

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



***Fifty Eighth Annual Report & Accounts 2005-2006***

# J. K. INVESTO TRADE (INDIA) LIMITED

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## DIRECTORS

Dr. VIJAYPAT SINGHANIA (Chairman)

SHRI GAUTAM HARI SINGHANIA

SHRI NABANKUR GUPTA

SHRI P. R. JAIN

SHRI R. K. GANERIWALA  
(Whole-time Director)

## AUDIT COMMITTEE

SHRI NABANKUR GUPTA  
(Committee Chairman)

SHRI GAUTAM HARI SINGHANIA

SHRI P. R. JAIN

## COMPANY SECRETARY

SHRI GURMEET SINGH MISSION

## BANKERS

STATE BANK OF INDIA

PUNJAB NATIONAL BANK

## AUDITORS

LODHA & CO.  
Chartered Accountants

## REGISTERED OFFICE

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

TEL NO. : 22686000

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# J. K. INVESTO TRADE (INDIA) LIMITED

## NOTICE

**NOTICE** is hereby given that the 58<sup>th</sup> Annual General Meeting of J. K. INVESTO TRADE (INDIA) LIMITED will be held on Tuesday, 20<sup>th</sup> day of June, 2006 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 31<sup>st</sup> March 2006 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 R.K. Ganeriwala, 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.

### SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendments or modifications thereof, consent of the members be and is hereby accorded for the re-appointment of Shri R. K. Ganeriwala as Whole-time Director of the Company for a period of three years with effect from 24<sup>th</sup> April 2006 on terms and conditions (including remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the aforesaid period) as set out in the Explanatory Statement attached to this Notice.

**RESOLVED THAT** the Remuneration Committee / Board of Directors of the Company has the discretion and authority to alter and vary the terms and conditions of appointment (including remuneration to be paid in the event of loss or inadequacy of profit in any financial year or otherwise) subject to the overall ceiling specified in Schedule XIII to the Act, or any amendment thereto or re-enactment thereof, in such manner as it may deem fit.

**RESOLVED FURTHER THAT** the Board of Directors or the Remuneration Committee be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required to give effect to the aforesaid resolution."

### REGISTERED OFFICE:

New Hind House  
3 N.M. Marg  
Ballard Estate  
Mumbai 400 001  
Date : 2nd May, 2006  
Place : Mumbai.

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

R. K. GANERIWALA  
Whole-time Director

# J. K. INVESTO TRADE (INDIA) LIMITED

## 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 / HERSELF. 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 Wednesday, 14<sup>th</sup> June 2006 to Tuesday, 20<sup>th</sup> June 2006 (both days inclusive).
- iii. Members are requested to intimate the change in their address, if any.
- iv. Members are requested to intimate their queries, if any, relating to the accounts or any other matters, atleast seven days in advance, so that the information can be made readily available and furnished at the meeting.
- v. The Company has appointed MCS Limited as the Registrar & Share Transfer Agent for transfer of shares, both in physical and electronic mode. Their address is as under : **MCS Limited**, 'Harmony', Plot No. 6, Sector-1, Khanda Colony, New Panvel (W), Raigadha - 410 206.  
  
The shareholders may send their transfer requests and other share related queries either to the Company at the registered office or MCS Limited at the above address.
- vi. Members are requested to notify immediately any change in their address / bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at **MCS Limited**, 'Harmony', Plot No. 6, Sector-1, Khanda Colony, New Panvel (W), Raigadha - 410 206, in respect of their physical share folios, if any.

# J. K. INVESTO TRADE (INDIA) LIMITED

## ANNEXURE TO THE NOTICE

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

#### ITEM NO. 4

This item relates to the approval of the terms of re-appointment and remuneration of Shri R.K. Ganeriwala as Whole-time Director for a period of 3 years with effect from 24<sup>th</sup> April 2006. Particulars of his remuneration are as under:

- a) **BASIC SALARY** : Rs.1,10,750/- per month in the scale of Rs.1,10,000 – Rs. 1,60,000 with authority to the Board of Directors or Remuneration Committee of the Company to grant such increments within the said scale as it may determine from time to time.
- b) **PERQUISITES** : In addition to the salary, Shri R. K. Ganeriwala will be allowed perquisites as specified in categories A, B and C below:

#### CATEGORY "A"

- i) **Housing** The Whole-time Director shall be entitled to house rent allowance at 10% of basic salary, as per Company Rules.
- ii) **Medical Reimbursement** Expenses incurred for the Whole-time Director and his family, as per Company Rules.
- iii) **Leave Travel Allowance** For self and his family, once a year, incurred, as per Company Rules.

For the purposes of Category "A", "family" means his spouse, dependent children and dependent parents.

#### CATEGORY "B"

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.
- ii) Gratuity payable shall be calculated as per the provisions of The Payment of Gratuity Act, 1972
- iii) Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

#### CATEGORY "C"

Provision of cars for use on Company's business, telephones at residence and Mobile Phones will not be considered as perquisites. Personal long distance calls on telephones and use of cars for private purpose shall be billed by the Company.

Where in any financial year the Company has no profits or its profits are inadequate, the remuneration payable will be in accordance with the provisions of Section II of Part II of Schedule XIII to the Act, as may be amended from time to time.

The Remuneration Committee / Board of Directors of the Company has the discretion and authority to alter and vary the foregoing terms and conditions of appointment (including remuneration to be paid in the event of loss or inadequacy of profit in any financial year or otherwise) subject to the overall ceiling specified in Schedule XIII to the Act, or any amendment thereto or re-enactment thereof, in such manner as it may deem fit.

The terms and conditions of appointment and remuneration payable to Shri R. K. Ganeriwala as Whole-time Director should be treated as an abstract under section 302(1) of the Companies Act, 1956.

# J. K. INVESTO TRADE (INDIA) LIMITED

## I General Information :

### 1. Nature of Industry

The Company is an Investment Company registered with Reserve Bank of India as Non-Banking Financial Company.

### 2. Date or expected date of commencement of commercial production

The Company was incorporated on 29<sup>th</sup> April 1947. The Company was formerly a chemical manufacturing Company. After cessation of chemical manufacturing activities, the Company set-up a plant for manufacture of Latex contraceptives. The entire latex contraceptive business was transferred to a Joint Venture Company in 1996. Thereafter the Company's main business is investment in shares and securities.

### 3. Financial performance based on given indicators – as per published audited financial results.

Particulars	Rs. In lacs 31/03/06	Rs. in lacs 31/03/05
Sales and Other Operating Income	234.76	324.02
Other Income	2.96	28.04
<b>Total Income</b>	<b>237.72</b>	<b>352.06</b>
Total Expenditure		
(Increase) / Decrease in Stock-in-Trade	0.05	3.80
Staff Cost	30.38	23.24
Directors' Remuneration	22.81	23.71
Other Expenditure	28.34	27.89
Interest	3.30	3.90
Depreciation	2.48	2.39
Provision for diminution in value of Long-term Investments	70.00	-
<b>Profit / (Loss) Before Tax</b>	<b>80.36</b>	<b>267.13</b>
Provision for tax (including Deferred Tax)	2.28	3.36
Excess provision for taxation written back (net)	0.05	-
<b>Profit / (Loss) After Tax</b>	<b>78.13</b>	<b>263.77</b>

## II Information about the appointee

### 1. Background details

Shri R. K. Ganeriwala is a commerce graduate and a Member of the Institute of Chartered Accountants of India. He was initially appointed as a Whole-time Director of the Company on 24<sup>th</sup> April 2003. He has been effectively discharging his responsibilities. He has rich experience and was overall charge of the Company's operations from last 10 years.

Shri R.K. Ganeriwala is Director in Radha Krishna Films Limited, Polar Investments Limited, Peoples Investments Limited and Avani Agricultural Farms Pvt. Limited.

### 2. Past remuneration

Remuneration drawn by Shri R.K. Ganeriwala for the financial year 2005-06 is as follows:

Particulars	Amount in Rs.
Salary per annum	13,29,000
Perquisites (per annum) (House Rent Allowance, Leave Travel Allowance, Medical Allowance, etc.)	4,71,754

Note: Contribution to Provident Fund, Superannuation Fund and Gratuity Fund are excluded from the above remuneration.

# J. K. INVESTO TRADE (INDIA) LIMITED

## 3. Job profile and his suitability

Shri R. K. Ganeriwala joined Raymond Group in December 1978. Over the years, he became well versed and adept not only in matters concerning taxation, finance and investment management but also in the field of business management with special emphasis on finance. Considering his contribution, display of leadership and sense of commitment, he was entrusted with complete responsibility for management of the affairs of the Company. Looking at his overall experience and potential, he was appointed as Director – Finance of the company in 2002. In a short span of time he became a member of the core group of the senior management of the Raymond Group and over the years assumed organizational role much beyond his functional brief.

Shri R.K. Ganeriwala has been effectively discharging his responsibilities which are broadly to achieve strategic, operational and financial goals.

## 4. Remuneration proposed

Particulars	Amount in Rs.
Salary per annum	13,29,000
Perquisites (per annum) (House Rent Allowance, Leave Travel Allowance, Medical Allowance, etc.)	2,80,750

Note: Contribution to Provident Fund, Superannuation Fund and Gratuity Fund are excluded from the above remuneration.

## III Other Information :

### 1. Reasons of loss or inadequate profits

The dividend income during the year 2005-06 was substantially lower as compared to earlier years. The rental income of the company has increased nominally. Company has also made provision of substantial amount on account of diminution in value of long-term investments. In spite of these adverse factors the Company earned a net profit after tax of Rs.78.13 lacs.

### 2. Steps taken or proposed to be taken for improvement

The Company is on the look out for good investment opportunities. However, much depends on the external factors affecting the capital market.

### 3. Expected increase in productivity and profits in measurable terms

For an Investment Company it is not possible to indicate profits in measurable terms as very much depends on investment climate and economic conditions prevailing during the year.



# J. K. INVESTO TRADE (INDIA) LIMITED

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the 58<sup>th</sup> Annual Report, together with the audited statements of account of the Company for the year ended 31<sup>st</sup> March 2006.

## FINANCIAL RESULTS

	Year ended 31.3.2006 (Rs. in lacs)	Year ended 31.3.2005 (Rs. in lacs)
Income during the year	237.72	352.06
Depreciation	2.48	2.39
Interest	3.30	3.90
Provision for diminution in value of Long-term Investments	70.00	-
Provision for taxation	2.28	3.36
Profit after Tax	78.08	263.77
Excess provision for taxation written back	0.05	-
Profit available for appropriation	78.13	263.77
Profit brought forward	645.25	381.48
Transfer to Statutory Reserve under RBI Act.	143.28	-
Profit carried forward to Balance Sheet	580.10	645.25

## PERFORMANCE DURING THE YEAR

The dividend income during the year was Rs. 150.10 Lacs as compared to Rs. 235.60 lacs in the previous year. The rental income has increased nominally from Rs.77.78 lacs to Rs. 81.84 Lacs. During the year ended on 31<sup>st</sup> March 2006, Company has made provision of Rs. 70 Lacs on account of diminution in value of long-term investments and an amount of Rs.143.28 Lacs was transferred to Statutory Reserve Fund pursuant to section 45IC of the Reserve Bank of India Act, 1934.

## DIVIDEND

Due to decrease in Net Profit and large contingent liabilities, your Directors consider it prudent to conserve resources and, therefore, do not recommend dividend on equity shares.

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

During the year under review the turnover of J. K. Ansell Limited was Rs.5,386.73 Lacs (Previous year Rs. 4,548.00 Lacs). The profit after tax was Rs. 561.10 Lacs (Previous year Rs.434.81 Lacs).

## SUBSIDIARY

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts, along with the report of the Board of Directors and Auditor's Report thereon of the wholly owned subsidiary, J.K. Helene Curtis Limited, for the year ended on 31<sup>st</sup> March 2006 is annexed.

In accordance with Clause 49 (III) of the Listing Agreement Shri Nabankur Gupta – Independent Director of the Company has been nominated on the Board of wholly owned subsidiary, J.K. Helene Curtis Limited w.e.f 26<sup>th</sup> December 2005.

The turnover of our wholly owned subsidiary, J.K. Helene Curtis Limited was Rs.6,601.35 Lacs (Previous year 7,498.92 Lacs). The operating profit before exceptional items was Rs.182.88 Lacs (Previous year Rs.225.57 Lacs). During the year J.K. Helene Curtis Limited has made provision of Rs.200 lacs on account of diminution in value of long-term investments.

## CONSOLIDATED FINANCIAL STATEMENT

In accordance with Accounting Standard – 21 on 'Consolidated Financial Statement' and Accounting Standard – 27 on 'Financial Reporting of Interest in Joint Ventures', your Directors have pleasure in attaching the Consolidated Financial Statements, which form part of this Report and Accounts. These statements have been prepared on the basis of audited financial statements received from subsidiary and joint-venture company, as approved by their respective Boards.



# J. K. INVESTO TRADE (INDIA) LIMITED

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- (i) in preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures, if any;
- (ii) the directors had 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 or 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 Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had 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.

## PERSONNEL

## PUBLIC DEPOSIT

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

## DIRECTORS

Shri R.K. Ganeriwala, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for reappointment.

Term of three years of Shri R. K. Ganeriwala as Whole-time Director has expired on 23<sup>rd</sup> April 2006. Board of Directors recommends re-appointment of Shri R.K. Ganeriwala as Whole-time Director for a further term of three years w.e.f. 24<sup>th</sup> April 2006.

A brief resume of the Director retiring by rotation at the ensuing Annual General Meeting, nature of their expertise in specific functional areas, and names of the companies in which they hold the directorship and the membership / chairmanship of Committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the section on Corporate Governance elsewhere in the Annual Report.

## MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE REPORT

Management Discussion and Analysis and Corporate Governance Report pursuant to clause 49 of the Listing Agreement and Certificate from the Auditors of the Company are given elsewhere in the Annual Report.

## AUDITORS & AUDITOR'S REPORT

M/s Lodha & Company, Chartered Accountants, auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from M/s Lodha & Company, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

## ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from the shareholders, bankers, regulatory bodies and other business constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff during the year.

For and on behalf of the Board

Date : 2nd May, 2006  
Place : Mumbai.

**Dr. VIJAYPAT SINGHANIA**  
Chairman

# J. K. INVESTO TRADE (INDIA) LIMITED

## CORPORATE GOVERNANCE REPORT

### A} MANDATORY REQUIREMENTS

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

J. K. Investo Trade (India) Limited [JKIT] believes that sound corporate governance is critical to enhance and retain investor trust. Your company firmly believes that corporate governance is founded upon the core values of transparency, professionalism, empowerment, equity and accountability.

Your company makes best endeavors to uphold and nurture these core values in all facets of its operations and aims to increase and sustain its corporate value through growth and innovations.

Your company is fully committed to and continues to follow procedures and practices in conformity with the Code of Corporate Governance enshrined in the Listing Agreement.

#### 2. BOARD OF DIRECTORS

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry. The Board of the Company consists of five Directors; one Whole-time Director, two Non-executive Promoter Directors and two Non-executive Independent Directors in terms of Clause 49(I)(A) of the Listing Agreement.

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five committees across all companies in which they are Directors.

The Board of Directors of the company has laid down Code of Business Conduct and Ethics for all directors, members of the senior management and all officers.

The details of composition and categories of the Directors and also the number of other Board of Directors or Board Committees of which he is a member/Chairperson are as under:

Name of Director	Category of Directorship	No. of outside Directorships (*)	No. of outside Committee positions held	
			Chairman	Member@
Dr. Vijaypat Singhania, Chairman	Promoter, Non-Executive	6	Nil	Nil
Shri Gautam Hari Singhania	Promoter, Non-Executive	10	Nil	3
Shri Nabankur Gupta	Independent, Non-Executive	6	1	2
Shri P. R. Jain	Independent, Non-Executive	7	Nil	2
Shri R. K. Ganeriwala	Non-Promoter, Whole-time Director	3	Nil	Nil

(\*) - excludes Alternate Directorships, Directorships in Indian Private Limited Companies and Foreign Companies and membership of Managing Committees of various bodies.

@ - Members includes Chairman. Only memberships of Audit Committee and Shareholder's / Investors' Grievances Committee are considered.

### BOARD PROCEDURE

The Board meets atleast once in a quarter to review the quarterly performance and the financial results. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. The Board papers, comprising the agenda backed by comprehensive background information are circulated to the Directors in advance and in exceptional cases, the same is tabled at the Board Meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

The information as specified in Annexure I to the Clause 49 of the Listing Agreement entered into with the Stock Exchange, is regularly made available to the Board wherever applicable.