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ZODIAC - JRD - MKJ LIMITED**

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**EIGHTEENTH ANNUAL REPORT
2004 - 2005**



ZODIAC - JRD - MKJ LTD.

BOARD OF DIRECTORS

1. Mr. Jayantilal Jhaveri (Chairman)
2. Mr. Jayesh Jhaveri (Managing Director)
3. Mr. Devang Jhaveri
4. Mr. Rameshchandra Jhaveri
5. Mr. Rajnikant Jhaveri
6. Mr. Rajnikant Chokshi
7. Mr. Jindat Kalidas Mehta (Appointed on 24-03-2005)

AUDITORS

M/s. Arun Ganatra & Co.
Chartered Accountants

BANKERS

ABN - AMRO BANK N.V.
BANK OF INDIA

REGISTRARS & TRANSFER AGENT

INTIME SPECTRUM REGISTRY LTD.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.
Tel. : 5555 5367

REGISTERED OFFICE

910, Parekh Market, 39 J.S.S. Road,
Opera House, Mumbai - 400 004.

FACTORY

VARDHAMAN INDUSTRIAL PREMISES CO-OP. SOCIETY LTD.
Gala No. 202-206
S.V. Road, Dahisar (E)
Mumbai - 400 068.


ZODIAC - JRD - MKJ LTD.

NOTICE IS HEREBY GIVEN THAT THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF ZODIAC – JRD – MKJ LIMITED WILL BE HELD ON SATURDAY, 24th SEPTEMBER, 2005 AT 11.00 A.M. AT THACKERS CATERERS, BIRLA KENDRA RESTAURANT, CHOWPATTY, MUMBAI - 400 007 TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Rajnikant A. Jhaveri who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rameshchandra A. Jhaveri who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint M/s. Arun Ganatra & Co., Chartered Accountant as a Auditor to hold office from the conclusion of this Annual General Meeting until the conclusion the next Annual General Meeting and authorize Board of Directors to fix their remuneration.

Special Business

3. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :

“RESOLVED THAT pursuant to Section 198, 269 read with Schedule XIII, 309, 310 and 314 or any other applicable provision of the Companies Act, 1956 & subject to approval of members, Jayesh Jayantilal Jhaveri be and is hereby reappointed as a Managing Director with effect from 26th September 2004 for a period of 3 years on such terms and conditions set out in the agreement dated : 26th September 2004 entered into between the Company and Jayesh Jayantilal Jhaveri a copy of which, initialed by the Chairman of the Board for the purpose of identification, is palced before the meeting.”

To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :

“RESOLVED THAT pursuant to Section 198, 269 read with Schedule XIII, 309, 310 and 314 or any other applicable provision of the Companies Act, 1956 & subject to approval of members, Devang Rajnikant Jhaveri be and is hereby reappointed as a Whole-Time Director with effect from 26th September 2004 for a period of 3 years on such terms and conditions set out in the agreement dated : 26th September 2004 entered into between the Company and Devang Rajnikant Jhaveri a copy of which, initialed by the Chairman of the Board for the purpose of identification, is palced before the meeting.”

8. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :

“RESOLVED THAT Mr. Jindat K. Mehta Who was appointed an additional Director of the Company by the Board of Directors of the Company and who ceases to hold office under section 260 of the company Act, 1956 & in respect of whom the Company has received a notice in withins proposins his candidature for the office of a Director, be and is hereby appointed a director of the company liable to retirement by rotation.

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

A proxy form duly completed and stamped, must reach the registered office of the company not less than 48 hours before the time for holding the aforesaid meeting.

- 2) The relevant Explanatory Statement pursuant to the Section 173 (2) of the Companies Act, 1956, is annexed hereto.
- 3) The register of members and the share transfer books of the company will remain closed from 17th September, 2005 to 24th September, 2005 (both days inclusive) in connection with the Annual General Meeting.
- 4) Members are requested to bring their copy of Annual Report to the Annual General Meeting.


ZODIAC - JRD - MKJ LTD.

- 5) Members holding shares in identical orders of names in more than one folio are requested to write to the Company's below mentioned Registrar & Transfer Agent and send their share certificate to enable consolidation of their holding into one folio.
- (i) Name : Rameshchandra A. Jhaveri
(ii) Age : 65 Years
(iii) Qualification : Inter Arts
(iv) Expertise : Management and Technical
Mr. Rameshchandra Jhaveri is Director in 3 other companies.
- 6) Members seeking any information on the Accounts are requested to write to the company, which should reach the company at least one week before the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.
- (i) Name : Jindat K Mehta
(ii) Age : 42 Years
(iii) Qualification : B.com. C.A.
(iv) Expertise : Administrative
Mr. Jindat K. Mehta is Director in 4 others companies.
- 7) Pursuant to the Provisions of Section 205C of the Companies Act, 1956 unpaid dividend and Share Application Money unclaimed for a period of more than seven years have been transferred to the Investor Education Protection Fund during the year. Please check whether you have encashed Dividend Warrants for earlier years. If dividend Warrants are lost or have become time barred, please apply to company or its Registrars & Share Transfer Agents for duplicate / revalidated Dividend warrant.
- 10) Members holding shares in electronics form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividends warrant as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change / deletion in such bank details. Further instructions if any already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants.

| <u>DIVIDEND FOR YEAR ENDED</u> | <u>AMOUNT (RS.)</u> | <u>DUE DATE</u> |
|--------------------------------|---------------------|-----------------|
| 31 ST MARCH, 1998 | 30,278=00 | 10-09-2005 |
| 31 ST MARCH, 1999 | 38,419=00 | 27-09-2006 |
| 31 ST MARCH, 2000 | 40,608=00 | 29-09-2007 |
| 31 ST MARCH, 2001 | 52,830=00 | 26-09-2008 |
| 31 ST MARCH, 2002 | 57,821=50 | 27-09-2009 |
| 31 ST MARCH, 2003 | 57,405=50 | 29-09-2010 |
| 31 ST MARCH, 2004 | 97,254=50 | 27-09-2011 |

- 8) Member are requested to inform the Company any change in their addresses immediately so as to enable the Company to dispatch dividend warrants and any further communication at their correct address to Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (W), Mumbai-400 078.
- 11) The Company has appointed M/s. Intime Spectrum Registry Ltd. as their Registrar for Transfer work and dematerialisation of Shares. The members are requested to send all their correspondence to Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078.
- 9) As per Listing Agreement, Particulars of directors who are proposed to be appointed and re-appointed is furnished below :
- 12) Your Company is under Compulsory Demat list by SEBI AND Stock Exchange from August, 2000.

By Order of the Board of Directors
For ZODIAC-JRD-MKJ LIMITED

JAYANTILAL JHAVERI
CHAIRMAN

- (i) Name : Rajnikant A. Jhaveri
(ii) Age : 62 Years
(iii) Qualification : Inter Commerce
(iv) Expertise : Management and Technical
Mr. Rajnikant Jhaveri is Director in 3 other companies and member in Audit Committee.

Registered Office :
910, Parekh Market,
39, J.S.S. Road,
Mumbai - 400 004.

Date : 24th August, 2005
Place : Mumbai



EXPLANATORY STATEMENT

PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956

ITEM NO. 6

As per the recommendation of the Remuneration Committee, Jayesh Jayantilal Jhaveri was appointed as Managing Director of the Company w.e.f. 26th September, 2004 at the meeting of the Board of Directors held on 30th October, 2004 for a period of Three years, up on the terms and conditions set out in the agreement dated 26th September, 2004 entered into between the Company with Jayesh Jayantilal Jhaveri (hereinafter referred to as the 'Agreement')

The remuneration is recommended as fair and complies with terms and conditions specified in Part I and Section II (A) of Part II of Schedule XIII to the Companies Act, 1956.

An abstract of the terms of the appointment giving details of the remuneration payable and perquisite to be provided to Jayesh Jayantilal Jhaveri are set out below

1. PERIOD OF APPOINTMENT

The appointment is for a period of 3 years with effect from 26th September, 2004 to 25th September, 2007.

2. REMUNERATION

Mr. Jayesh Jayantilal Jhaveri will receive a remuneration of Rs. 9,000 p.m. (including perquisite effective from 26th September, 2004 as a Managing Director of the Company and the Board of Directors has power to increase the remuneration with consultation with remuneration committee from time to time.

He is also eligible to the following perquisite which shall not be include in the computation of the ceiling limit of remuneration.

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are

not taxable under the Income Tax Act, 1961

- b) Gratuity payable at a rate not exceeding half months salary for each completed year of service and

- c) Encashment of leave at the end of tenure

MINIMUM REMUNERATION

Notwithstanding anything contrary herein contained, where in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified in Section II (A) of Part II of Schedule XIII to the Companies Act, 1956 as may be amended from time to time.

Your Directors recommend the resolution set out in the Item No. 6 of the Notice convening the meeting.

The draft agreement to be entered into between Jayesh Jayantilal Jhaveri and the Company is available for inspection by the members of the Company at its registered office from 11.00 a.m. to 6.00 p.m.

None of the Directors of the Company of the Company is concerned or interested in the resolution

This may be treated as abstract of the terms of appointment of Jayesh Jayantilal Jhaveri in terms of Section 302 of the Act

ITEM NO. 7

As per the recommendation of the Remuneration Committee, Devang Rajnikant Jhaveri was appointed as Whole Time Director of the Company w.e.f. 26th September, 2004 at the meeting of the Board of Directors held on 30th October, 2004 for a period of Three years, up on the terms and conditions set out in the agreement dated 26th September, 2004 entered into between the Company with Jayesh Jayantilal Jhaveri (hereinafter referred to as the 'Agreement')

The remuneration is recommended as fair and complies with terms and conditions specified in Part I and Section II (A) of Part II of Schedule XIII to the Companies Act, 1956



An abstract of the terms of the appointment giving details of the remuneration payable and perquisite to be provided to Devang Rajnikant Jhaveri are set out below

1. PERIOD OF APPOINTMENT

The appointment is for a period of 3 years with effect from 26th September, 2004 to 25th September, 2007.

2. REMUNERATION

Mr. Devang Rajnikant Jhaveri will receive a remuneration of Rs. 7,000 p.m. (including perquisite effective from 26th September, 2004 as a Managing Director of the Company and the Board of Directors has power to increase the remuneration with consultation with remuneration committee from time to time.

He is also eligible to the following perquisite which shall not be include in the computation of the ceiling limit of remuneration.

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961
- b) Gratuity payable at a rate not exceeding half months salary for each completed year of service and
- c) Encashment of leave at the end of tenure

MINIMUM REMUNERATION

Notwithstanding anything contrary herein contained, where in any financial year, during The currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified in Section II (A) of Part II of Schedule XIII to the Companies Act, 1956 as may be amended from time to time.

Your Directors recommend the resolution set out in the Item No. 7 of the Notice convening the meeting.

The draft agreement to be entered into between Devang Rajnikant Jhaveri and the Company is available for inspection by the members of the Company at its registered office from 11.00 a.m. to 6.00 p.m.

None of the Directors of the Company of the Company is concerned or interested in the resolution

This may be treated as abstract of the terms of appointment of Devang Rajnikant Jhaveri in terms of Section 302 of the Act

By Order of the Board of Directors

Chairman

Registered Office :
910, Parekh Market,
39, J.S.S. Road,
Mumbai – 400 004.

Date : 24th August, 2005
Place : Mumbai



Directors' Report
To
The Members,
ZODIAC-JRD-MKJ- LIMITED

The Directors have pleasure in presenting the Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31st March, 2005.

(1) FINANCIAL RESULTS :

The highlights of the Financial Results are:

| | Year ended 31-03-2005 | Year Ended 31-03-2004 |
|--|--------------------------|--------------------------|
| | (Rs. In Lakhs) | (Rs. In Lakhs) |
| Total Income | 1523.97 | 1284.20 |
| Net Profit before Depreciation And Interest | 193.78 | 175.85 |
| Less : Depreciation | 7.48 | 8.48 |
| Interest | 0.00 | 0.00 |
| Profit before Tax | <u>186.30</u> | <u>167.37</u> |
| Add : Deferred Tax | (0.45) | (0.46) |
| Less : Current Tax | <u>52.09</u> | <u>19.58</u> |
| Profit after Tax | <u>134.65</u> | <u>148.25</u> |
| Balance Profit brought forward | <u>3405.34</u> | <u>3279.99</u> |
| Amt. Available for Appropriation | 3539.99 | 3428.24 |
| Less : Appropriation | | |
| Proposed dividend | 20.26 | 20.26 |
| Tax on Distributed Profit | <u>2.65</u> | <u>2.65</u> |
| Balance carried forward | <u>3517.08</u> | <u>3405.34</u> |
| To Balance Sheet | | |

2. DIVIDEND :

The Directors are pleased to recommend a dividend @ 5% i.e. Rs. 0.50 per share for the year ended 31st March, 2005.

3. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Rajnikant Jhaveri and Mr. Rameshchandra Jhaveri Directors

of the Company retire by rotation, and are eligible for reappointment.

Mr. Jindat K Mehta is appointed as additional director of the company in the board meeting held on 24-03-2005. Mr. Jindat K Mehta hold office of director up to the date of ensuing AGM. The Company has received notice from the members pursuant to section 257 the Companies Act, 1956 of their intention to move resolution at the ensuing AGM for the appointment of Mr. Jindat K. Mehta a director of the company

4. FIXED DEPOSIT :

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

5. AUDITORS :

The Auditors M/s. Arun Ganatra & Co., Chartered Accountants, retire at the Annual General Meeting and they being eligible offer themselves for re-appointment.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company does not have any activities related to conservation of Energy and Technology absorption. During the year foreign exchange outgo was Rs. 1.50 Lacs and the foreign exchange earned during the year was Rs. 1460.07 Lacs. The Net foreign exchange earned by the Company during the financial year is Rs. 1458.57 Lacs.

7. PARTICULARS OF EMPLOYEE :

Pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975 as amended, the Company has no persons in its employment drawing salary in excess of Rs. 24,00,000 per annum or Rs. 2,00,000 per month.

**8. DEPOSITORY :**

The company has entered into an agreement with National Securities Depository Limited (NSDL) as well Central Depository Services (India) Limited (CDSL) facilitating the equity shareholders of the Company to hold their equity holding in Company in dematerialised form. The Company also offers simultaneous dematerialisation of the physical shares lodged for transfer.

9. DIRECTORS' RESPONSIBILITY STATEMENT :

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm :

- i) That in preparation of the Annual Accounts for the year ended 31st March, 2005, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii) That the directors had selected such accounting policies and applied consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2005 and the profit of the Company for the year under review ;
- iii) That proper and sufficient care has been taken 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) That the annual accounts for the year ended 31st March, 2005 have been prepared on a 'Going Concern Basis.'

10. DISCLOSURE UNDER SECTION 274 (1) (g) :

None of the Directors of the Company are disqualified for being appointed as Directors as specified Under Section 274 (1) (g) of the Companies Act, 1956 amended by the Companies (Amendment) Act, 2000.

11. CORPORATE GOVERNANCE :

A separate detailed Corporate Governance report is attached herewith.

12. ACKNOWLEDGEMENTS :

Your Board takes this opportunity of thanking the shareholders, Banking, Auditors, Registrars, Business Associates and all Employees of the Company for their co-operation received during the year under review.

For and on behalf of the Board of Directors
ZODIAC-JRD-MKJ LIMITED

Date : 24th August, 2005

MR. JAYANTILAL JHAVERI

Place : MUMBAI

(CHAIRMAN)

Registered Office :

910, Parekh Market

39, J.S.S. Road,

Mumbai - 400 004.



CORPORATE GOVERNANCE REPORT

PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is concerned with creation of long term value of shareholders while also balancing interest of other stakeholders viz. Employees, Creditors, Government and the society at large. Corporate governance is crucial as it build confidence and trust, which eventually leads to a more stable and sustained resources, flows and long term partnership with its investors and other stakeholders.

The Corporate Governance framework will encourage efficient use of resources and ensuring accountability for these resources. Its importance lays in the contribution to the overall growth and direction of the business, management accountability and transparency and above all , equitable treatment for its stakeholders.

In sum, Corporate Governance reinforces the concept of "Your company" and emphasis that the Chairman and Board of Directors are your fiduciaries and trustees, engaged in pushing the business forward and maximizing value for the shareholders.

CORPORATE GOVERNANCE

Your Company believes in adopting practices and protecting rights and interest of stakeholders. We further believe that the shareholders have the right to know complete information on the Board of Directors and the management, their interest in the organization as well as governance practice to be followed by them.

The report on corporate governance is dividend into five parts :

- I. Board of directors
- II. Remuneration of Directors
- III. Committees of the Board
- IV. Shareholder Information
- V. Other Disclosures

I. BOARD OF DIRECTORS

A. The details of the Board of directors of the Company are given below :

| Name of Director | Designation | Other Directorship |
|---------------------------|-------------------|--------------------|
| Mr. Jayantilal Jhaveri | Chairman | 3 |
| Mr. Jayesh Jhaveri | Managing Director | 3 |
| Mr. Devang Jhaveri | Director | 3 |
| Mr. Rameshchandra Jhaveri | Director | 3 |
| Mr. Rajnikant Jhaveri | Director | 3 |
| Mr. Rajnikant Chokshi | Director | - |
| Mr. Jindat K Mehta | Director | 4 |

As required by the Companies Act, 1956 & clause 49 of the listing agreement, none of the director hold directorship in more than 15 public companies, membership of board committees (audit / remuneration / investors grievance committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

B. RESPONSIBILITIES

The Board of Directors' responsibilities include review of :

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment and exposure limits
- Business risk analysis and control
- Senior executive appointment
- Compliance with statutory / regulatory requirements and review of major legal issues
- Adoption of quarterly results / annual results
- Transaction pertaining to purchase and disposal of property , major provisions and write offs.