

12th

REPORT

1999-2000

ANNUAL

100% EOU

Report

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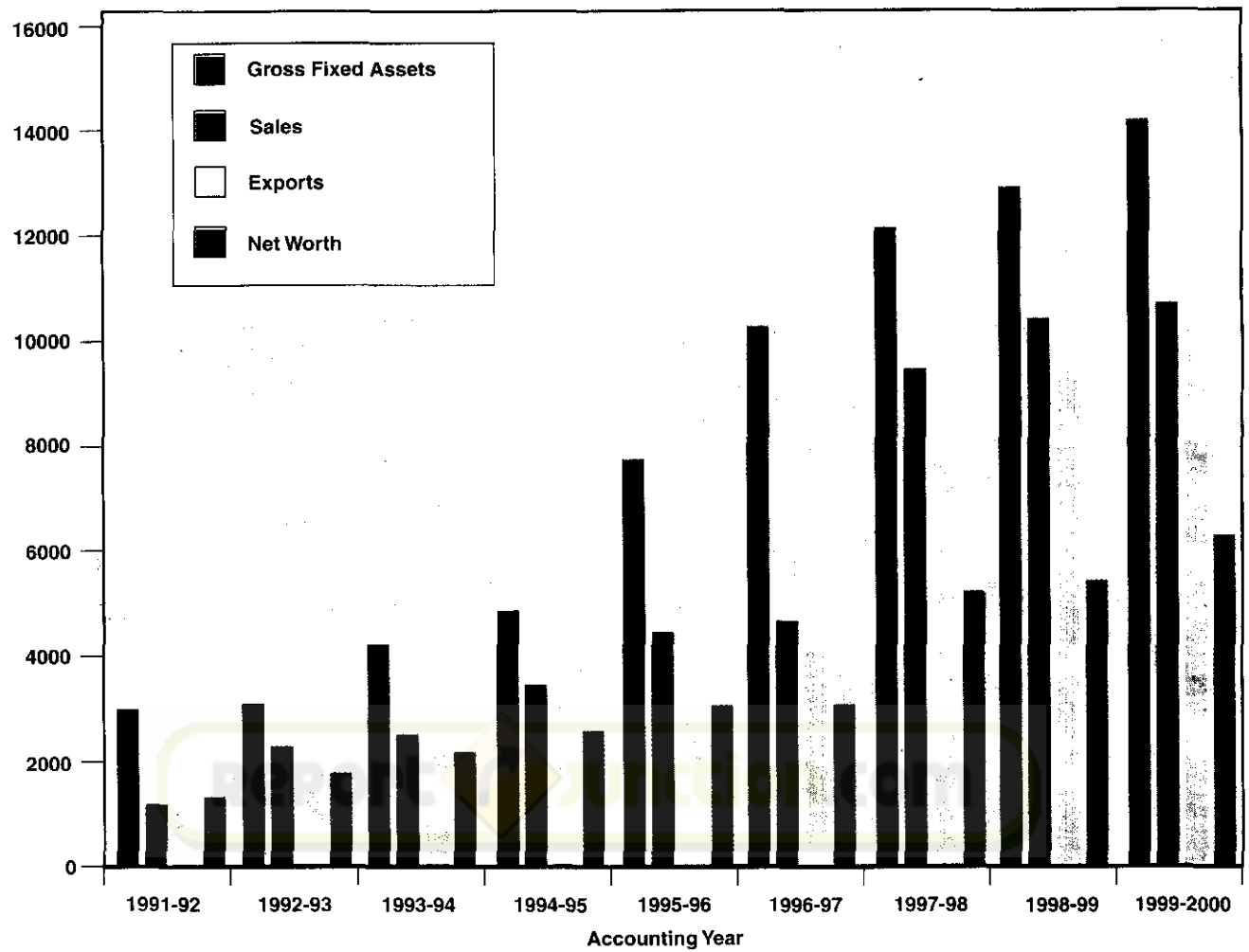
2000

TAKT. SECU	COMP. REP	WPK. ENDY	SEC. INFO
TWN RWST	THE STOCK	02 52	02 52
RES & INFO	ISC	ACTIVE	PLDGL
IND & GEN ADMIN	ISC	ACTIVE	PLDGL
ISC	ACTIVE	PLDGL	PLDGL
ACTIVE	PLDGL	PLDGL	PLDGL
PLDGL	PLDGL	PLDGL	PLDGL

1990

INDO COUNT INDUSTRIES LTD.

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	1999-2000
Sales	1274	2401	2642	3790	4530	6327	9245	10536	11951
Exports	1042	2225	2462	3512	4100	5942	8333	9290	10595
Gross Fixed Assets	3202	3291	4162	4468	7883	10677	12463	13431	14357
Gross Profit Before Interest & depreciation	355	747	790	1168	1244	1698	2434	2362	2428
Net Profit	34	202	342	614	579	784	936	754	790
Net Worth	1402	1970	2325	2748	3115	3709	5038	5573	6068
Book Value (Rs.)	10.55	11.06	12.98	15.35	17.40	20.71	21.41	23.68	25.78
Rate of Dividend (%)	—	—	10%	12%	12%	10%	10%	7%	7%
Installed capacity									
a) Spindles (Nos.)	20160	26208	26208	32256	32256	50400	52416	52416	55440
b) Knitting Machines (Nos.)	—	—	—	—	—	—	4	4	6



Indo Count Industries Limited

Board of Directors

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

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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**NOTICE**

Notice is hereby given that the 12th Annual General Meeting of INDO COUNT INDUSTRIES LIMITED will be held on Thursday, the 14th September, 2000 at 11.30 a.m., at Hotel Shalini Palace, Rankala, Kolhapur 416 010, Maharashtra to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Accounts for the year ended 31st March, 2000 and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr R Anand, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr R N Gupta, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.
5. To ratify the payment of interim dividend on equity and preference shares.

SPECIAL BUSINESS

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging (by way of first/second pari passu charge as has been agreed to between the Company and the lenders) by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of the following, namely;

- a) Canara Bank (CB)
 - b) Union Bank of India (UBI)
 - c) Industrial Development Bank of India (IDBI)
- in connection with the following loans agreed to be lent or advanced as under:
- i) Rs 1000 Lac Rupee Term Loan of CB
 - ii) Rs 2520 Lac Enhanced Working Capital facilities of CB
 - iii) Rs 1680 Lac Enhanced Working Capital facilities of UBI
 - iv) Rs 1250 Lac Rupee Term Loan of IDBI under TUFs"

7. To consider and if thought fit to pass, with or without modification, the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of section 17 and other applicable provisions, if any, of the Companies Act, 1956, the following new Clauses from 6 to 9 be added after existing Clause No 5 in the "Main Objects" of the Memorandum of Association of the Company

6. "To manufacture, design, develop, rent out, buy, sell, repair, service, import, export, take on lease or otherwise deal in and render services through computers, computing systems, software systems, software material, instrumentations, medical electronics, communication and visual devices, telecommunication, television, video, video equipments, electronics and electrical products equipments and device and to act as consultants in the matter of manufacturing, mining, engineering, quality control and to carry on general research and development."
 7. "To carry on the business of providing, through the medium of high speed tele-communication, computer networking and satellite, services covering the internet and intranet services, electronic and e-commerce services, information technology enabled services, internet access devices and services, all kinds of data analysing and processing services and services related to computer software and hardware development."
 8. "To set up and run computer centers/educational institutions imparting education and/or training in computers, information technology, electronics and telecommunications."
 9. "To setup, operate and manage establishments carrying on the business of entertainment and amusement activities."
8. To consider and if thought fit to pass, with or without modification(s), the following resolution, as a special resolution:
- "RESOLVED THAT** pursuant to the provisions of Section 149 (2A) and all other applicable provisions, if any, of Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors for commencing and undertaking all or any of the business specified in sub-clauses No. 6 to 9 of Clause III A of the Memorandum of Association of the Company as and when deemed fit by the Board of Directors."



9. To consider and if thought fit to pass, with or without modification(s), the following resolution, as a special resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and subject to necessary consent of the shareholders and other necessary approvals, including any statutory modification or re-enactment thereof for the time being in force, the Articles of Association of the Company be and are hereby altered by adding the following new sub clauses Nos. 28A, 55A, 70A & 176A and also by modifying the existing clause 176".

I. 28A Dematerialisation of Securities :

Definitions :

For the purpose of this Article:-

- (i) "Beneficial Owner" means a person or persons whose name is recorded as such with a depository;
 "SEBI" means the Securities & Exchange Board of India;
 "Bye-Laws" means a bye-laws made by depository under section 26 of the Depositories Act, 1996;
 "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;
 "Depository" means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under sub-section (1A) of section 2 of Securities & Exchange Board of India Act, 1992;
 "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by regulations made by the SEBI
 "Regulations" means the regulations made by the SEBI;
 "Security" means such security as may be specified by SEBI from time to time;
 "Member" means the duly registered holder from time to time of the shares of the company and includes the subscribers of the Memorandum of the Company and the beneficial owner(s) as defined in clause (a) of sub section (1) of section 12 of the Depositories Act, 1996.
- (ii) Dematerialisation of securities :
 Either on the Company or the investors exercising an option to hold his securities with a depository in the dematerialised form the Company shall enter into an agreement with a depository to enable the investor to dematerialise the securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act, 1996.
- (iii) Option to receive security certificates or hold securities with depository :
 Every person subscribing to securities offered by the Company shall have an option to receive security certificates or to hold the securities with a depository; where a person opts to hold a security with a depository, the company shall intimate such depository the details of allotment of security and on receipt of such intimation the depository shall enter in record the name of the allottee as the beneficial owner of that security.
- (iv) Securities in depositories to be in fungible form :
 All securities held by a depository shall be dematerialised and be in fungible form;
 Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Companies Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- (v) Rights of the depositories and beneficial owner:
 (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;
 (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
 (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a depository.
- (vi) Depository to furnish information:
 Every depository shall furnish to the company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manners as may be specified by the bye-laws and the company in that behalf.
- (vii) Provision to opt out in respect of any security:
 If the beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly;
 The depository shall, on receipt of information as above make appropriate entries in its records and shall inform the company;
 The company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue a certificate of securities to the beneficial owner or the transferee as the case may be.



(viii) Mode of keeping record :

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(ix) Section 83 and 108 of the Act not to apply :

Notwithstanding anything to the contrary contained in the Articles;

(a) Section 83 of the Act shall not apply to the shares held with the depository;

(b) Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the record of a depository.

(x) Register and Index of beneficial owners :

The Register and Index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of members and security holders for the purposes of this Act.

(xi) Distinctive numbers of securities held in a Depository :

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

(xii) No share certificate(s) shall be issued for shares held in a Depository.

(xiii) Other matters:

Notwithstanding anything contained in these Articles, the provisions of Depositories Act, relating to dematerialisation/rematerialisation of securities, (including any modification or re-enactment thereof and rules/regulations made thereunder) shall prevail and apply accordingly.

II. 55A Nomination of Securities

(i) Every holder of shares in or debentures of the company, may at any time, nominate a person to whom his shares in or debentures of the company shall vest in the event of his death in such manner as may be prescribed under the Act.

(ii) Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be, shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.

(iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the company, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares in or debentures of the company, the nominee shall, on the death of the shareholder or debentureholder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, of all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

(iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority.

(v) The provisions of this Article shall apply mutatis mutandis to a depositor of money with company as per the provision of section 58A of the Act.

III. 70A Transmission of Securities in case of nomination

(i) Any person who becomes a nominee by the virtue of Article 28B, upon production of such, evidence as may be required by the Board and subject as hereinafter provided, elect, either :

(a) to be registered himself as holder of the share or debenture, as the case may be, or

(b) to make such transfer of the share or debenture, as the deceased shareholder or debenture holder, as the case may be, could have made.

(ii) If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased holder, as the case may be.

(iii) Subject to the provisions of the companies act, 1956 and these articles, the relevant shares or debentures may be registered in the name of the nominee or the transferee as if the death of the holder of shares or debentures had not occurred and the notice and transfer were signed by the registered holder.

(iv) A nominee on becoming entitled to any shares in or debentures of the company by a reason of death of the holder, shall be entitled to the same dividends and other advantages to which he would have been entitled if he was the registered holder of the shares or debentures, except that he shall not, before being registered as a member of such shares or



Indo Count Industries Limited

The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable in respect of the relevant share or debenture, until the requirements of the notice have been complied with.

- (v) The provisions of this Article shall apply mutatis mutandis to a depositor of money with company as per the provisions of section 58A of the Act.

IV. Unpaid or unclaimed dividend, share application refund money etc.

176 : No unclaimed or unpaid dividend shall be forfeited and the Company shall comply with the provisions of section 205A and 205B read with section 205C of the Act or rules made thereunder in respect of any dividend remaining unpaid or unclaimed with the company.

176A : The company shall comply with the provisions of section 205C of the Act, in respect of any money remaining unpaid with the Company in the nature of (i) application moneys received by the Company for allotment of any securities and due for refund; (ii) deposit received by the company and due for repayment; (iii) debentures issued by the company and matured for redemption; and (iv) the interest, if any, accrued on the amounts referred at items (i) to (iii) respectively.

10. To consider and if thought fit to pass the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of section 255, 260 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Mohit Jain, be and is hereby appointed as a director of the Company, whose term of office shall not be liable to determination by retirement of directors by rotation."

By Order of the Board

Place : Mumbai
Date : 28th July, 2000

K. Muralidharan
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
The proxy form should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the aforesaid meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business to be transacted at the aforesaid meeting is annexed hereto.
3. Register of Members and the Share Transfer Books of the Company will remain closed from 08.09.2000 to 14.09.2000, (both days inclusive).
4. Members are requested to:
 - (i) intimate, changes, if any, in their Registered Addresses immediately;
 - (ii) provide their bank account numbers, names and address of the bank branches to enable the Company to incorporate such details in the dividend warrants;
 - (iii) intimate about consolidation of folios if shareholdings are under multiple folios;
 - (iv) intimate for duplicate dividend warrants if they have not encashed their warrants for the previous year;
 - (v) quote ledger folio no. in all their correspondence to the Company's Registrar & Transfer Agent:-

For Physical : Shiva Services Ltd., 807-811, Pragati Tower, 26, Rajendra Place, New Delhi 110 008	For De-mat : MCS Ltd Sri Venkatesh Bhavan, Plot No. 27, Road No. 11, MIDC Area, Andheri (East), Mumbai 400 093.
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5. MEMBERS ARE ADVISED TO SEND ALL SHARE TRANSFERS AND RELATED CORRESPONDENCE TO THE REGISTRAR AND SHARE TRANSFER AGENT AT THE ABOVE ADDRESS.
6. Members/Proxies should bring the attendance slip duly filled in for attending the aforesaid meeting.
7. Members are requested to send their queries, if any, on the financial accounts atleast 14 days in advance of the aforesaid meeting addressed to :- The Company Secretary, 301, Arcadia, Nariman Point, Mumbai 400 021 so that information can be made available at the meeting.

By Order of the Board

Place : Mumbai
Date : 28th July, 2000

K. Muralidharan
Company Secretary



Indo Count Industries Limited

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956**ITEM NO. 6**

The Company has availed fresh Rupee Term Loan of Rs 1000 lac from Canara Bank to prepay part of the foreign currency loan of IFCL. Further Industrial Development Bank of India (IDBI) have sanctioned a Rupee Loan of Rs 1250 lac under Technology Upgradation Fund Scheme for upgradation/ modernisation of spinning mill and expansion of knitting capacity of company's unit at Kolhapur.

In terms of respective sanctions of the abovesaid rupee loans, the company is required to create first charge/mortgage on the fixed assets of the company, on pari passu basis, with the existing chargeholders.

Further, the Consortium Banks had, while granting working capital facilities, put a condition that the same are to be secured additionally by a second charge on the fixed assets of the company.

Section 293 (1) (a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors shall not without consent of the shareholders, in general meeting, sell, lease or otherwise dispose of the whole or part of the undertaking of the company.

Copy of the letters received from Canara Bank, Union Bank of India and IDBI are available for inspection at the Registered Office of the Company between 11.00 a.m. to 2.00 p.m. on any working day before the aforesaid meeting.

Board commends the resolution set out in item no. 6 of the notice, for your approval.

None of the directors of the Company is in any way concerned or interested in the resolution.

ITEM NO. 7 & 8

The Board of Directors of your company having convinced that profitable business opportunities exist in the area of information technology, development of Computer software/hardware systems and entertainment/amusement activities, have decided to commence and undertake these businesses.

As per the provisions of section 17 of the Companies Act, 1956, in order for the Company to undertake the new business, the Memorandum of Association has to be suitably amended to include Objects as contained in resolution 7 in III A - Main Objects of the "Object clause" as Clauses 6 to 9, to appear immediately after existing clause 5.

As per the provisions of Section 149 (2A) of the Companies Act, 1956, consent of shareholders in General Meeting is required for commencement of any new business as set out in the 'Main Objects' under Clause III A of the Memorandum of Association.

As a matter of expediency, approval of the shareholders is sought to enable the Directors at such time or times, as they may consider appropriate and in the interest of the company, to undertake any of the businesses contained in the resolution at item no. 7.

Copy of the Memorandum of Association containing the proposed alterations is available for inspection at the Registered Office of the Company between 11.00 a.m. to 2.00 p.m. on any working day before the aforesaid meeting.

The Board recommends the resolutions set out in item no. 7 & 8 of the notice, for your approval.

None of the directors of the Company is in any way concerned or interested in the resolution.

ITEM NO. 9

With an introduction of Depositories Act, 1996 and Depository system, some of the provisions of the Companies Act, 1956, relating to the issue, holding, transfer and transmission of securities have been amended vis a vis the trading of securities on the stock exchanges, to enable the investors to hold the securities in electronic form than in a conventional form. Holding of securities and trading thereof in electronic mode is safer, economical and hassle free.

Trading in company's securities though presently is not compulsory in dematerialised form, has been optionally made possible in electronic mode for the convenience of the shareholders and investors.

SEBI has recently announced that the company's securities will have to be compulsorily in demat form by 26th February, 2001.

In order to move towards the demat process, certain amendments are required to be made in the Articles of Association of the company, which requires consent of shareholders.