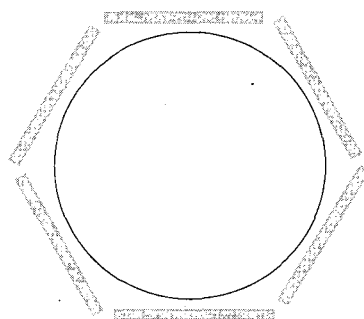


# INDUSTRIAL INVESTMENT TRUST LIMITED

Annual Report  
2006-2007

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IIT GROUP

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Shareholders are requested to bring the copy of the Annual Report alongwith them to the General Meeting.



## INDUSTRIAL INVESTMENT TRUST LIMITED

**BOARD OF DIRECTORS** : C. P. KHANDELWAL - *Chairman*  
SANJAY DANGI  
N. R. SURESH  
P. H. ARVINDH PANDIAN  
Ms. THANKOM MATHEW - *Nominee of LIC of India*  
Ms. CUMI BANERJEE - *Vice President (Legal)  
& Company Secretary*

**BANKERS** : IndusInd Bank Ltd.  
State Bank of Mysore  
Union Bank of India  
ICICI Bank Limited

**AUDITORS** : A. F. Ferguson & Co.

**REGISTERED OFFICE** : 14E, Rajabhadur Mansion, 2<sup>nd</sup> Floor,  
28, Bombay Samachar Marg,  
Mumbai 400 001.



IIT GROUP

## Annual Report 2006-2007

## NOTICE

NOTICE is hereby given that the Seventy Fourth Annual General Meeting of the Members of the Company will be held at **M.C. Ghia Hall, 2<sup>nd</sup> floor, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Mumbai 400 001 on Thursday, September 27, 2007 at 2:30 p.m.** to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2007 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and the Auditors.
2. To declare dividend for the year ended March 31, 2007.
3. To appoint a Director in place of Mr. Sanjay Dangi who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N.R. Suresh who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 :**

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

**"RESOLVED THAT** in supersession of the Resolution passed by the Members at the 72<sup>nd</sup> Annual General Meeting of the Company held on September 29, 2005 and pursuant to the provisions of Section 163(1) of the Companies Act, 1956 the approval of the members be and is hereby accorded to the Company to maintain the Register of Members, Index of Members, Returns, Copies of Certificates and Documents required to be annexed thereto under section 159 and 161 of the Companies Act, 1956, at the office of Intime Spectrum Registry Limited, the Registrar and Share Transfer Agents of the Company situated at C-13 Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (W), Mumbai 400 078 with effect from November 1, 2006 instead of being maintained at MCS Limited at Sri Venkatesh Bhavan, Plot No 27, Road No.11, MIDC, Andheri (East), Mumbai 400 093 so long as they act as Company's Registrar and Share Transfer Agents.

**RESOLVED FURTHER THAT** the Register and Index of Members etc. as referred to in this Resolution to be maintained at the office of Intime Spectrum Registry Limited, be kept open for inspection by the members and any other person in terms of Section 163(2) of the Companies Act, 1956 between 11.00 a.m. to 1.00 p.m. on each working day of Intime Spectrum Registry Limited,

except when the Register of Members is closed under the provisions of the Companies Act, 1956."

By Order of the Board,  
For Industrial Investment Trust Limited

CUMI BANERJEE  
Vice President (Legal)  
& Company Secretary

Mumbai : August 16, 2007

**Registered Office :**

14E, Rajabhadur Mansion,  
2<sup>nd</sup> Floor, 28, Bombay Samachar Marg  
Mumbai 400 001.

**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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY 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 relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed and forms part of the Notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 20, 2007 to Thursday, September 27, 2007 (both days inclusive).
4. The dividend on Equity Shares as recommended by the Board, if declared at the Annual General Meeting, will be payable on or before October 26, 2007 to those shareholders or their mandates whose names stand on the Register of Members after giving effect to all valid transfer deeds in physical form lodged with the Company on or before September 19, 2007 and in respect of dematerialised shares the dividend will be payable on the basis of beneficial ownership as per details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for the purpose as on the close of business hours on September 19, 2007.
5. Dividend in respect of shares held in dematerialised form shall be credited to the beneficial owner's bank account directly through Electronic Clearing Services (ECS) subject to availability of bank account details and 9 digits MICR code number. In case the said details have not been provided to the concerned Depository Participant or there is any change, the same may please be intimated to the concerned Depository Participant immediately.

## Industrial Investment Trust Limited

Members holding shares in physical form and desirous of availing ECS facility, should provide the bank details and 9 digits MICR code number.

6. Members are requested to notify the change in their addresses, if any, and the name of the Bank(s) with account number(s) for inscribing it on the face of the dividend warrant(s) to avoid fraudulent encashment of the same, to the Company / Registrar & Share Transfer Agent viz. Intime Spectrum Registry Limited having their office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, Tel. No.: 2596 3838. Members holding shares in dematerialised form should send the above information to their Depository Participants.
7. In all the correspondences with the Company / Registrar and Share Transfer Agents, the members are requested to quote their account / folio numbers and in case their shares are held in the dematerialised form, they must quote their Client ID Number and their DP ID Number.
8. Members are requested to bring the copy of their Annual Report and the Attendance Slip at the Annual General Meeting.
9. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to Mrs. Cumi Banerjee – Vice President (Legal) & 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, to the best extent possible.
10. In accordance with the provisions of Section 205A of the Companies Act, 1956 the Company has transferred unclaimed dividends in September 1998 for the year ended March 31, 1995 to the General Revenue Account of the Central Government. Members concerned may, therefore, submit their claims in the prescribed form to the Registrar of Companies, Maharashtra, 2nd floor, Hakoba Compound, Dattaram Lad Marg, Kalachowki, Mumbai 400 033.
11. In terms of section 205A and 205C of the Companies Act, 1956 any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund (IEPF). The Company has therefore, transferred unclaimed dividend on September 6, 2006 for the year

ended March 31, 1999 to the IEPF Account of the Central Government. Members who have not encashed their divided warrants for the year 1999-2000 or thereafter are requested to write to the Company / Registrars and Share Transfer agents. **Shareholders are requested to note that no claims shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**

12. Pursuant to Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of their shares held in the Company. Shareholders desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to the Registrar and Share Transfer Agent of the Company.

**Details of the directors seeking re-appointment at the forthcoming Annual General Meeting**  
**[In pursuance of Clause 49 of the Listing Agreement]**

Name of the Director	Mr. Sanjay Dangi	Mr. N.R. Suresh
Date of Birth	4.6.1970	15.3.1956
Nationality	Indian	Indian
Date of Appointment	25.8.2005	25.8.2005
Qualifications	B.Com, FCA, CS	B.Com, FCA
Expertise in specific functional areas	He is a Chartered Accountant having around 14 years experience in Finance and Investment Consultancy.	He is a Chartered Accountant and the Senior Partner of Maharaj N.R. Suresh & Co. He is in practice for over 26 years specialising in Corporate Audits, Taxation, Finance and Corporate Restructuring and SEBI related matters.
Directorships held in other companies (excluding private and foreign companies)	IIT Investtrust Limited Pacific Corporate Services Limited Pranam Securities Limited	IIT Investtrust Limited
Committee position held in other companies	Audit Committee of IIT Investtrust Limited	Audit Committee of IIT Investtrust Limited
Shareholding of non-executive directors	NIL	16,795



IIT GROUP

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

## Item No. 6

### Approval for keeping statutory records at a place other than the Registered Office of the Company

The members at the 72nd Annual General Meeting held on September 29, 2005, authorised the Company to maintain the Register and Index of members and such other related returns / documents, etc. required to be maintained under the provisions of the Companies Act, 1956 with MCS Limited at Sri Venkatesh Bhavan, Plot No 27, Road No.11, MIDC, Andheri (East), Mumbai 400 093, who were appointed as the Company's Registrar and Share Transfer Agents.

In view of the closure of Registrar and Share Transfer Agents business activities by MCS Limited, the Board has appointed Intime Spectrum Registry Limited with effect from November 1, 2006 and for operational reasons, it is proposed that the above referred records be maintained at their office at C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (W), Mumbai - 400 078. Approval of members by Special Resolution under Section 163(1) of the Companies Act, 1956, is required for keeping the above referred records at a place other than the Registered Office of the Company.

Your Directors, therefore recommend the resolution for your approval.

As required by the provisions of Section 163 of the Companies Act, 1956, a copy of the proposed Special Resolution is simultaneously being given to the Registrar of Companies.

None of the Directors is, in any way, concerned or interested in the said Resolution.

By Order of the Board of Directors,  
For Industrial Investment Trust Limited

CUMI BANERJEE  
Vice President (Legal)  
& Company Secretary

Mumbai, August 16, 2007

Registered Office :  
14E, Rajabhadur Mansion, 2<sup>nd</sup> Floor,  
28, Bombay Samachar Marg  
Mumbai 400 001.

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## DIRECTORS' REPORT

Your Directors are pleased to present the Seventy Fourth Annual Report of the Company, together with the Audited Statement of Accounts for the year ended March 31, 2007

	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
<b>1. FINANCIAL RESULTS</b>		
(a) Total Income	381.08	7,376.47
Profit / (Loss) before depreciation	(1,570.57)	6,517.74
Less : Depreciation	23.76	8.87
Profit / (Loss) before Tax	(1,594.33)	6,508.87
Less : Provision for Tax	(2.10)	278.20
	(1,596.43)	6,230.67
Add: Balance of Profit / (Loss) brought forward from the previous year.	3,135.47	(617.15)
Amount available for appropriation	1,539.04	5,613.52
(b) From this, the Directors have transferred to :		
Special Reserve	—	1,250.00
General Reserve	—	1,000.00
(c) The Directors recommend payment of Dividend at the rate of Rs. 2/- per share (previous year Rs. 2.00 per share) on 1,00,00,000 shares of Rs. 10/- each which will absorb.	200.00	200.00
Tax on proposed Dividend (*In respect of previous year)	33.99	28.05*
(d) Leaving a balance to be carried forward	1,305.05	3,135.47

## 1. OPERATING RESULTS

The total income for the year under review is Rs.381.08 Lakhs as compared to Rs.7,376.47 Lakhs in the previous year. This was mainly due to net loss on sale of long term investments of Rs.523.14 Lakhs as compared to a net profit of Rs.7,131.38 Lakhs in the previous year.

Expenditure during the year under review is Rs.1,975.42 Lakhs as compared to Rs.867.60 Lakhs in the previous year. This was mainly due to the loss

incurred of Rs.464.10 Lakhs in trading in Shares and Equity derivatives as compared to the loss of Rs.249.54 in the previous year. The Company has also made net provision for diminution in value of investments of Rs.595 lakhs in the current year.

## 2. INVESTMENTS

The Company's portfolio of investment is regularly reviewed and securities are bought, to add to the portfolio or sold in order to make capital gains. Details of the Company's investments, including a portfolio summary and analysis of securities held are given in Schedule E to the Balance Sheet as on March 31, 2007. The Company is an investment company, with a long term view of its portfolio.

The market value of the Company's quoted investments, as on March 31, 2007 was Rs.5,502.60 Lakhs (previous year Rs.10,030.53 Lakhs). During the year the Company purchased shares / debentures etc. of various companies with a book value of Rs.14,255 Lakhs and sold shares / debentures etc of various companies with a book value of Rs.16,442 Lakhs.

## 3. SUBSIDIARY COMPANIES

### i) IIT Corporate Services Limited

During the period under review, the Company sold its entire holding in this subsidiary i.e. 5,00,000 shares representing 100% of the paid-up equity share capital of the Company to RDMK Impex Private Limited.

### ii) IIT Investrust Limited

Currently, the company does not have any business activity.

During the said period, the company sold 10,000 equity shares of Bombay Stock Exchange Limited (BSE).

Pursuant to the application for surrendering its membership with OTC Exchange of India (OTCEI), the company is still awaiting the reply from the said Exchange.

## 4. ASSOCIATE COMPANY

### Nu-tech Corporate Services Limited

During the period under review, the Company offloaded its entire holding in this associate company i.e. 36,76,405 equity shares representing 30.64% of the paid-up equity share capital of the Company in open market.





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During the period under review, the Company entered into One Time Settlement (OTS) with Dena Bank and paid an amount of Rs.81.90 Lakhs towards the outstanding loan amounts. The Bank has withdrawn the legal proceedings instituted against the Company in Debt Recovery Tribunal, Mumbai.

**5. FIXED DEPOSITS**

The Company does not accept Public Deposits.

**6. TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND**

In terms of Section 205C of the Companies Act, 1956, the following amounts lying with the Company as unclaimed for a period of seven years from the date they became due for payment were transferred during the period under review to the Investor Education and Protection Fund.

1. Unclaimed Dividend	Rs.3,23,670/-
2. Unclaimed Interest on Fixed Deposits	Rs.5,087/-

**7. CHANGE IN REGISTRAR AND SHARE TRANSFER AGENTS**

The Board of Directors has appointed Intime Spectrum Registry Limited as Registrar and Share Transfer Agents of the Company in place of MCS Limited.

**8. EMPLOYEE RELATIONS**

Relations with employees continue to be cordial. The Directors take this opportunity to thank the employees at all levels for their continued dedication and the hard work put in by them.

**9. AGREEMENT TO SELL**

During the period under review, the Company was informed that on August 1, 2007, the Promoters, Pranam Securities Limited, Padmavatiasha Properties & Projects Private Limited, Pacific Corporate Services Limited, Superstar Exports Private Limited and Raneka Fincom Private Limited have entered into a Share Purchase Agreement for sale of 48,88,097 shares in the Company aggregating 48.88% of the paid-up share capital matching with the voting rights of the Company to Mr. Bipin Agarwal, Mr. Swaran Singh, Nimbus (India) Limited and N.N. Financial Services Private Limited, collectively called "the Acquirers". This transaction has been properly reported to BSE, RBI and other relevant authorities. The Acquirers have made an open offer to acquire 20,00,000 shares constituting 20% of the paid up capital of the Company from the public shareholders as required under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

**10. DIRECTORS**

Mr. N.R. Suresh and Mr. Sanjay Dangi retire by rotation and being eligible, offer themselves for re-appointment.

Brief Resume of the Directors, nature of expertise in specific functional areas, names of companies in which the Directorship is held and the membership of the Committees of the Board and their shareholdings in the Company are given in the Notice of the ensuing Annual General Meeting.

**11. MANAGING DIRECTOR**

Since the resignation of Mr. C.K. Thanawala, the Company has so far not appointed a Managing Director. It is in the process of finding a suitable candidate for the said post.

**12. AUDITOR'S REPORT**

The observations made by the Auditors in their report are appropriately dealt with in the notes forming part of the accounts for the year, which are self-explanatory and hence do not require any further explanations.

**13. AUDITORS**

You are requested to re-appoint Messrs A. F. Ferguson & Co., Chartered Accountants, as Auditors of the Company from the conclusion of the 74th Annual General Meeting until the conclusion of the 75th Annual General Meeting of the Company.

**14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate statement in the Annual Report.

**15. CORPORATE GOVERNANCE**

The management is seeking a competent candidate for appointment of Chief Executive Officer (CEO). In absence of CEO, the certification as required under Clause 49 (V) of the Listing Agreement is given by the Chairman, Mr. C.P. Khandelwal.

A separate section on Corporate Governance forms part of the Annual Report. A certificate regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement forms part of the Annual Report.

**16. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;



- (b) appropriate accounting policies have been selected and applied consistently and that they have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the affairs of the Company for year ended March 31, 2007;
- (c) 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; and
- (d) the annual accounts have been prepared on a 'going concern' basis.

**17. PARTICULARS OF EMPLOYEES**

There are no Employees coming under the purview of Section 217 (2A) of the Companies Act, 1956 and therefore such information has not been disclosed.

**18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS**

Your Company is not engaged in any manufacturing activities, and therefore, there are no particulars to be disclosed under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, relating to conservation of energy or technology absorption. During the year under review, the Company did not earn any foreign exchange and there was no expenditure in foreign exchange.

On behalf of the Board of Directors,

Mumbai  
Date: August 16, 2007

C.P. Khandelwal  
*Chairman*





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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Global Scenario

The global expansion was broad based in the first half of 2006, with GDP crossing the 5 percent mark, thus indicating the emergence of a new phase, one that is more diversified with most regions meeting or exceeding expectations.

Growth was particularly strong in the United States in the first quarter but declined due to an abrupt slow down in housing markets and rising fuel costs. Business sentiment in Asia was at an all time high with India and China continuing to contribute to the global growth momentum.

Although in the beginning of the year inflationary concerns, tighter conditions in financial markets and rising oil prices posed threat, but the downside risks to the global economy appear to have subsided over the last six months on account of softening of oil prices which had an immediate impact on inflation outlook; and which also imparted some stability to the financial markets.

But it would be premature to draw firm conclusion about the directions and pace at which monetary policy would move. Many emerging markets continue to experience inflationary pressures and have tightened the monetary policy. If oil prices turn volatile, inflation concerns may resurface.

### Indian Economy

Indian Economy witnessed vigorous growth during 2006-07 for the fourth year in succession. The advance estimates of Gross Domestic Product (GDP) for 2006-07 released by Central Statistical Organisation (CSO) on February 7, 2007 places GDP growth in the current year at 9.2%. The revised estimate of GDP growth released by CSO in May 2007 shows the economy grew an unprecedented 9.4% in 2006-07 arguably the highest to date in independent India. The acceleration in growth during 2006-07 was drawn by the continued momentum in the services and the manufacturing sector recording double digit growth. The manufacturing sector grew by 12.1% during April – February 2006-07 whereas service sector continued to be the key driver of economic activity for the first three quarters but there was a decline in the last quarter. Buoyed by the robust performance of the manufacturing sector, the country's industrial production maintained double digit growth at 11% as recorded in February 2007.

### Indian Capital Markets

The primary capital market remained upbeat during 2006-07. The aggregate resource mobilisation in the market especially through Initial Public Offer (IPO) and Private Placements was much higher than the previous year. As many as 85 IPOs mobilised Rs.24,993 crores during 2006-07, 5% more than in the previous financial year, as investors responded excitedly to the equity issues. The mobilisation during 2006-07 could have been higher but for the two

secondary market crashes, which forced a temporary shelving of IPOs. In the secondary markets the uptrend continued in 2006-07 after the first dull half. Public equity offerings in the last financial year amassed more money than any preceding year in the history of the Indian capital markets. A buoyant secondary market with a good economic growth and a stable political environment stoked the investment climate.

Inflows of Foreign Direct Investment (FDI) into India have increased significantly during the current financial year. Also, India has emerged as the most favoured private equity destination attracting US\$ 1,239.22 million worth investments during the year.

Equity Markets witnessed major swings during 2006-07. The BSE Sensex increased from 11,280 at end of March 2006 to the peak of 12,612 on May 10, 2006 after which it declined to an intra-year trough of 8,929 on June 14, 2006, whereas Nifty was at 3,419 on March 30, 2006 and reached an intra-year trough of 2,633 on June 14, 2006 after which it touched to an intra-year high of 4,224 on February 7, 2007.

There were two major melt downs – the May-June 2006 and Feb-March 2007. The May-June 2006 being attributed to the US Federal Reserve's stand on interest rates. The melt down triggered with the apprehension that a further hike in interest rates would impair the pace of global growth. The Feb-March 2007 meltdown triggered due to correction in February 2007 by the mother of economies - China. To top everything the budget was greeted with bloodbath in the domestic bourses and the markets reacted negatively to the Corporate unfriendly budget.

The market rebounded in subsequent months on institutional buying support, robust macro-economic fundamentals, high corporate profitability and other global factors such as continuation of relatively soft interest rates and fall in crude oil prices in international markets. The Sensex rallied with intermittent corrections to reach a high of 14,652 on February 8, 2007 but subsequently moderated to 13,072 by end of March 2007.

### Segment – Wise Performance

Investment activity is the only segment in which your Company operates. This segment is influenced by the overall economic, regulatory and other factors. The BSE Sensex was at 11,343 on its opening on April 3, 2006, touched an all time intra-day high at 14,724 on February 9, 2007 and closed at 13,072 on March 30, 2007.

The year under review saw many tumultuous phases. There was high volatility in the market and Sensex plunged to an all time low of 8,799 on June 14, 2006, showing no signs of immediate recovery. The decline was so severe and drastic that capital market dynamics became unpredictable and the Corporate as well as retail investors lost a huge amount of wealth. Your Company was no exception to that.