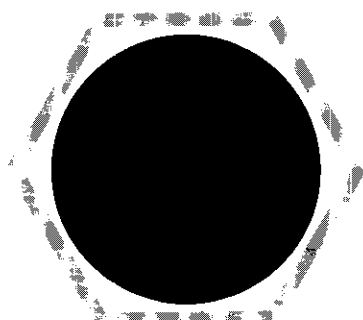


# INDUSTRIAL INVESTMENT TRUST LTD.

Annual Report  
1999-2000



**IIT GROUP**

# INDUSTRIAL INVESTMENT TRUST LIMITED



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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** : 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  
  
HIMADRI KATHARANI — *Company Secretary*

**BANKERS** : Federal Bank Ltd.  
United Western Bank Ltd.  
State Bank of Mysore  
Union Bank of India

**SOLICITORS & ADVOCATES** : Crawford Bayley & Co. Ltd.

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

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



## 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 30th August, 2000 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2000 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, 2000.
3. To appoint a Director in place of Mr. H.C. Asher who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rasesh N. Mafatlal who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. V.C. Vaidya who retires by rotation and being eligible, offers himself for re-appointment.
6. 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.
7. **Special Business :**  
To consider and if thought fit, to pass, with or without modifications, the following as a Special Resolution :

"RESOLVED that pursuant to Section 31 and other applicable provisos, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended in the following manner :

- A. By adding the following new definitions in the existing Article 2 :

### "Beneficial Owner"

"Beneficial owner" shall mean beneficial owner as defined in Section 2 (1) (a) of the Depositories Act, 1996 and whose name is recorded as such with a Depository.

### "Depositories Act, 1996"

"Depositories Act, 1996" shall mean the Depositories Act, 1996 and include any statutory modifications or re-enactment thereof for the time being in force.

### "Depository"

"Depository" shall mean a Depository as defined in Section 2 (1) (e) of the Depositories Act, 1996.

### "SEBI"

"SEBI" means the Securities and Exchange Board of India established under Section 3 of

the Securities and Exchange Board of India Act, 1992.

### "SECURITIES"

"Securities" means Shares, Debentures or other securities as may be specified by Central Government, SEBI or any other concerned Authorities from time to time.

- B. In Article 2 of the Articles of Association of the Company, definition of "Member" shall be altered as follows :

### "Member"

Member means the duly registered holder, from time to time of the shares of the Company, a person registered as a beneficial owner with a Depository, in case the shares are held in a Depository and shall include the subscribers of the Memorandum of Association of the Company.

- C. The following Article 12 A shall be inserted after the existing Article 12.

### "Power of the Company to dematerialize and rematerialize"

- 1) Notwithstanding anything contained in these articles, the Company shall be entitled to dematerialize its securities, re-materialize its securities held in the Depository and / or offer fresh securities, in a dematerialised form, pursuant to the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

### "Options for investors"

- 2) Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a depository. A person who is the beneficial owner of the securities can at anytime opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner required Certificates.

If a person opts to hold his securities with a Depository, the Company shall intimate such Depository with the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of allottee as the beneficial owner of the security.

### "Securities in depositories to be in fungible form"

- 3) All securities held by a Depository shall be dematerialised and in fungible form. Nothing contained in Section 153, 153A,

## Industrial Investment Trust Limited

153B, and 187C of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

**"Rights of depositories and beneficial owners"**

- 4) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner and shall not have any voting rights or any other rights in respect of the securities held by it.
- (b) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall 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, which are held by a Depository.

**"Service of documents"**

- 5) The Depository shall furnish to the Company the information of transfer of securities and records of beneficial ownership at such intervals and in such a manner as may be stipulated under the provisions of the Depositories Act, 1996.

**"Transfer of Securities"**

- 6) Transfer of securities held in Depository will be governed by the provisions of Depositories Act, 1996. Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee, both of whom are entered as beneficial owners in the records of a depository.

**"Allotment of securities dealt within a depository"**

- 7) Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a dematerialised form with a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

**"Distinctive number of securities held in a depository"**

- 8) 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.

**"Register of beneficial owners"**

- 9) The Register of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register of Members for the purpose of these Articles.

**"Other matters"**

- 10) Notwithstanding anything contained in these Articles or the provisions of Depositories Act, 1996 relating to dematerialisation of securities (including any modification or re-enactment thereof and Rules / Regulations made thereunder) shall prevail and apply accordingly.
- D) The following Article 22A shall be inserted after the existing Article 22 :

**"Right of nomination"**

22A Every holder of shares in or debentures of the Company may at any time nominate in the manner prescribed under the Act, a person to whom his shares in or debentures of the Company shall vest in the event of his death. Such nomination and right of nominee, to be registered as holder of shares / debentures as the case may be or for transfer of the shares/ debentures as the case may be shall be governed by the provisions of Sections 109A and 109B and other applicable provisions of the Companies Act, 1956.

- E) The following Article 184A shall be inserted after the existing Article 184:

184A 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) deposits received by the Company and due for refund (iii) debentures issued by the Company and matured for redemption; and (iv) the interest, if any, accrued on the amounts at items (i), (ii) and (iii) respectively"

By Order of the Board of Directors,  
For INDUSTRIAL INVESTMENT TRUST LIMITED

HIMADRI KATHARANI  
Company Secretary

Mumbai, 19th July, 2000

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 10th August, 2000 to 30th August, 2000 (both days inclusive) for the purpose of payment of dividend to be declared.
3. The dividend, if declared, will be payable on or before 11th October, 2000 to those members whose name appear in the Register of Members of the Company on or to their mandatees registered with the Company before 10th August, 2000.
4. The members are requested to intimate to the Company before 10th August, 2000 changes, if any, in their registered addresses.
5. a) Pursuant to Section 205 A of the Companies Act, 1956, all dividends upto the financial year 1994-95, which remained unclaimed has been transferred to the General Revenue Account of the Central Government. Members, who have not encashed their dividend warrants for the said period, are requested to claim the amount from the Registrar of Companies - Maharashtra. In case any assistance is required, members may please write to the Company's Registrars, IIT Corporate Services Limited.
- b) Pursuant to the provisions of Section 205 A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1996, or any subsequent financial years are requested to make their claim to the Company's Registrars, IIT Corporate Services Ltd. It may also be noted that once the unclaimed dividend is transferred to the Government, as above, no claims shall lie in respect of such amount.
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.

**EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956**

The proposed Article 22 A is based on the facility for nomination provided under Section 109A and 109B of the Companies Act, 1956 pursuant to the Companies (Amendment) Act, 1999.

The proposed Article 184A is based on the new Section 205C of the Companies Act, 1956 pursuant to the Companies (Amendment) Act, 1999.

In terms of recent SEBI Press Release, effective from 27th November, 1999, trading in the Company shares have been made compulsory in the dematerialised form for institutional investors. Individual investors are also expected to opt for dematerialization of their shares.

The proposed amendment to Article of Association set out at item 7 (A), (B), & (C) of the Notice are based on and confirm to the requirements of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

None of the Directors is interested or deemed to be interested in the passing of this Resolution.

The present Articles of Association of the Company and the proposed alterations are available for inspection at the Registered office on any working day upto and including the date of the Annual General Meeting or any adjournment/s thereof, between 11.00 a.m. and 1.00 p.m.

By Order of the Board,  
For INDUSTRIAL INVESTMENT TRUST LIMITED

HIMADRI KATHARANI  
Company Secretary

Mumbai, 19th July, 2000

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

## Industrial Investment Trust Limited

## DIRECTORS' REPORT

Your Directors are pleased to present the Sixty-Seventh Annual Report of the Company, together with the Audited Statement of Accounts for the year ended 31st March, 2000.

	<b>Rupees in lakhs</b>	<b>Previous Year Rupees in lakhs</b>
<b>1. FINANCIAL RESULTS</b>		
(a) Total income	<b>1763.68</b>	1197.58
Profit before depreciation	<b>643.34</b>	545.88
Less : Depreciation	<b>73.18</b>	89.33
Profit before Tax	<b>570.16</b>	456.55
Less : Provision for Tax	<b>100.00</b>	27.50
	<b>470.16</b>	429.05
Add : Excess provision in respect of prior years	<b>0.70</b>	-
	<b>470.86</b>	429.05
Add : Balance of profit brought forward From the previous year	<b>229.15</b>	157.91
Amount available for appropriation	<b>700.01</b>	586.96
(b) From this, the Directors have transferred to :		
Special Reserve	<b>94.04</b>	85.81
General Reserve	<b>50.00</b>	50.00
(c) The Directors recommend payment of Dividend at the rate of Rs. 2.00 Per share (previous year Rs. 2.00 per share) on 1,00,00,000 shares of Rs. 10/- each which will absorb	<b>200.00</b>	200.00
Tax on proposed Dividend	<b>44.00</b>	22.00
(d) Leaving a balance to be carried forward	<b>311.97</b>	229.15

## OPERATING RESULTS

The total income for the year under review is Rs. 1763.68 lakhs as compared to Rs. 1197.58 lakhs for the previous year which is higher by 47.27%. The income from dividend and interest on investments at Rs. 131.03 lakhs

was marginally higher than Rs. 129.38 lakhs in the previous year. The Company realized capital gains of Rs. 1112.45 lakhs during the year compared to Rs. 525.71 lakhs in the previous year. This includes divestment of 20% stake in Hindustan Diamond Company Limited, which was sold to our collaborators in that Company for an amount of Rs. 750.00 lakhs.

## 2. 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 investment, including a portfolio summary and analysis of securities held are given in Schedule E to the Balance Sheet as on 31st March, 2000.

The market value of the Company's quoted investments as on 31st March, 2000 was Rs. 7497.48 lakhs (previous year Rs. 7582.72 lakhs). This is 627% higher than the related book value. During the year the Company purchased shares / debentures etc. of various companies with a book value of Rs. 103.01 lakhs and sold shares / debentures etc of various companies with a book value of Rs. 90.01 lakhs.

## 3. SUBSIDIARY COMPANIES

## i) IIT Corporate Services Limited

## a) Custodial Services :

The Company continues to enjoy strong market presence in this field of its activity. Company has added 3 more prestigious clients in its list and negotiations are going on with two other clients in addition to providing the custodial services to the new schemes of existing clients. The volume have increased more than 5 times as compared to earlier year and is expected to increase more than 10 times within a year's time and will generate substantial revenues.

## b) Registrar &amp; Transfer (R &amp; T) Agency Services :

In view of the Depository environment, twenty-one (21) of the clients have gone to the Depository segment and many more to follow as Securities and Exchange Board of India (SEBI) has included 600 and odd companies into the Depository.

## c) Depository :

Company has been providing the Depository Services to more than 20,000 retail investors which is generating substantial income and number of retail clients is expected to reach 50,000 by the end of 2001.

## CONCLUSION

Since the Company is in the physical as well as depository modes, the skeleton staff for the physical has to be maintained and therefore the effect of the VRS will be seen in the current year in March, 2001. There is a continuous exercise to cut down the costs and to utilize





the resources at the optimum level.

**ii) IIT Investrust Limited**

During the year under review, the revenue of the Company have increased from Rs. 334 lakhs to Rs. 469 lakhs, an increase of 40% over the last year. For second consecutive year, the Company has made profit of Rs. 2.23 lakhs as against profit of Rs. 15.44 lakhs in the last year. The Company continues, to reduce its exposure from high risk revenue opportunities.

The Company has expanded its clients base by adding more institutional clients.

**4. ASSOCIATE COMPANY**

**IIT Capital Services Limited**

In view of the problems of recovery faced by the Company in previous years, the Company has stopped further disbursements. All the efforts are towards recovery of outstanding dues. However, recovery process is extremely slow due to legal redressal system prevailing in the country.

The Company has initiated steps to curtail expenses. It has shifted its administrative office to suburbs from Fort, reduced the employee strength considerably and has closed down the branch offices.

**5. FIXED DEPOSITS**

Fixed Deposits totalled Rs. 61.37 lakhs as on 31st March, 2000. This includes deposits amounting to Rs. 2.36 lakhs which had matured, but had not been claimed as on date. The Company has offered to repay the entire amount held as Public Deposits at the contracted rate of interest by 30th June, 2000. Rs. 47.51 lakhs have been claimed and paid by this date. The information required under clause 5 of the Non-Banking Financial Companies (Reserve Bank) Directions, 1998 is given in the annexure to the Directors' Report.

**6. 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.

**7. DIRECTORS**

Mr. H.C. Asher, Mr. Rasesh N. Mafatlal and Mr. V.C. Vaidya retire by rotation and being eligible, offer themselves for re-appointment.

**8. 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.

The observations made by the Auditors in item no. 7 of their report under Manufacturing And Other Companies Auditors' Report Order, 1989 :

The Reserve Bank of India has prescribed prudential

norms under NBFC Prudential Norms (RBI) Directions, 1998 for concentration of credit / investments under para 12 of the said Directions. These Directions came into effect on 2nd January, 1998. Your Company has invested certain amounts in its subsidiary companies, i.e., IIT Corporate Services Limited and IIT Investrust Limited and its associate company, IIT Capital Services Limited. Your Company has also advanced certain amount of funds to these companies and a large part of these investments / lending were made before the Prudential Norms Directions of RBI came into effect. It is therefore not possible for the Company, for the time being, to comply with the prudential norms regarding concentration of investments. The RBI has required vide para 6 of the NBFC Acceptance of Public Deposits (Reserve Bank) Directions, 1998 that the companies not complying with any of the prudential norms shall not accept / renew Public Deposits. Your Company has therefore stopped accepting / renewing the public deposits with effect from 9th January, 1998.

**9. AUDITORS**

You are requested to re-appoint Messrs A. F. Ferguson & Co., Chartered Accountants, as Auditors of the Company from the conclusion of the 67th Annual General Meeting until the conclusion of the 68th Annual General Meeting of the Company.

**10. 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.

**11. YEAR 2000 (Y2K) ISSUES**

The Company has successfully undergone year 2000 rollover. All the systems are functioning in normal manner.

**12. 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. 30.08 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 : 19th July, 2000

## Industrial Investment Trust Limited

**ANNEXURE TO THE DIRECTORS' REPORT****A. PARTICULARS OF EMPLOYEES FORMING PART OF DIRECTORS' REPORT**

Sr. No.	Name (Age)	Designation/ Nature of Duties	Date of commencement of Employment	Remuneration Received (Rs.)	Qualification & Experience (years)	Last Employment held
1.	Thanawala C.K. (67)	Managing Director	15.05.1974	29,98,079	B.A. (Hons.) B.Com., A.M.B.I.M. (Lond.) A.C.W.A. (Lond.) (44)	Management consultant

**NOTES :**

1. Remuneration includes salary, commission, contribution to provident fund, superannuation fund, house rent expenses incurred by the Company on accommodation, leave travel assistance, medical benefit and other allowances.
2. Nature of employment is contractual.

**B. PARTICULARS OF UNCLAIMED DEPOSITS FORMING PART OF DIRECTORS' REPORT**

Total No. of Depositors	Amount due but not claimed Rs.
37	2,36,000

