

# J. K. INVESTO TRADE (INDIA) LIMITED



***Fifty Ninth Annual Report & Accounts 2006-2007***

# 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 MUKESH DARWANI

## 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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Website : www.jkinvesto.com  
E-mail : jkitl@raymondindia.com

# J. K. INVESTO TRADE (INDIA) LIMITED

## NOTICE

**NOTICE** is hereby given that the 59<sup>th</sup> Annual General Meeting of J. K. INVESTO TRADE (INDIA) LIMITED will be held on Wednesday, 13<sup>th</sup> day of June, 2007 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 2007 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 declare dividend on Equity Shares.
3. To appoint a Director in place of Shri P. R. Jain, who retires by rotation and, being eligible, offers himself for re-appointment.
4. 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:

**Permission to delist the equity shares of the Company from the Bombay Stock Exchange Limited.**

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

"RESOLVED THAT, pursuant to a letter received from J. K. Investors (Bombay) Limited, one of the promoters of the company of its intention to seek voluntary delisting of the equity shares of the company by offering to acquire the equity shares held by persons other than the promoters of the company, in accordance with and subject to the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines-2003 and all subsequent amendments thereto (hereinafter referred to as 'Delisting Guidelines') and subject to the approvals, consents, certificates sanctions and permissions, if any, of appropriate authorities as may be necessary, consent of the members be and is hereby accorded to delist the equity shares of the Company from the Bombay Stock Exchange Limited, in accordance with and subject to the conditions specified in the said Delisting Guidelines."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all steps as may be necessary to give effect to the aforesaid resolution and to do all such acts, deeds, matters and things as may be deemed to be in the best interest of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or the Chairman or any other Director(s) or Officer(s) of the Company"

### 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

R.K. Ganeriwala  
Whole-time Director

Date : 25<sup>th</sup> April, 2007  
Place : Mumbai

# J. K. INVESTO TRADE (INDIA) LIMITED

## NOTES:

- i. A MEMBER 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 Explanatory Statement setting out the material facts containing Special Business in respect of Item No. 5 of accompanying Notice as required by Section 173 of the Companies Act, 1956, is annexed hereto.
- iii. The Register of Members and the Share Transfer Books shall remain closed from 7th June 2007 to 13th June 2007 (both days inclusive).
- iv. The dividend, as recommended by the Board, if sanctioned at the meeting, will be paid on or after 13th June 2007 to those members whose names appear on the Company's Register of Members on 13th June, 2007. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
- v. 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.
- vi. The Company has appointed Intime Spectrum Registry Ltd as the Registrar & Share Transfer Agent for transfer of shares, both in physical and electronic mode. Their address is as under :  
  
**Intime Spectrum Registry Ltd.**, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai-400 078  
  
The shareholders may send their transfer requests and other share related queries either to the Company at the registered office or **Intime Spectrum Registry Ltd.** at the above address.
- vii. Members are requested to notify immediately change in their address / bank mandate, if any, 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 **Intime Spectrum Registry Ltd.** C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078, in respect of their physical share folios.
- viii. Shri P. R. Jain, is graduate in Commerce and Law and also a member of the Institute of Chartered Accountants of India as well as the Institute of Company Secretaries of India. He has rich experience spread over more than three decades. Shri P. R. Jain was appointed as Director of of the Company in April 2003. Shri P. R. Jain is one of the Independent Directors on the Board of the Company and is member of Audit and Investment Committee of the Company.

Shri P. R. Jain is also on the board of Pashmina Holdings Limited, Tiger Travels and Tours Limited, Impex (India) Limited, Peoples Investments Limited, Radha Krishna Films Limited and J. K. Investors (Bombay) Limited.

# J. K. INVESTO TRADE (INDIA) LIMITED

## ANNEXURE TO THE NOTICE

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

#### ITEM NO. 5

#### Permission to delist the equity shares of the Company from the Bombay Stock Exchange Limited.

According to Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003, and subsequent amendments made, if any, thereto (hereinafter referred to as Delisting Guidelines), a Company may voluntarily delist from the Stock Exchange where its securities are listed, if such voluntary delisting is sought by the promoters of that Company in accordance with and subject to the conditions specified in the Delisting Guidelines. These Guidelines provide that, any promoter of the Company who desires to delist securities from Stock Exchange is required to provide an exit opportunity to the investors and determine an exit price for delisting of securities in accordance with the book building process described in Schedule II of the Delisting Guidelines and shall make in this regard a public announcement which shall contain all the information specified in Schedule I of the Delisting Guidelines.

The promoters of the Company hold at present 73.84% of the equity share capital of the Company as under :

S. No.	Name of the Promoter	No. of equity shares held	% of holding
1.	Raymond Limited and its nominees	34,89,878	47.66
2.	J.K. Investors (Bombay) Limited	19,13,150	26.13
3.	Dr. Vijaypat Singhania	3,600	0.05
		54,06,628	73.84

The Company has received a letter from J. K. Investors (Bombay) Limited of its intention to seek delisting of the equity shares of the Company by offering to acquire the public shareholding of 19,15,572 equity shares, i.e. the share holding of all persons other than promoters, in accordance with and subject to the conditions specified in the Delisting Guidelines.. Accordingly, the approval of the shareholders is sought to the proposed Special Resolution, after which J.K. Investors (Bombay) Limited, will proceed, at its discretion, to make an offer in accordance with the Delisting Guidelines.

The directors recommend this resolution for adoption.

None of the Directors except, Dr. Vijaypat Singhania, may be deemed to be interested in the said special resolution.

# J. K. INVESTO TRADE (INDIA) LIMITED

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting 59th Annual Report, together with the audited statements of account of the Company for the year ended 31st March 2007.

## FINANCIAL RESULTS

	Year ended 31.3.2007 (Rs. In lacs)	Year ended 31.3.2006 (Rs. In lacs)
Income during the year	381.79	237.72
Depreciation	1.38	2.48
Interest	2.70	3.30
Provision for taxation	12.24	2.28
Profit after Tax	296.04	78.08
Profit brought forward	580.10	645.25
Interim Dividend including tax paid	41.75	-
Provision for Final Dividend including tax	42.83	-
Transfer to Statutory Reserve Fund under RBI Act	59.25	143.28
Profit carried forward to Balance Sheet	732.31	580.10

## PERFORMANCE DURING THE YEAR

The dividend income during the year was Rs. 229.72 lacs as compared to Rs. 150.10 lacs in the previous year. The rental income has increased from Rs. 81.84 lacs to Rs. 129.35 lacs. An amount of Rs. 59.25 lacs was transferred to Statutory Reserve Fund pursuant to section 45IC of the Reserve Bank of India Act, 1934.

## DIVIDEND

Interim Dividend @ 5% on the equity shares of the Company was paid to the shareholders for the financial year 2006-07. Your Directors are pleased to recommend Final Dividend @ 5% on the equity shares of the Company.

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

During the year under review the turnover of J. K. Ansell Limited was Rs. 6503.42 lacs (Previous year Rs. 5386.73 lacs). The profit after tax was Rs. 579.60 lacs (Previous year Rs. 561.10 lacs).

## SUBSIDIARY

As required under Section 212 of the Companies Act, 1956, the audited statements of account, 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 31st March 2007 is annexed.

The turnover of our wholly owned subsidiary, J.K. Helene Curtis Limited was Rs. 7873.27 lacs (Previous year Rs. 6601.35 lacs). The profit after tax was Rs. 192.98 lacs (Previous year Rs. -101.34 lacs)

## ACCOUNTING STANDARDS

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

## CONSOLIDATED FINANCIAL STATEMENTS

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 have been followed along with proper explanation relating to material departures, 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 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 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.

## PERSONNEL

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

## PUBLIC DEPOSIT

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

## DIRECTORS

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

A brief resume of the Directors 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 Exchange, 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 & AUDITORS' 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 : 25th April, 2007

Place : Mumbai

DR. VIJAYPAT SINGHANIA  
Chairman



# J. K. INVESTO TRADE (INDIA) LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

During the year under review both the national economy and the capital market were on the up swing. The sensex crossed record mark of 14K points. The GDP growth is estimated at over 9% during the financial year. The Union Budget 2007 has given positive boost to capital market.

### BUSINESS REVIEW

The investment portfolio of the Company is structured in a manner to realise the highest post tax returns on investments: During the year the income of the Company by way of dividend (tax free income) was Rs. 229.72 lacs as compared to Rs. 150.10 lacs in previous year. The rental income has increased from Rs. 81.84 lacs to Rs. 129.35 lacs.

An amount of Rs.59.25 lacs was transferred to Statutory Reserve Fund pursuant to section 451C of the Reserve Bank of India Act, 1934.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The operations of Non-Banking Financial Companies (NBFC) are being regulated and supervised by Reserve Bank of India in terms of powers conferred under Chapter III-B of Reserve Bank of India Act, 1934. The regulatory and supervisory framework for NBFCs have been continuously strengthened in order to ensure strong and healthy functioning, limiting the excessive risk taking practices and protecting the interest of the deposit holders. The Reserve Bank of India also intends towards moving to a phase of non-acceptance of public deposits by NBFCs over the years.

### OPPORTUNITIES AND CHALLENGES

GDP growth forecast is 8 – 9% over the next few years, which will provide lucrative opportunities to the Indian economy. The financial service industry is one of the main drivers of growth and this augurs well for the future.

The NBFC sector continues to face competitive pressures from the banking sector and financial institutions, due to their increased penetration in the consumer financing market, with comparatively low cost of funds at their disposal. The spreads in the lending business have also narrowed considerably, bringing risk-adjusted margins to generally unviable levels.

JKIT's strong financial position, reflected by its low debt:equity ratio and adoption of prudent business strategies, have enabled it to consistently post satisfactory performance despite these difficult conditions.

### RISK AND CONCERNS

JKIT is exposed to specific risks that are particular to its businesses and the environment within which it operates, including interest rate volatility, economic cycle, market risk and credit risk. JKIT manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

A system of internal controls is practiced by JKIT to ensure that all its assets are safeguarded and protected against loss from unauthorised use or disposition of assets and that the transactions are authorised, recorded and reported correctly.

Regular internal audits and checks ensure that responsibilities are executed effectively. Report of Internal auditors is submitted to Audit Committee for review. The Audit Committee also reviews the adequacy of internal control system.

### HUMAN RESOURCES DEVELOPMENT

JKIT has a team of able and experienced persons and takes outside professional advice from time to time. The number of employees as on 31st March 2007 stood at 17.

### CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include changes in Government regulations, tax regimes, economic developments within India and abroad and other incidental factors.



# 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 in adopting the best practices in the area of Corporate Governance and follows the principles of full transparency and accountability, thereby protecting the interests of all its stakeholders.

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.

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. Vijayapat Singhania, Chairman	Promoter, Non-Executive	6	Nil	Nil
Shri Gautam Hari Singhania	Promoter, Non-Executive	8	Nil	1
Shri Nabankur Gupta	Independent, Non-Executive	7	Nil	Nil
Shri P. R. Jain	Independent, Non-Executive	6	Nil	1
Shri R. K. Ganeriwala	Non-Promoter, Whole-time Director	3	Nil	Nil

(\*) - excludes Alternate Directorships, Directorships in Indian Private Limited Companies, Section 25 Companies, Foreign Companies and membership of Managing Committees of various bodies.

@ - Only memberships of Audit Committee and Shareholders' / Investors' Grievances Committee are considered.

#### BOARD PROCEDURE

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

# J. K. INVESTO TRADE (INDIA) LIMITED

## ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING

The Board of the Company met four times during the financial year on the following dates

2nd May 2006, 20th July 2006, 31st October 2006 and 19th January 2007

The attendance of Directors at the Board meetings and the last Annual General Meeting held on 20<sup>th</sup> June 2006 were as under:

Name of the Director	Board Meetings attended	Annual General Meeting attended
Dr. Vijaypat Singhania	4	Yes
Shri Gautam Hari Singhania	4	No
Shri Nabankur Gupta	4	Yes
Shri P. R. Jain	4	Yes
Shri R. K. Ganeriwala	4	Yes

## INFORMATION ON DIRECTORS APPOINTMENT / RE-APPOINTMENT

Brief resume of Director seeking re-appointed at the ensuing Annual General Meeting, nature of his expertise in specific functional areas and names of the companies in which he holds directorship (excluding directorship held in Private Limited, Section 25 and Foreign Companies) and the membership of committees of the Board is furnished hereunder:

### Shri P. R. Jain

Shri P. R. Jain, is graduate in Commerce and Law and also a member of the Institute of Chartered Accountants of India as well as the Institute of Company Secretaries of India. He has rich experience spread over more than three decades. Shri P. R. Jain was appointed as Director of the Company in April 2003. Shri P. R. Jain is one of the Independent Directors on the Board of the Company and is member of Audit and Investment Committee of the Company.

Shri P. R. Jain is also on the board of Pashmina Holdings Limited, Tiger Travels and Tours Limited, Impex (India) Limited, Peoples Investments Limited, Radha Krishna Films Limited and J. K. Investors (Bombay) Limited.

## 3. BOARD COMMITTEES

### A. AUDIT COMMITTEE

#### BROAD TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are in accordance with Clause 49(II) of the Listing Agreement, Section 292A of the Companies Act, 1956 and also Para 11 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and inter-alia includes:

- Reviewing the Company's financial reporting process and disclosure of financial information.
- Recommending the appointment and removal of statutory auditors, fixation of audit and other fees.
- Reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements concerning financial statements.
- Reviewing the adequacy of internal control systems and internal audit function, ensuring compliance of internal control systems.
- Reviewing the reports furnished by the internal auditors and statutory auditors and ensure suitable