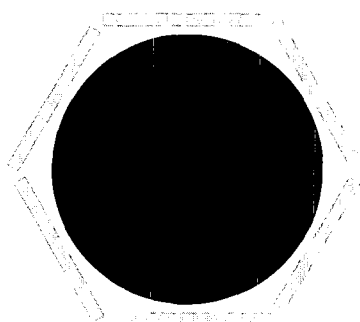


INDUSTRIAL INVESTMENT TRUST LTD.

Annual Report
1997-98

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RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

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IIT GROUP



INDUSTRIAL INVESTMENT TRUST LIMITED



Annual Report 1997-98

CONTENTS

	<u>Page No.</u>
Board of Directors	3
Notice	4 - 6
Directors' Report	7 - 9
Auditors' Report	10 - 11
Balance Sheet	12
Profit and Loss Account	13
Schedules 'A' to 'J'	14 - 23
Cash Flow Statement	24 - 25
Summary of Investments	27 - 36
Statement Pursuant to Section 212	37
Subsidiary Companies	
IIT Corporate Services Limited	39 - 57
IIT InvesTrust Limited	59 - 87
Group Financial Highlights	88

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

Industrial Investment Trust Limited

BOARD OF DIRECTORS : SUSHIL K. PREMCHAND — *Chairman*
C. K. THANAWALA — *Managing Director*
HOMI F. MEHTA
RASESH N. MAFATLAL
V. C. VAIDYA
P. N. JAMBUNATHAN
ARUN GANDHI
F. K. KAVARANA
H. C. ASHER

N. G. KESKAR — *Sr. Vice-President, Finance*
HIMADRI KATHARANI — *Company Secretary*

BANKERS : Catholic Syrian Bank
Citibank NA
Federal Bank Ltd.
Standard Chartered Bank
State Bank of India
State Bank of Mysore
Union Bank of India

SOLICITORS & ADVOCATES : Crawford Bayley & Co.

AUDITORS : A. F. Ferguson & Co.

REGISTERED OFFICE : 61, Bombay Samachar Marg,
Mumbai 400 001.



IIT GROUP

Annual Report 1997-98

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of the Company will be held at M.C. Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Mumbai 400 001 on Wednesday, the 12th August, 1998 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1998 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 a dividend for the year ended 31st March, 1998.
3. To appoint a Director in place of Mr. Sushil K. Premchand who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Homi F. Mehta 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 an Ordinary Resolution :

"RESOLVED THAT Mr. F. K. Kavarana whose term of office expires at this Annual General Meeting under Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company and in respect of whom a Notice in writing has been received from some members of the Company pursuant to Section 257 of the Companies Act, 1956, signifying their intention to propose Mr. F. K. Kavarana as a Director of the Company, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Mr. H. C. Asher whose term of office expires at this Annual General meeting under Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company and in respect of whom a Notice in writing has been received from some members of the Company pursuant to Section 257 of the Companies Act, 1956, signifying their intention to propose Mr. H.C.

Asher as a Director of the Company, be and is hereby appointed a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and any other applicable provisions of the Companies Act, 1956, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. C.K. Thanawala, as Managing Director, for a period of 3 years with effect from 1st July, 1998 as per the terms and conditions as set out in the Draft Agreement submitted to this meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned."

"RESOLVED FURTHER THAT the Board of Directors through any of its Director be and is hereby authorised to sign and execute the said Agreement on behalf of the Company and all documents and do all such acts as may be necessary, to give effect to this Resolution."

By Order of the Board,

For INDUSTRIAL INVESTMENT TRUST LIMITED

HIMADRI KATHARANI

Mumbai, 10th June, 1998

Company Secretary

Registered Office :

61, 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 Register of Members and Share Transfer Books of the Company will remain closed from 29th July, 1998 to 12th August, 1998 (both days inclusive) for the purpose of payment of dividend to be declared.
3. The dividend, if declared, will be payable on or before 22nd September, 1998, to those members

Industrial Investment Trust Limited

whose names appear in the Register of Members of the Company on 12th August, 1998 or to their mandatees registered with the Company before 29th July, 1998.

4. The members are requested to intimate to the Company before 29th July, 1998 changes, if any, in their registered addresses.
5. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, all unclaimed/unpaid dividend upto the financial year ended 31st March, 1994 amounting to Rs.2,20,360/- has been transferred to General Revenue Account of the Central Government. Shareholders who have not

encashed the dividend warrant(s) for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra.

6. Members are requested to bring the copy of their Annual Report and the Attendance Slip at the Annual General Meeting.
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Secretary of the Company 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.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT:

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the special business under item No.6 to 8 of the accompanying Notice dated 10th June, 1998.

Item No. 6

Pursuant to Section 260 of the Companies Act, 1956 (The Act), and Article 126 of the Articles of Association of the Company, the Board appointed Mr. F. K. Kavarana as Additional Director on 26th August, 1997. Under the above Section and Article, he holds office upto the date of this Annual General Meeting. The Company has received a notice in writing alongwith a deposit of Rs.500/- from a member of the Company pursuant to Section 257 of the Act, signifying his intention to propose Mr. F. K. Kavarana for the office of a Director of the Company.

Mr. Kavarana is Executive Director of TELCO Ltd. since 1994. He headed the Tata Group's International operations for several years in Europe. He is on the Board of Directors of a number of companies. Mr. Kavarana is a U.K. Chartered Accountant and has a Master's Degree in Business Administration from the Wharton School of the University of Pennsylvania.

The Board of Directors believe that his appointment is in the interest of the Company and therefore recommend the resolution for your approval.

No Directors of the Company other than Mr. F. K. Kavarana, is interested in the resolution.

Item No. 7

Pursuant to Section 260 of the Companies Act, 1956 (The Act), and Article 126 of the Articles of Association of the Company, the Board appointed Mr. H.C. Asher as Additional Director on 26th August, 1997. Under the above Section and Article, he holds office upto the date of this Annual General Meeting. The Company has received a notice in writing alongwith a deposit of Rs.500/- from a member of the Company pursuant to Section 257 of the Act, signifying their intention to propose Mr. H.C. Asher for the office of the Company.

Mr. H.C. Asher is a Senior Partner of Crawford Bayley & Co., Solicitors & Advocates. He is on the Board of Directors of many other companies. Mr. Asher is a Law Graduate from the University of Mumbai and was admitted as Solicitor in 1957. He is a Member of Bar Council of Maharashtra & Goa & Incorporated Law Society.

The Board of Directors believe that his appointment is in the interest of the Company and therefore recommend the resolution for your approval.

No Director of the Company other than Mr. H.C. Asher is interested in the resolution.

Item No. 8

Mr. C.K. Thanawala was re-appointed as the Managing Director for a period of five years with effect from 1st July, 1993, with the consent of the members accorded by a resolution passed at the Annual General Meeting held on 9th July, 1993 on the terms and conditions



Annual Report 1997-98

enumerated in the said resolution. Subsequently the remuneration of Mr. C.K. Thanawala was increased by a resolution passed at the Annual General Meeting held on 16th August, 1995.

As the term of his office expires on 30th June, 1998, the Board, pursuant to Article 149 and 150 of the Articles of Association of the Company, re-appointed Mr. C.K. Thanawala as the Managing Director at a remuneration set out in the Draft Agreement between the Company and Mr. C.K. Thanawala vide resolution passed at its meeting held on 10th June, 1998.

The proposed terms of Mr. Thanawala's remuneration are as follows :

- 1) Salary : Rs. 18,00,000/- per annum or Rs. 1,50,000/- per month with a power to the Board to increase the same every year.
- 2) Commission : At a rate to be determined by the Board of Directors for each year, subject to an overall limit of 50% of his annual salary.
- 3) Perquisites : In addition to salary, perquisites like furnished accommodation, gas, electricity, water and furnishings, medical reimbursement for self and family, leave travel concession for self and family, club fees, personal accident insurance etc., in accordance with the Rules of the Company, the monetary value of such perquisites being limited to Rs. 5,50,000/- per annum. For the purposes of such limit :
 - a) Perquisites shall be valued as per Income-tax Rules, where applicable, and in the absence of any such Rules, shall be valued at actual cost; and
 - b) Use of Company car for official purposes and telephone at residence, including payment for local calls and long distance official calls; shall not be included.

Provided that

- i) Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act.
- ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- iii) Encashment of leave at the end of the tenure ; shall not be included in the computation of limits for perquisites.

Provided further that the aggregate of the salary, gratuity, leave encashment and all other perquisites and contributions towards provident fund, superannuation fund or annuity fund, shall not exceed the limits specified in Sections 198 and 309 of the Companies Act, 1956.

The Board of Directors believe that his re-appointment as Managing Director is in the interest of the Company and therefore recommend the resolution for your approval.

The draft Agreement between the Company and Mr. C.K. Thanawala is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day upto the date of this Annual General Meeting.

The remuneration set out herein may be treated as an abstract of the draft Agreement between the Company and Mr. C.K. Thanawala, pursuant to Section 302 of the Companies Act, 1956.

Except Mr. C. K. Thanawala, none of the Directors is concerned or interested in the aforesaid resolution.

By Order of the Board of Directors,

HIMADRI KATHARANI
Company Secretary

Registered Office :
61, Bombay Samachar Marg,
Mumbai 400 001.

Mumbai, 10th June, 1998

Industrial Investment Trust Limited

DIRECTORS' REPORT

Your Directors are pleased to present the Sixty-fifth Annual Report of the Company, together with the Audited Statements of Accounts for the year ended 31st March, 1998.

	Rupees in lakhs	Previous Year Rupees in lakhs
1. FINANCIAL RESULTS		
(a) Total Income	1325.54	1278.09
Profit before depreciation	509.62	590.28
Less : Depreciation	91.40	101.06
Profit before tax	418.22	489.22
Less : Provision for tax	16.50	35.00
	401.72	454.22
Less: Short provision in respect of prior years	1.50	—
	400.22	454.22
Add : Balance of profit brought forward from the previous year	123.04	139.67
Amount available for appropriation	523.26	593.89
(b) From this, the Directors have transferred to Debenture Redemption Reserve	10.00	10.00
Transferred to Special Reserve	80.35	90.85
Transferred to General Reserve	55.00	150.00
(c) The Directors recommend payment of dividend at the rate of Rs. 2/- per share (previous year Rs. 2/- per share) on 1,00,00,000 shares of Rs.10/- each which will absorb	200.00	200.00
Tax on proposed Dividend	20.00	20.00
(d) Leaving a balance to be carried forward	157.91	123.04

2. OPERATING RESULTS

The total income for the year under review is Rs.1325.54 lakhs as compared to Rs.1278.09 lakhs for the previous year which should be considered satisfactory in view of the state of financial markets. The income from dividends and interest on trade investments at Rs.240.22 lakhs was marginally lower than Rs.260.54 lakhs in the previous year. The Company realised capital gains of

Rs.413.10 lakhs during the year compared to Rs.338.97 lakhs in the previous year.

3. INVESTMENTS

The Company's portfolio of investment is regularly reviewed and securities are bought 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 31st March, 1998.

The market value of the Company's quoted investments as on 31st March, 1998 was Rs.6951.82 lakhs (previous year Rs.5728.62 lakhs). This is 400.66% higher than the related book value. During the year the Company purchased shares/debentures etc. of various companies with a book value of Rs.339.01 lakhs and sold shares/debentures etc. of various companies with a book value of Rs.112.71 lakhs.

4. SUBSIDIARY COMPANIES

i) IIT Corporate Services Ltd.

a) Custodial services :

This Company was the second custodian to be issued registration by the Securities and Exchange Board of India. It continues to enjoy strong market presence in this field of its activity. However due to stagnant capital market, its clients, mutual funds, are not able to mobilise enough resources. This has put pressure on its revenues.

b) Registrar & Transfer Agency Services :

The depressed scenario in capital market for the last two years has led to total absence of companies raising funds by way of IPOs. The Company has not been able to increase its client base, however revision of rates from present clients has increased its revenue.

c) Depository :

The Company has become a Depository Participant with National Securities & Depository Ltd. (NSDL). It has extended these services to its present clients. Plans are under preparation to extend these services to retail clients.

ii) IIT InvesTrust Ltd.

During the year under review, the company has made a net loss of Rs.64.19 lakhs. However there has been a substantial improvement over the previous year. Extensive efforts were undertaken to reduce the expenses to be in line with the revenue earning opportunity of the business. As a result of these efforts the total expenses of the company were reduced by 58.6% from



Annual Report 1997-98

Rs. 1307 lakhs in the previous year to Rs.541 lakhs in the year under review.

Various measures were also undertaken to consolidate the business positioning of the Company which has resulted in an increase in the brokerage income by 18.5% from Rs. 265 lakhs in 1996-97 to Rs.314 lakhs during the year under review.

5. ASSOCIATE COMPANY : IIT Capital Services Ltd.

During the year under review, the Company has faced problems of recovery, common to the financial services industry, in respect of interest as well as principal amounts lent to various clients. This situation has put pressure on its revenues and cash flow, as also on its balance sheet.

As a matter of policy, your Company intends to support its associate, subject to required Statutory and Board approvals.

6. FIXED DEPOSITS

Fixed deposits totalled Rs.296.47 lakhs as on 31st March, 1998. This includes deposits amounting to Rs.2.35 lakhs which had matured, but had not been claimed as on date. The Company has presently stopped accepting and renewing fixed deposits. Information required under clause 5 of the Non-Banking Financial Companies (Reserve Bank) Directions, 1998 is given in the annexure to the Particulars of Employees.

7. 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.

8. MANAGING DIRECTOR

The term of your Managing Director, Mr. C.K. Thanawala comes to an end on 30th June, 1998. Your Directors have renewed his contract for three years from 1st July, 1998 on terms and conditions set out in an agreement to be approved by you at the forthcoming Annual General Meeting. You are requested to approve the same.

9. DIRECTORS

Mr. Sushil K. Premchand and Mr. Homi F. Mehta retire by rotation and being eligible offer themselves for reappointment.

Mr. V.S.V. Ramana, representative of the Life Insurance Corporation of India resigned as a Director of the Company. The Directors place on record their appreciation of the valuable guidance and advice given by Mr. Ramana from time to time. Mr. P.N. Jambunathan has been appointed to fill in the casual vacancy caused

by the resignation of Mr. Ramana.

Mr. S.S. Hegde, representative of the Unit Trust of India, resigned as a Director of the Company. The Directors place on record their appreciation of the valuable guidance and advice given by Mr. Hegde from time to time.

Further, Mr. Farrokh K. Kavarana and Mr. H.C. Asher were appointed as additional Directors during the year. Their term of office expires at this Annual General Meeting. The Company has received notice in writing from some members pursuant to Section 257 of the Act, signifying their intention to propose Mr. F.K. Kavarana and Mr. H.C. Asher as Directors of the Company.

10. AUDITORS' 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.

11. AUDITORS

You are requested to re-appoint Messrs A.F. Ferguson & Co., Chartered Accountants, as Auditors of the Company from the conclusion of the 65th Annual General Meeting until the conclusion of the 66th Annual General Meeting of the Company.

12. PARTICULARS OF EMPLOYEES

Information required under provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forming part of the Directors' Report for the year under review, is annexed hereto.

13. 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 earned foreign exchange amounting to Rs. 27.20 lakhs for services rendered to overseas clients, it has made no payments in any foreign exchange.

On behalf of the Board of Directors

SUSHIL K. PREMCHAND
Chairman

Mumbai
Dated : 10th June, 1998.