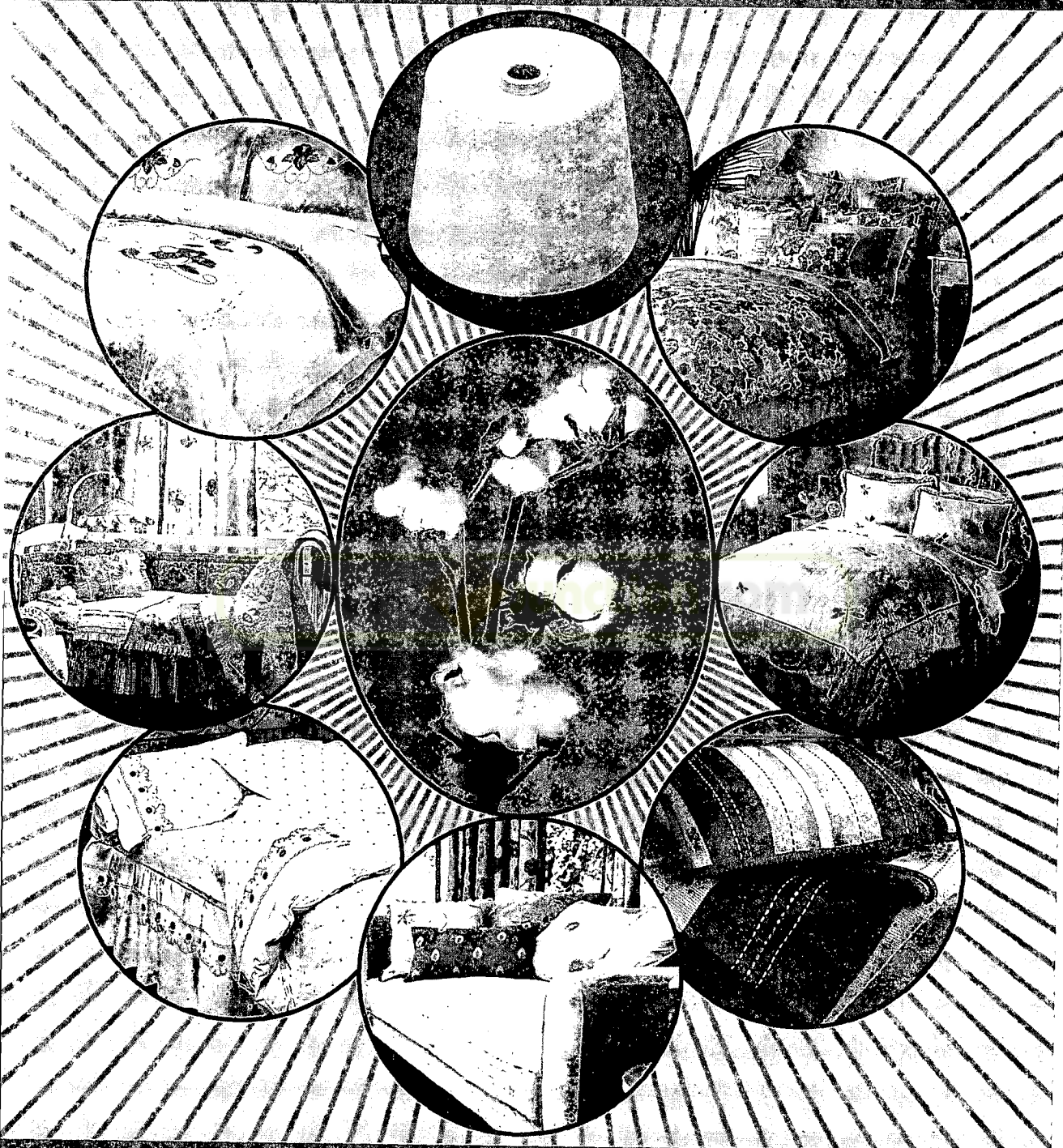


Indo Count Industries Limited



20TH ANNUAL REPORT
2008 - 09



Indo Count Industries Limited - 20th Annual Report 2008-09

BOARD OF DIRECTORS

Mr. C. P. Ravindranath (EXIM Bank Nominee w.e.f. 23-09-2008)
 Mr. Deepak M. Pradhan (till 30-06-2009)
 Mr. Dilip J. Thakkar
 Mr. Jagdish Prasad Mohta
 Mr. Kamal Mitra (with effect from 01-10-2008)
 Mr. P. N. Shah
 Mr. R. Anand
 Mr. Sushil Kumar Jiwarajka

CHAIRMAN and MANAGING DIRECTOR

Mr. Anil Kumar Jain

JT. MANAGING DIRECTOR

Mr. R. N. Gupta

PRESIDENT (FINANCE) AND COMPANY SECRETARY

Mr. K. Muralidharan

AUDITORS

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

BANKERS

Canara Bank
 Union Bank of India
 Bank of India
 Bank of Baroda

REGISTERED OFFICE

Village Alte : Taluka : Hatkanangale, P.B. No 3
 Dist. Kolhapur 416 109, Maharashtra

SPINNING AND ELECTRONIC UNITS

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

HOME TEXTILE AND

CONSUMER DURABLE GOODS UNITS

T-2, Kagal - Hatkanangale, Five Star MIDC Area
 At post : Talandge, Taluka : Hatkanangale
 Kolhapur - 416 216, Maharashtra

HEAD OFFICE

301 and 1101, Arcadia
 Nariman Point
 Mumbai - 400 021

DELHI OFFICE

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

KOLKATA OFFICE

1-B, Janki Shah Road
 Hastings, Kolkata - 700 001

THANE OFFICE

Gala No. 23-25
 Vardhaman Industrial Complex
 Gokul Nagar
 Thane (W) - 400 601

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NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of **INDO COUNT INDUSTRIES LIMITED** will be held on Tuesday the 29th September, 2009 at 3.30 p.m., at the Registered Office of the Company at Village Alte, Taluka Hatkanangale, Dist. Kolhapur 416 109, Maharashtra to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and approve the Accounts for the financial year ended 31st March 2009 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 Dilip J Thakkar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr Sushil Kumar Jiwarajka, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution

"RESOLVED THAT in partial modification of the special resolution passed at the extra ordinary general meeting of the company held on 20th March 2009, consent of the Company be and is hereby accorded in terms of provisions of section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging (by way of third charge, as has been agreed to between the Company and the Lenders) by the Board of Directors of the Company, of all the immoveable properties of the Company, present and future, wheresoever situate, and the whole of the undertaking of the Company in certain events, in favour of Security Trustees, in respect of following additional loan/facilities granted/to be granted viz:

Sr. No.	Name of the Bank	Amount Rs in Crore
1.	ICICI Bank Ltd.	0.83
2.	IDBI Bank Ltd.	1.28
	TOTAL	2.11

By Order of the Board

Place : Mumbai
Date : 31st July 2009

K. Muralidharan
Company Secretary

Additional information: As required in terms of para VI (A) of clause 49 of the listing agreement

Brief profile of Mr R Anand, who retires by rotation and is eligible for re-appointment

Mr R Anand, is a Science graduate and is associated with Textile industry for about 40 years. Mr Anand is on the Board of the Company since 27th September 1996.

Outside Directorship : a) Nova Silk Ltd. b) Maxwell Apparel Industries Ltd. c) NCL Industries Ltd. d) Pranavaditya Spinning Mills Ltd. e) Eastern Engineering Co. (Bombay) Pvt Ltd. f) Luwa India Pvt. Ltd

Committee Chairmanship/Membership :

Name of the Company	Audit Committee	Remuneration Committee
Indo Count Industries Ltd	Member	Chairman
Pranavaditya Spinning Mills Ltd.	Member	—

Brief profile of Mr Dilip Thakkar, who retires by rotation and is eligible for re-appointment

Mr Dilip J Thakkar is a Chartered Accountant by profession and is specialized in Taxation, Audit and FEMA rules and regulations and has over 48 years of experience. Mr Thakkar has been associated with the Company since 28th January 2003.

Outside Directorship : (a) Omega Management Services Ltd. (b) Rajasvi Properties Holdings Pvt Ltd. (c) Poddar Developers Ltd. (d) Starrock Investment and Trading Pvt Ltd. (e) Panasonic Energy India Co. Ltd. (f) Essar Oil Ltd. (g) Thirumalai Chemicals Ltd. (h) The Ruby Mills Ltd. (i) PAE Ltd. (j) Himatsingka Seide Ltd. (k) Chrysanthemum Investment Pvt Ltd. (l) Blueberry Trading Company Pvt Ltd. (m) Township Real Estate Developers Pvt Ltd. (n) Hamlet Construction India (Private) Ltd. (o) Walchandnagar Industries Ltd. (p) Windmere Hospitality (India) Pvt Ltd. (q) Hinditron Consultancy Services Pvt Ltd. (r) Garware Polyester Ltd. (s) Essar Shipping Ports and Logistics Ltd. (t) Modern India Ltd. (u) Ameya Logistics Pvt Ltd.

Committee Membership/Chairmanship :

Name of the Company	Audit Committee	Investors' Grievances Committee	Share Transfer Committee
Panasonic Energy India Co. Ltd	Member	Chairman	—
Essar Oil Ltd	Chairman	Member	—
Thirumalai Chemicals Ltd	Chairman	—	Member
PAE Ltd.	Chairman	—	—
Himatsingka Seide Ltd.	Chairman	—	—
Walchandnagar Industries Ltd.	Member	—	—



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Brief profile of Mr Sushil Kumar Jiwarajka, who retires by rotation and is eligible for re-appointment

Mr Sushilkumar Jiwarajka is a Commerce graduate and has rich experience in Business Administration for more than 29 years. Mr Jiwarajka has been on the Board of the Company since 27th January 1999.

Outside Directorship : (a) Jadoonet Ltd. (b) Karrox Technologies Ltd. (c) Essjay Ericsson Pvt Ltd. (d) Ericsson India Pvt Ltd. (e) Artheon Electronics Ltd. (f) Artheon Finance Ltd. (g) Artheon Energy Pvt Ltd. (h) Artheon Emerging Technologies Pvt Ltd. (i) Sharda Inventions Pvt Ltd. (j) Associated Electronic Research Foundation. (k) Skandsoft Technologies Pvt Ltd. (l) Nova Telsec Ltd. (m) Moza Hosiery India Ltd. (n) Salora Components Pvt Ltd. (o) Aditya Jyot Eye Hospital Pvt Ltd. (p) Ultimedia Technologies Pvt Ltd.

Committee Chairmanship/Membership : Nil

By Order of the Board

Place : Mumbai
Date : 31st July 2009

K. Muralidharan
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 6

At the Extra ordinary general meeting of the Company held on 20th March 2009, the Company had obtained the consent of the members to create mortgage on the immoveable properties of the Company to secure the loan of Rs 14.70 crore of ICICI Bank Ltd and Rs 19.45 crore of IDBI Bank Ltd. The funded interest on these Term Loans (FITL) and Interest thereon amounting to Rs 0.83 crore of ICICI Bank Ltd., and Rs 1.28 crore of IDBI Bank Ltd., are now additionally sought to be secured by the proposed mortgage as per the CDR approved scheme.

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.

Since the aforesaid security is by way of equitable mortgage, the provisions of section 192A of the Companies Act, 1956, regarding postal ballot are not applicable.

Copy of Letter of Approval (LoA) dated 08-12-2008 received by the Company from CDR Cell and the letter dated 20-06-2009 of Union Bank of India 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 recommends 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.

By Order of the Board

Place : Mumbai
Date : 31st July 2009

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. Register of Members and the Share Transfer Books of the Company will remain closed from 22-09-2009 to 29-09-2009 (both days inclusive).
3. Members are requested to:
 - (i) intimate, changes, if any, in their Registered Addresses immediately;
 - (ii) intimate about consolidation of folios if shareholdings are under multiple folios;
 - (iii) quote ledger Folio No./DPID/Client ID in all their correspondence; to the Company's Registrar and Transfer Agent:-

M/s. Link Intime India Private Limited

A-40, 2nd Floor, Naraina Industrial Area, Phase II,
Near Batra Banquet Hall, New Delhi 110028,
Tel. No. : 011 - 51410592 - 94, 25897309
Fax No : 011 - 51410591

4. MEMBERS ARE ADVISED TO SEND ALL SHARE TRANSFERS AND RELATED CORRESPONDENCE TO THE REGISTRAR AND SHARE TRANSFER AGENT AT THE ABOVE ADDRESS.
5. Members/Proxies should bring the attendance slip duly filled in for attending the aforesaid meeting.
6. Shareholders intending to require information about accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.



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DIRECTORS' REPORT

To
The Members
INDO COUNT INDUSTRIES LIMITED

Your directors have pleasure in presenting the **TWENTIETH ANNUAL REPORT** and the audited statement of accounts of the year ended 31st March 2009.

FINANCIAL RESULTS

(Rs. in Crore)

Particulars	Current Year	Previous Year
Net sales	262.44	260.26
Gross Operating Profit	34.93	8.70
Less : Interest	19.21	18.21
Profit/(loss) before depreciation, taxation and exceptional items	15.72	(9.51)
Less : Depreciation	18.53	17.13
Profit/(loss) before tax	(2.81)	(26.64)
Exceptional item [Exchange gain/(loss)]	(67.72)	8.19
Provision for Taxation	(18.02)	0.29
Net Profit/(loss) after taxation	(52.51)	(18.74)
Balance Brought Forward	(11.99)	6.75
Less : Transfer from General Reserve	48.83	—
Surplus/(deficit) Carried to Balance Sheet	(15.67)	(11.99)

PERFORMANCE REVIEW

Textile Division

This Division performed well during the year under review with sales turnover increasing to Rs. 284 crore from Rs. 220 crore in the previous, registering an impressive 29% growth. Major part of this increase is attributed to home textile business which saw sales go up by about 70%. The spinning unit played a supporting role to the home textile business.

Though the operating profit was as per the industry standards, the sharp and unprecedented volatility in the exchange rates during the year eroded the earnings.

The Indian Rupee, which appreciated about 14% to a US\$ last year, lost over 25% in the year under review, causing losses on the hedges marked against export receivables. The year also saw a shake up in the US financial system. A part of the exchange losses arose due to cancellation of forward/option contracts, following the failure of a large US buyer.

Recently, import duty on textile goods from India to European Union has been reduced, which is expected

to propel exports of Indian textile goods to that region. Your company is likely to be a beneficiary of this move.

Your company received the "HOME VENDOR OF THE YEAR 2008" from Belk Private Brands of USA in recognition of its outstanding contribution.

Electronic/Consumer durable goods Division

Share of this unit in the company's overall business was marginal with sales at Rs.11.46 crore (previous year Rs 55.67 crore). Fixed costs in the form of maintenance of skilled manpower and facilities could not be recovered due to lack of volume.

BUSINESS OUTLOOK

Textile Division

A sharp depreciation of Rupee against US Dollar has made Indian exports more competitive. Set back in global economy, in general, has adversely influenced the markets of USA and Europe, which may take some more time to recover. Further, the major input costs have continued to rise, exerting pressure on the margins. Management hopes that this trend will not last long and that the unit will be able to dissipate the impact by taking appropriate steps.

The products of Home Textile Division are well received in the export market. Your company has become a fully integrated unit having facilities from spinning to finished, ready to use consumer goods, which is expected to create substantial value addition. This integration will enable your company to control raw material costs through out the value chain.

The demand for these products, both from domestic and international markets, is growing. The management hopes that your company will be able to carve out a niche market for its products in the coming years.

Electronic Division

The consumer electronic goods industry has witnessed a phenomenal growth over the past few years, which can be attributed to the increasing effect of state of the art electronic devices in the market. The introduction of new technology has resulted in lower prices affordable to the masses. Your company's electronic manufacturing services unit is expected to reap benefits of this growing market.

Your company has received permission from the Government of Maharashtra to set up a consumer durable goods unit at MIDC, Kagal, Dist. Kolhapur, alongwith the Home Textile This Division as a composite



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mega project for which certain incentives have been granted. However, policy on modalities for disbursing the benefits has still not been clear. Your company will examine the suitability of the policy when announced by the state government before availing of the incentives.

DIVIDEND

Due to losses, the Directors regret their inability to recommend a dividend for the year.

IMPLEMENTATION OF CDR PACKAGE

Pre judging the impending slow down in business due to global recessionary conditions and the consequent cash flow constraints, the company had approached its lenders to restructure its debts under the Corporate Debt Restructuring (CDR) System. The company had also sought certain relief and concessions from its lenders. Company's proposal was approved by the CDR and lenders and was implemented during the year under review.

The proposal envisages stepped up repayment of its existing debt, conversion of part of the forex losses in to long term loan and concessionary rate of interest.

The Management expects that the debt restructuring program will help the company in the betterment of its financial health.

MANAGEMENT DISCUSSION AND ANALYSIS

Report on MDA is given in Annexure B forming part of this report.

SEGMENT

The company is engaged in the manufacture and export of cotton yarn, grey knitted fabrics and cotton made ups, which are governed by the same set of risks and returns and as such are in the same segment.

The performance of the Electronic/consumer durable goods Division is reported as a separate segment.

Segment reporting as per AS 17 has been complied with.

Accounts

The company has recognized in its books of accounts Deferred Tax Asset arising on account of tax effects of timing differences between the income tax and book depreciation. Your Directors expect that adequate profits will accrue in the future years from company's business which will utilize the tax asset fully.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has in place an elaborate internal control system to ensure proper authorization and accounting

of transactions as also for safeguarding and protecting company's assets against loss. The internal auditors check the controls periodically and their report is reviewed by the management and the Audit Committee from time to time. The management feels that the system of internal controls is adequate considering the size of operations of the company.

HUMAN RESOURCES

During the year, labour relations continued to be cordial.

Development of employee skills and imparting knowledge on social compliance audits, quality assurance are very important to the business, for which training is conducted regularly.

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.

CORPORATE GOVERNANCE

The corporate governance report together with a certificate from the Company's auditors confirming compliance of guidelines are made part of this Report as per clause 49 of the listing agreement entered into with the stock exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) that in the preparation of the accounts for the financial year ended on 31st March 2009, the applicable accounting standards have been followed and there are no material departures.
- b) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year under review.
- c) that the Directors have taken proper and sufficient care 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.
- d) that the Directors have prepared the annual accounts ended on 31st March 2009 on a 'going concern' basis.



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DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. R Anand, Mr Dilip Thakkar and Mr Sushil Kumar Jiwarajka retire by rotation and being eligible, offer themselves for reappointment.

AUDITORS

M/s. B K Shroff and Co., Chartered Accountants retire at the end of this Annual General Meeting and are eligible for reappointment as auditors.

The observations of Auditors on MTM losses on outstanding derivative contracts, as referred in Auditors' Report are suitably explained in the Notes on Accounts. It is pertinent to mention that these losses are notional until they are crystallized on due dates.

Your Directors feel that the company can meet its obligations arising out of these contracts, which are purely hedges of its future receivables.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION and FOREIGN EXCHANGE EARNING and 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.

ACKNOWLEDGEMENTS

Your directors are grateful to the customers, suppliers, banks, financial institutions, government agencies and employees for their co-operation and assistance during the year under review.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments outside the country, global demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations.

On behalf of Board of Directors

Place: Mumbai

Date: 25th June 2009

Anil Kumar Jain

Chairman and Managing Director



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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 financial year ended on 31st March 2009.

A. CONSERVATION OF ENERGY

Form - A

Form for Disclosure of particulars with respect to conservation of energy

Particulars	Current Year	Previous Year
a) Power and Fuel		
ELECTRICITY		
a) Purchased (Units)	488,95,160	223,68,180
- Total amount	20,75,56,563	677,09,988
- Rate/unit	4.24	3.03
b) Own generation:		
i) through diesel generator		
Unit	—	16,21,613
Unit/litre of diesel oil	—	3.25
Cost per unit	—	6.45
ii) Furnace oil		
Quantity (KL)	—	8,951
Amount Rs in Lac	—	1,651.17
Average Rate (Rs)	—	18.45
b) Electricity consumption per unit of production of :-		
i) yarn per kg	6.26	5.62
ii) Fabric processed per kg	3.68	3.53

B. TECHNOLOGY ABSORPTION

Form - B

Technology Absorption, Adaptation and Innovation

1. Specific areas in which R and D was carried by the Company:-

- Development of 300TC Micro CVC and dyed and printed organic cotton bed sets
- Comparative study of dyes and chemicals on different fabric to reduce the cost of production
- Study the effect of dyes and chemicals on B.M.P. cotton product for successful production of B.M.P. cotton fabric

2. Benefit derived from above R and D activities

- Cost control
- Better quality product
- Value addition
- Addition of new product range

3. Future plan of action

- To develop new finishes to attain the Oeko-tex standard
- To develop some special finishes like Chintz Finish, anti fading, etc. to add value to the finished product

D. Expenditure on R and D

- Capital - Rs Nil
- Recurring - Expenditure has been shown under different heads in Profit and Loss Account amounting to Rs. 10.21 lac Total R and 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

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

Since inception, the company has been a predominant exporter of its production and net foreign exchange earner.

- Total foreign exchange used and earned

(Rs. in Crore)

Particulars	2008-2009	2007-2008
Used	4.31	1.96
Earned (FOB value of export goods)	225.06	167.19

On behalf of Board of Directors

Place: Mumbai

Date: 25th June 2009 Chairman and Managing Director

Anil Kumar Jain



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ANNEXURE B

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FORMING PART OF DIRECTORS' REPORT

Textile Division

Industry structure and developments

The number of composite textile units in the country has remained around 200 for a long time. These are in the organized sector and engaged in the complete value chain right from spinning to finishing of fabrics. Of this, about 10% is in the made up segment, rest being in the clothing segment.

Composite mills score over others in terms of attracting large buyers as also investors who want to take exposure in to and grow with the sector.

Composite mills have their presence in domestic and export markets. Some have strong local brands.

Your company has composite facilities and controls the complete value chain, having spinning, weaving, fabric processing, cut/sew and merchandising facilities. Presently, most of its production is exported. Your company has plans to enter in to domestic market either through its own brand or in partnership with existing channels. The management hopes to initiate this process at opportune time.

Opportunities and threats

Being predominantly export based, the company's products are exposed to global economic conditions.

The joint efforts put in by the government of developed and developing (G20) countries to pull the global economy out of recession are expected to result in early restoration of consumer and business confidence. Hitherto, US and European countries accounted for about 65% of the global demand for home textile products. Your Directors hope that the economic recovery would be faster and Indian textile exports will soon spring back to normal level and further grow.

The initiatives taken by the Government of India to help exporters are laudable and need to be continued to remain competitive in the global market.

Risks and concerns

Due to turmoil in the currency and financial markets globally, the credit rating of the buyers has suffered. Consequently, it has become difficult to take direct credit exposure on the buyers as credit protection is either not available or becoming increasingly dearer. As such, Indian exports have been seriously affected. Your Directors expect that the Government would offer adequate protection to exporters to tide over this critical period.

Your company is also exposed to safety and foreign exchange risks, which are monitored continuously and proper de-risking strategy is drawn and acted upon.

Outlook

From the reports available in public domain, it is believed that the global economic recovery is in its way. It is only hoped that the growth momentum gathers steam soon and fast. Indian textile industry is generally competitive and considering the positive business conditions developing, outlook for cotton textiles appears to be good.

Electronic Division

Industry structure and developments

The consumer electronics industry is occupied by few branded Indian and multi national companies. Though the products are under common VAT system, non uniform tariff structure in different states and fiscal concessions granted by some state governments to local investment, have impact on the product pricing. Competition in this industry is therefore skewed.

In the retail segment, some private brands have been investing to get visibility and have established market share for their products.

Opportunities and threats

The technology in consumer electronic products has been fast changing. Continuous investment is required to adapt to the change and keep abreast with the technological development.

Your company has plans to invest in upgradation of facilities and manpower skills to meet the challenges.

The new product offerings in the market place have spooked interest in the consumers. Product differentiation, affordable pricing and easy financing methods have ensured reach of these products to the interior parts of the country and the OEM/ODM units have larger role to play in the business growth. Considering the nearness to market, the logistics and handling of fragile/bulky goods, regional units such as yours, are preferred by these brands.

Risks and concerns

The business of electronic manufacturing services units depends on the outsourcing requirement of the brand owners and is seasonal.

Your company has developed expertise in providing complete end to end solution to the customers by offering logistic handling services, warehousing facilities, etc.

Outlook

The Company has established itself as a reliable electronic manufacturing services unit. Retail revolution has created new markets and the Directors believe there will be adequate opportunities for your company to exist and expand the business.



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CORPORATE GOVERNANCE FOR THE YEAR 2008-09 AS PER CLAUSE 49 OF THE LISTING AGREEMENT

Corporate ethics

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Philosophy

Your company is of firm view that good corporate governance in the year of continuing globalization and implementation of economic reforms, is the need of time and this alone can meet the aspiration of various sections of the society closely associated with the corporate world. Therefore, since its inception, the company has been practicing good corporate governance, by constituting Board, Audit, Project Management and Remuneration Committees with independent professional members disclosing periodically adequate and true information to the Board/Committee, discussion company's affairs in open, impartial and transparent, manner and ensuing decision making keeping in mind the interests of stakeholders and other business associates.

Your company is committed to adopt best Corporate Governance practice mandated through Regulatory Authorities. Further, your company recognizes that good Corporate Governance practices can alone act as a tool to guarantee long term economic profits, achieves sustained growth in business, enhance the shareholder value and to ensure continuation of belief and the trust reposed by one and all in the Corporate sector.

Status of Compliance

Our company has always been compliant with the revised provisions of clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS

a) Composition of the Board

Chairman and Managing Director alongwith the Joint Managing Director look after the day to day affairs of the Company. The Board of Directors monitor Company's performance and approve, review policies/ strategies and evaluate the management performance. The Board ensures legal and ethical conduct of business and accurate financial reporting.

The Company presently has Ten Directors of which Chairman and Managing Director (CMD), Joint Managing Director (Jt. MD), Director (Marketing) and Director (Works) are Executive Directors.

Promoter is the Chairman and Executive Director and Joint Managing Director (Jt. MD), Director (Marketing) and Director (Works) are Non-Promoter Executive Directors.

Of the remaining Six Directors five are independent Directors who are professionals/ industrialist with experience in taxation, accounts, finance and general corporate management and one is a nominee of EXIM Bank.

The Board of directors meet atleast once a quarter to review the Company's performance and financial results and more often, if considered necessary, to transact other important business.

b) Number of Board meetings

During the current accounting year ended 31st March 2009, 6 Board meetings were held on the following dates viz. 16-04-2008, 30-06-2008, 31-07-2008, 18-09-2008, 31-10-2008, 29-01-2009.

The maximum interval between any two Board meeting was less than 4 months as stipulated in clause 49 of the Listing Agreement.

The 19th Annual General Meeting was held on 27th September 2008.