-98	96-97			1997-98 (Rs crore)	1996-97 (Rs crore)	exports (%)	1997-98 (Rs crore)	Intensity 97-98(%)	Intensity 96-97(%)		
132	165	Indo Count Inds	9803	71.28	46.82	68.37	73.86	70.23			
133	163	Cora Healthcare	9806	82.17	58.97	37.02	285.16	30.99	23.52		
134	320	Woodward	9806	82.15	24.87	230.32	410.28	20.02	9.71		
135	124	National Steel Inds	9803	81.86	78.45	7.21	310.94	28.38	28.74		
136	180	Metrochem Industries	9803	81.08	64.58	48.81	123.70	65.55	61.75		
137	183	Indian Dyestuff Inds	9803	81.08	68.79	21.37	338.11	14.41	18.15		
138	183		9803	80.40	54.13	48.58	104.78	78.73	70.18		
139	125	Graphite India	9803	78.78	75.08	8.23	674.83	11.82	12.24		
140	34	Videcon International	9803	78.83	201.63	-60.51	2,107.76	3.78	11.73		
141	12	O C M Shriram Inds	9803	79.59	78.82	0.98	485.63	16.39	16.93		
142	12	Vipry Industries	9712	79.34	47.72	68.28	205.20	38.68	41.14		
143	12	Auril Industries	9803	79.06	64.74	22.12	203.27	38.89	35.12		
144	12	Mirza Timers	9803	77.82	52.39	48.18	83.85	82.71	85.09		
145	12	N I I T	9709	77.15	55.22	39.71	323.82	23.84	24.37		
146	12	Shree Chemicals & Drugs	9803	76.46	48.27	65.23	159.70	48.81	38.22		
147	12	IT C Hotels	9803	76.27	71.92	6.05	145.88	51.32	50.13		
148	12	Krishna Brothers	9803	76.08	60.61	25.52	337.88	22.64	18.98		
149	12	Nagreska Exports	9803	74.80	103.88	-28.06	78.37	95.19	94.83		
150	12	Pataph India	9803	74.37	62.58	41.50	78.07	84.08	95.49		
151	138	Isapal Alloys	9803	74.23	70.74	4.93	150.84	48.21	40.86		
152	164	Cipla	9803	73.81	82.46	17.81	515.92	14.27	13.81		
153	149	J B Chemicals & Pharmaceuticals	9803	73.61	84.98	13.32	188.83	38.78	40.58		
154	132	Standard Industries	9709	73.37	73.34	0.04	432.22	18.98	15.36		
155	157	Zenith Exports	9803	73.09	61.34	19.16	104.32	70.08	71.83		
156	208	Clickop Information Technology Inds	9803	72.78	48.28	60.75	77.72	93.64	90.50		
157	102	Chemco Brite	9803	72.55	83.57	-22.40	425.46	15.88	22.02		



Indo Count Industries Limited

Board of Directors

Shri Sunil Jain
 Shri Nandkishor Kagliwal
 Shri P. N. Shah
 Shri Pramod Kumar Khaitan
 Shri R. Anand
 Shri Sushil Jiwarajka
 Dr. S.S. Jha (Nominee of IFCI)

Chairman & Managing Director

Shri Anil Kumar Jain

Jt. Managing Director

Shri R. N. Gupta

General Manager (Finance) & Company Secretary

Shri K. Muralidharan

Auditors

B. K. Shroff & Co.
 Chartered Accountants,
 3/7-B, Asaf Ali Road,
 New Delhi 110 002

Bankers

Canara Bank
 Union Bank of India

Registered Office & Works

D-1, MIDC Industrial Area,
 Gokul Shirgaon,
 Kolhapur- 416 234
 Maharashtra

Head Office

301, Arcadia,
 Nariman Point,
 Mumbai - 400 021

Thane Office

25, Vardhman Industrial Complex,
 Panchpakhadi,
 Old Agra Road,
 Thane - 400 601

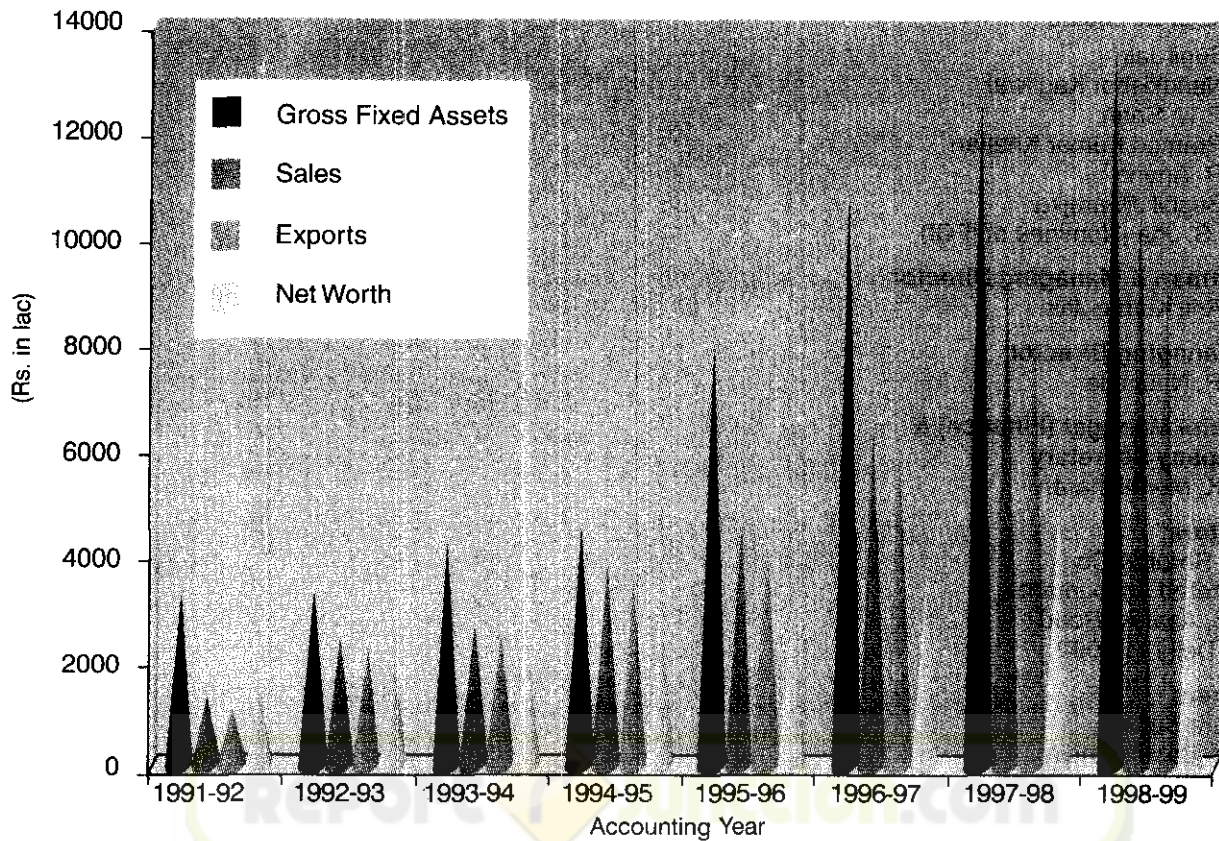
Delhi Office

705, Pragati Tower,
 26, Rajendra Place,
 New Delhi - 110 008

Calcutta Office

29, Strand Road
 Calcutta-700 001

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**Indo Count Industries Limited****A GROWTH PROFILE SINCE INCEPTION**

(Rs. in lac)

Particulars	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Sales	1274	2401	2642	3790	4530	6327	9245	10536
Exports	1042	2225	2462	3512	4100	5942	8333	9290
Gross Fixed Assets	3202	3291	4162	4468	7883	10677	12463	13431
Gross Profit Before Interest & depreciation	355	747	790	1168	1244	1698	2434	2362
Net Profit	34	202	342	614	579	784	936	754
Net Worth	1402	1970	2325	2748	3115	3709	5038	5573
Book Value (Rs.)	10.55	11.06	12.98	15.35	17.40	20.71	21.41	23.68
Rate of Dividend (%)	—	—	10%	12%	12%	10%	10%	7%
Installed capacity								
a) Spindles (Nos.)	20160	26208	26208	32256	32256	50400	52416	52416
b) Knitting Machines (Nos.)	—	—	—	—	—	—	4	4



Indo Count Industries Limited

Board of Directors

Shri Sunil Jain
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Shri P. N. Shah
Shri Pramod Kumar Khaitan
Shri R. Anand
Shri Sushil Jiwarajka
Dr. S.S. Jha (Nominee of IFCI)

Chairman & Managing Director

Shri Anil Kumar Jain

Jt. Managing Director

Shri R. N. Gupta

General Manager (Finance) &

Company Secretary

Shri K. Muralidharan

Auditors

B. K. Shroff & Co.
Chartered Accountants,
3/7-B, Asaf Ali Road,
New Delhi 110 002

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Canara Bank
Union Bank of India

Registered Office & Works

D-1, MIDC Industrial Area,
Gokul Shirgaon,
Kolhapur- 416 234
Maharashtra

Head Office

301, Arcadia,
Nariman Point,
Mumbai - 400 021

Thane Office

25, Vardhman Industrial Complex,
Panchpakhadi,
Old Agra Road,
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Indo Count Industries Limited

DIRECTORS' REPORT

To

The members

INDO COUNT INDUSTRIES LIMITED

Your directors have pleasure in presenting the ELEVENTH ANNUAL REPORT on the business and operations of the Company together with the Audited Statement of Account for the year ended on 31st March 1999.

The financial results for the year are summarised as under

FINANCIAL RESULTS

	(Rs. in lac)	
	Current Year 1998-99	Previous Year 1997-98
Gross Operating Profit	2361.86	2435.53
Less: Interest and Finance Charges	<u>970.13</u>	<u>956.89</u>
Profit before Depreciation	1391.73	1478.64
Less :Depreciation	<u>637.66</u>	<u>531.10</u>
Profit before Tax and Extra Ordinary Item	754.07	947.54
Less :Extra Ordinary Item	<u>—</u>	<u>11.33</u>
Profit Before Tax	754.07	936.21
Less :Income Tax payments (for an earlier year)	<u>—</u>	<u>0.23</u>
Provision for Taxation	<u>—</u>	<u>—</u>
Net Profit after Taxation	754.07	935.98
Debenture Redemption Reserve Written Back	<u>—</u>	<u>150.00</u>
Balance Brought Forward	249.74	322.15
Amount available for Appropriation	<u>1003.81</u>	<u>1408.13</u>
APPROPRIATIONS		
Proposed Dividend	164.75	234.90
Corporate Dividend Tax	18.12	23.49
Transfer to :		
- Debenture Redemption Reserve	25.00	—
- General Reserve	650.00	900.00
Surplus Carried to Balance Sheet	<u>145.94</u>	<u>249.74</u>
	<u>1003.81</u>	<u>1408.13</u>

DIVIDEND

In view of the reduced profits, the directors have recommended a dividend of Re. 0.70 per share for the financial year ended 31st March, 1999, for your approval.

REVIEW OF OPERATIONS

The Company achieved a milestone in sales by crossing the Rs 100 crore mark. The sales and production grew by 15% over that of the previous year. However, the profit margin came under pressure due to stiff competition. Against these odds, your Company has been able to perform reasonably well, mainly due to the patronage of the quality conscious customers.

BUSINESS OUTLOOK

The globalisation of economies has left its impact on the Indian spinning units which are facing the shrinking demand for their products. Added to this is the competitive devaluation in the currencies of the other yarn exporting countries.

In this scenario your directors feel that those units which maintain consistent product quality and which are cost effective can only survive the situation. Your Company is well prepared to tackle and be ahead of the competition.



Indo Count Industries Limited

DEPOSITS

The Company has not accepted/renewed any public deposits during the year under review.

DIRECTORATE

SICOM has withdrawn its nominee Shri T.A.N. Devalkar from the Board with effect from 6th November, 1998. The Board places on record its deep appreciation of the guidance and advice given by Shri T. A. N. Devalkar to the Company during his tenure as Director.

IFCI has nominated Dr S. S. Jha, on the Board of the Company with effect from 29th July, 1998.

Shri Sushil Jiwarajka, additional director, will hold office upto this Annual General Meeting. The Company has received a notice in writing from a member signifying his intention to propose the candidature of Shri Jiwarajka for the office of the director of the Company.

Shri N. K. Kagliwal and Shri Pramod Kumar Khaitan, Directors, retire by rotation and being eligible, offer themselves for reappointment.

AUDITORS

M/s B. K. Shroff & Co., Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The notes on the accounts referred to in the Auditors' Report are self-explanatory.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING & OUTGO

Statement required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure "A" forming part of this Report.

PERSONNEL

Your Directors place on record their sincere appreciation of the dedicated services rendered by the employees throughout the year. The industrial relations remained cordial.

Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employees qualify for such disclosure.

ACKNOWLEDGEMENTS

Your Directors wish to acknowledge the continued support from the esteemed customers and the co-operation extended to the Company by the central and state governments, semi government bodies, financial institutions, banks and investors.

On behalf of Board of Directors

Place : Mumbai

Dated : 28th May, 1999

Anil Kumar Jain

CHAIRMAN & MANAGING DIRECTOR

ANNEXURE - A

Information Under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Forming part of the Directors' Report for the year ended 31st March, 1999

A. CONSERVATION OF ENERGY

Form - A

Form for Disclosure of particulars with respect to conservation of energy

	Current year 1998-99	Previous year 1997-98
a) Power and Fuel Consumption		
ELECTRICITY		
a) Purchased (Units) :		
Total amount	98,472	2,192,550
Rate /Unit	2,318,288	11,952,480
	23.54*	5.45

* Due to less utilisation and consequently, higher demand charges.



Indo Count Industries Limited

b) Own generation :

i) Through diesel generator

Units	1,890,933	10,354,237
Unit/litre of diesel oil	3.50	3.50
Cost per unit	2.52	2.47

ii) Furnace oil

Quantity (K.L.)	8783	5120
Amount (Rs. in lac)	399.18	265.07
Average rate (Rs.)	4.55	5.18

b) Electricity consumption per unit of production of yarn per kg.	6.00	5.98
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B. TECHNOLOGY ABSORPTION

Form - B

Technology Absorption, Adaptation and Innovation

1. Research & Development (R & D)

(a) Specific areas in which R & D carried out by the Company

Productivity improved further using Taguchi techniques.

(b) Benefits derived as a result of the above R & D

Significant reduction in imperfection in yarn and waste and consequently better quality achieved.

(c) Future plan for action

It is proposed to employ the services of outside technical experts to conduct training for our technicians in order to create awareness of the quality of yarn demanded in the international market and to tune our personnel to achieve higher productivity and quality standards.

(d) Expenditure on R & D

(i) Capital - Rs. 64,386/-

(ii) Recurring - Expenditure has been shown under different heads in Profit and Loss Account amounting to Rs.310,695/- Total R & D Expenditure as a percentage of total turnover - 0.03%

2. Technology absorption, adaptation and innovation

The Company has not imported any technology since inception.

C. FOREIGN EXCHANGE EARNINGS AND OUT-GO

1. Activity related to initiatives taken to increase export markets for products and services and export plans.

The company is almost exporting its entire production. The exports during the year increased to Rs. 95.91 crore.

The Company proposes to add further spindles and knitting machines, which will result in increased volume of exports.

2. Total Foreign Exchange Used and Earned

	1998-99 [Rs.]	1997-98 [Rs.]
Used	26,079,611	20,176,378
Earned (F.O.B value of export goods)	928,995,339	833,335,167

On behalf of the Board of Directors

Place : Mumbai

Dated : 28th May,1999

Anil Kumar Jain

CHAIRMAN & MANAGING DIRECTOR