

# **J. K. INVESTO TRADE (INDIA) LIMITED**

(Formerly known as J. K. Chemicals Ltd.)



***Fifty Fourth Annual Report & Accounts 2001-2002***

# J. K. INVESTO TRADE (INDIA) LIMITED

(Formerly known as J. K. Chemicals Limited)

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## DIRECTORS

SHRI VIJAYPAT SINGHANIA *Chairman*  
 SHRI M. R. SHROFF  
 SHRI GAUTAM HARI SINGHANIA  
 SHRI H. P. KEDIA

## AUDIT COMMITTEE

SHRI M.R.SHROFF *Chairman*  
 SHRI GAUTAM HARI SINGHANIA  
 SHRI H. P. KEDIA

## BANKERS

STATE BANK OF INDIA  
 PUNJAB NATIONAL BANK

## AUDITORS

Messrs. LODHA & CO. *Chartered Accountants*

## REGISTERED OFFICE

NEW HIND HOUSE,  
 3, NAROTTAM MORARJEE MARG,  
 BALLARD ESTATE,  
 MUMBAI 400 001.

# J. K. INVESTO TRADE (INDIA) LIMITED

(Formerly known as J. K. Chemicals Limited)

## NOTICE

**NOTICE** is hereby given that the 54<sup>th</sup> Annual General Meeting of J. K. INVESTO TRADE (INDIA) LIMITED will be held on Thursday 27<sup>th</sup> June, 2002 at 3.00 p.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2<sup>nd</sup> floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2002 and the Profit and Loss Account for the year ended as on that date along with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri H. P. Kedia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint and to fix the remuneration of Messrs. Lodha & Company, Chartered Accountants, as Auditors of the Company from the conclusion of this meeting till the conclusion of the next Annual General Meeting.

REGISTERED OFFICE :  
New Hind House  
3 N.M. Marg,  
Ballard Estate,  
Mumbai 400 001

By Order of the Board  
For J. K. INVESTO TRADE (INDIA) LIMITED

M. R. SHROFF  
Director

26<sup>th</sup> April, 2002

### NOTES :

- i) A MEMBER OF A COMPANY ENTITLED TO ATTEND AND VOTE AT A MEETING SHALL BE ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A MEMBER OR NOT) AS HIS PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. MEMBERS ARE REQUESTED TO DEPOSIT THE PROXY FORM NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
- ii) The Register of Members and the Share Transfer Books shall remain closed from Tuesday 25th June, 2002 to Thursday 27th June, 2002 (both days inclusive).
- iii) Members are requested to intimate the change in their addresses, if any.
- iv) Members are requested to intimate their queries, if any, relating to the accounts or in any other matters atleast seven days in advance so that the information can be made readily available and furnished at the meeting.

# J. K. INVESTO TRADE (INDIA) LIMITED

(Formerly known as J. K. Chemicals Limited)

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting their 54th Annual Report for the year ended 31st March, 2002.

### FINANCIAL RESULTS

|   | Year ended<br>31.3.2002<br>(Rs. in lacs) | Previous<br>year ended<br>31.3.2001<br>(Rs. in lacs) |
|---|--|--|
| Income during the year                            | 183.70                                   | 146.59   |
| Depreciation                                      | 0.67                                     | 0.73   |
| Interest  | 3.93                                     | 11.18  |
| Provision for taxation                            | 3.37                                     | 0.54   |
| Profit/(Loss) during the year                     | 91.24                                    | (49.34)  |
| Tax provision for earlier year                    | --                                       | (9.00)   |
| Profit brought forward                            | 150.38                                   | 208.72   |
| Transferred to Capital Redemption Reserve Account | 37.35                                    | --   |
| Profit carried forward to Balance sheet           | 204.27                                   | 150.38   |

### PERFORMANCE DURING THE YEAR

The dividend income during the year was higher at Rs.112.83 lacs from Rs. 25 lacs in the previous year. As Redeemable Preference shares are due for redemption in June 2003, it is proposed to transfer Rs.37.35 lacs to Capital Redemption Reserve for purposes of redemption.

### DIVIDEND

The Directors consider it prudent to conserve resources and regret inability to declare any dividend on equity and preference capital.

### PERFORMANCE OF JOINT VENTURE COMPANY - J.K. ANSELL LIMITED

During the year under review, the turnover of J.K. Ansell Limited was higher at Rs. 44 crore (previous year Rs. 38 crore) a 16% rise over the previous year. However, due to strong competition in the market, margins were lower and the profit before tax has come down from Rs.5.25 crore to Rs. 3.5 crore.

### SUBSIDIARY

The turnover of our subsidiary, J.K. Helene Curtis Limited, declined due to severe competition including influx of cheap foreign brands in the domestic market, to Rs.35.2 crore from Rs.49.8 crore. Profit before tax was lower at Rs.2.26 crore from Rs.4.24 crore. The subsidiary has proposed to pay dividend of Rs. 3.00 (previous year Rs.3.00) per share.

### ACCOUNTING STANDARDS

The accounts have been prepared as per the applicable Accounting Standards and necessary disclosures have been made in the annual accounts.

### CHANGE OF NAME OF THE COMPANY

As approved by the shareholders at the Annual General Meeting held on 3rd July 2001 the company's name has been changed to J.K. Investo Trade (India) Limited pursuant to the Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, dated 2nd November 2001.

# J. K. INVESTO TRADE (INDIA) LIMITED

(Formerly known as J. K. Chemicals Limited)

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- (i) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure, if any;
- (ii) 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 profit and loss of the company for that period;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a going concern basis.

## PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC.

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 is not applicable.

## PUBLIC DEPOSIT

The Company has not accepted any deposit from the public during the year under review.

## PERSONNEL

There is no employee whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956.

## DIRECTORS

Shri H.P. Kedia, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

## AUDITORS

The Company's Auditors, Messrs. Lodha & Company, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment. You are requested to appoint Auditors and fix their remuneration.

For and on behalf of the Board

M. R. SHROFF ) Directors  
GAUTAM HARI SINGHANIA )

Mumbai  
26th April, 2002

# J. K. INVESTO TRADE (INDIA) LIMITED

(Formerly known as J. K. Chemicals Limited)

## AUDITORS' REPORT

To The Members

J. K. INVESTO TRADE (INDIA) LIMITED

1. We have audited the attached Balance Sheet of J. K. Investo Trade (India) Limited (formerly known as J. K. Chemicals Limited) as at 31st March, 2002 and also the annexed Profit & Loss Account of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 (hereinafter referred to as the 'Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet and the Profit and Loss Account have been prepared in compliance with the Accounting Standards referred to in Section 211(3C) of the Act, to the extent applicable;
  - e) On the basis of written representations received from the Directors, as on 31st March 2002, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Act;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies, contingent liabilities and other notes appearing in schedule 15 give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
    - (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **LODHA & COMPANY**  
Chartered Accountants

Mumbai  
26th April, 2002

(**N. KISHORE BAFNA**)  
Partner

# J. K. INVESTO TRADE (INDIA) LIMITED

(Formerly known as J. K. Chemicals Limited)

## ANNEXURE TO THE AUDITORS' REPORT

### ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED AND AS ON 31ST MARCH, 2002 OF J. K. INVESTO TRADE (INDIA) LIMITED, MUMBAI.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

1. The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets. We are informed that the fixed assets of the Company have been physically verified by the Management at reasonable intervals during the year and no material discrepancies were noticed on such verification. (Attention is invited to Note No. 3 in Schedule 15 attached to the accounts).
2. None of the Fixed Assets have been revalued during the year.
3.
  - a) The stocks of trading goods and shares/securities have been physically verified by the Management at reasonable intervals during the year.
  - b) In our opinion, the procedures of physical verification of the above referred stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) No discrepancies were noticed on physical verification of stocks as compared to book records.
  - d) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
4. In our opinion, the rate of interest and other terms and conditions of loans taken from a company listed in the register maintained under Section 301 of the Act are, prima facie, not prejudicial to the interest of the Company. As informed, there are no companies under the same management within the meaning of section 370 (1B) (non-operative) of the Act.
5. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act. As informed, there are no companies under the same management within the meaning of section 370 (1B) (non-operative) of the Act.
6. The principal amounts and interest wherever applicable thereon in respect of advances in the nature of loans given to employees are being recovered regularly as stipulated.
7. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of trading goods, shares/securities equipment and other assets and for the sale of goods and shares/securities.
8. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and rendering of services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs.50,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods and services.
9. The Company has not accepted any deposits from the public within the meaning of Section 58-A of the Act, the rules framed thereunder and Directives issued by the Reserve Bank of India.
10. In our opinion, the Company has an internal audit system which needs to be strengthened to make it commensurate with the size of the Company and the nature of its business.
11. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited with the appropriate authorities.

## J. K. INVESTO TRADE (INDIA) LIMITED

*(Formerly known as J. K. Chemicals Limited)*

12. There were no undisputed amounts payable in respect of Income-tax, wealth tax, sales tax, Customs duty and excise duty which were due for more than six months as at the end of the year from the date they became payable.
13. On the basis of our examination of the books, the vouchers produced to us for our verification, the explanations given and representations made to us on our inquiries, unqualified report of internal auditors and the check and control relating to authorizing the expenditure on the basis of contractual obligation to the employees, accepted business practices having regard to the Company's need and exigencies, we have not come across any expenses charged to the revenue, which in our opinion and judgement and to the best of our knowledge and belief could be regarded as personal expenses.
14. In respect of the trading activities of the Company, we are informed that there were no damaged goods.
15. In respect of the service activities of the Company, as explained to us, the nature of activities do not involve the consumption of direct materials or stores and allocation of man-hours. However, there is a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the Company and the nature of its business.
16. In respect of the investment activities, the Company has maintained proper records of transactions and contracts in respect of its dealing in shares / securities and timely entries have been made therein. The Company's investments have been held in its own name except to the extent of the exemption granted under Section 49 of the Act.

For LODHA & COMPANY  
*Chartered Accountants*

(N. Kishore Bafna)  
*Partner*

Mumbai  
26th April, 2002

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# J. K. INVESTO TRADE (INDIA) LIMITED

(Formerly known as J. K. Chemicals Limited)

## BALANCE SHEET AS AT 31ST MARCH, 2002

|  | Schedule No. | As at 31st March, 2002<br>Rs. | As at 31st March, 2001<br>Rs. |
|--|--------------|-------------------------------|-------------------------------|
| <b>SOURCES OF FUNDS:</b>   |              |                               |                               |
| <b>SHAREHOLDERS' FUNDS</b>   |              |                               |                               |
| Share Capital  | 1            | 7,69,57,000                   | 7,69,57,000                   |
| Reserves and Surplus   | 2            | 4,08,11,963                   | 3,11,88,573                   |
|  |              | 11,77,68,963                  | 10,81,45,573                  |
| <b>LOAN FUNDS</b>  |              |                               |                               |
| Secured Loans  | 3            | 30,00,000                     | 30,00,000                     |
| Unsecured Loans  | 4            | 1,05,17,069                   | 1,05,17,069                   |
|  |              | 1,35,17,069                   | 1,35,17,069                   |
| <b>TOTAL</b>   |              | <b>13,12,86,032</b>           | <b>12,16,62,642</b>           |
| <b>APPLICATION OF FUNDS:</b>   |              |                               |                               |
| <b>FIXED ASSETS</b>  |              |                               |                               |
| Gross Block  | 5            | 26,45,838                     | 31,07,522                     |
| Less: Depreciation   |              | 17,35,542                     | 19,67,517                     |
| Net Block  |              | 9,10,296                      | 11,40,005                     |
| <b>INVESTMENTS</b>   | 6            | 12,51,43,347                  | 11,34,94,327                  |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>  |              |                               |                               |
| Inventories  | 7            | 23,65,283                     | 29,34,695                     |
| Sundry Debtors   |              | 1,30,855                      | 13,53,735                     |
| Cash and Bank balances   |              | 1,46,814                      | 10,47,260                     |
| Loans and Advances   |              | 46,99,323                     | 39,75,516                     |
|  |              | 73,42,275                     | 93,11,206                     |
| <b>LESS:</b>   |              |                               |                               |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>  | 8            | 23,26,213                     | 22,82,896                     |
| <b>NET CURRENT ASSETS</b>  |              | 50,16,062                     | 70,28,310                     |
| <b>DEFERRED TAX BALANCE</b><br>(Refer Note No. 11 in Schedule 15)                  |              | 2,16,327                      | --                            |
| <b>TOTAL</b>   |              | <b>13,12,86,032</b>           | <b>12,16,62,642</b>           |
| Notes on accounts and significant accounting policies forming part of the accounts | 15           |                               |                               |
| The Schedules 1 to 8 and 15 form an integral part of the Balance Sheet             |              |                               |                               |

As per our attached report of even date  
For **LODHA & COMPANY**  
Chartered Accountants

(N. KISHORE BAFNA)  
Partner

Mumbai,  
26th April, 2002

On behalf of the Board

M. R. SHROFF )  
GAUTAM HARI SINGHANIA ) Directors  
H. P. KEDIA )

# J. K. INVESTO TRADE (INDIA) LIMITED

(Formerly known as J. K. Chemicals Limited)

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

|  | Schedule<br>No. | Year ended<br>31st March, 2002 |                    | Year ended<br>31st March, 2001 |                    |
|--|-----------------|--------------------------------|--------------------|--------------------------------|--------------------|
|  |                 | Rs.                            | Rs.                | Rs.                            | Rs.                |
| <b>INCOME :</b>  |                 |                                |                    |                                |                    |
| Sales and other operating income   | 9               |                                | 1,65,34,282        |                                | 1,33,41,323        |
| Other Income   | 10              |                                | 18,35,778          |                                | 13,17,468          |
|  |                 |                                | <u>1,83,70,060</u> |                                | <u>1,46,58,791</u> |
| Increase/(Decrease) in Stocks  | 11              |                                | 5,15,800           |                                | 14,37,175          |
|  |                 |                                | <u>1,88,85,860</u> |                                | <u>1,60,95,966</u> |
| <b>EXPENDITURE :</b>   |                 |                                |                    |                                |                    |
| Cost of Purchase   | 12              |                                | 26,28,133          |                                | 1,43,20,781        |
| Employment cost  | 13              |                                | 35,09,169          |                                | 30,59,229          |
| Administrative, Selling and other expenses   | 14              |                                | 28,28,406          |                                | 24,04,881          |
| Interest   |                 |                                | 3,92,515           |                                | 11,18,033          |
| Depreciation   | 5               |                                | 66,574             |                                | 73,147             |
|  |                 |                                | <u>94,24,797</u>   |                                | <u>2,09,76,071</u> |
| <b>PROFIT / (LOSS) BEFORE TAX</b>  |                 |                                | <u>94,61,063</u>   |                                | <u>(48,80,105)</u> |
| Provision for Income Tax:  |                 |                                |                    |                                |                    |
| Current  |                 | --                             | --                 | --                             | --                 |
| Deferred   |                 | 2,82,773                       | 2,82,773           | --                             | --                 |
| Provision for Wealth Tax   |                 |                                | <u>54,000</u>      |                                | <u>54,000</u>      |
| <b>PROFIT / (LOSS) AFTER TAX</b>   |                 |                                | <u>91,24,290</u>   |                                | <u>(49,34,105)</u> |
| Taxation adjustments for earlier years   |                 |                                | --                 |                                | (9,00,000)         |
| Balance of Profit brought forward  |                 |                                | 1,50,37,864        |                                | 2,08,71,969        |
| Balance available for appropriation  |                 |                                | <u>2,41,62,154</u> |                                | <u>1 50,37,864</u> |
| <b>Appropriations</b>  |                 |                                |                    |                                |                    |
| Transfer to Capital Redemption Reserve A/c.  |                 |                                | 37,35,000          |                                | --                 |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>  |                 |                                | <u>2,04,27,154</u> |                                | <u>1,50,37,864</u> |
| Basic and diluted Earnings per Equity Share<br>(Refer Note No. 9 in Schedule 15)         |                 |                                | 1.17               |                                | (0.75)             |
| Notes on accounts and significant<br>accounting policies forming part<br>of the accounts | 15              |                                |                    |                                |                    |
| The Schedules 5 & 9 to 15 form an integral part<br>of the Profit & Loss Account.         |                 |                                |                    |                                |                    |

As per our attached report of even date  
For **LODHA & COMPANY**  
Chartered Accountants

(N. KISHORE BAFNA)  
Partner

Mumbai,  
26th April, 2002

On behalf of the Board

M. R. SHROFF )  
GAUTAM HARI SINGHANIA ) Directors  
H. P. KEDIA )