

Jaipan®



Jaipan Industries Limited

36th Annual Report

2001-2002

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BOARD OF DIRECTORS

MR. JAI NARAIN AGARWAL
Chairman & Managing Director

MR. ATIN J. AGARWAL
Director

MR. SHIRISH GOTECHA
Director

AUDITORS

ASHOK K. LOHIYA & ASSOCIATES
Chartered Accountants

BANKERS

BANK OF BARODA
Goregaon (E) Br., Mumbai

SHARE TRANSFER AGENTS

Intime Spectrum Registry Private Limited,
260 A, Shanti Industrial Estate,
S.N. Road, Mulund (W),
Mumbai - 400 080.

REGISTERED OFFICE

4/3, Sonal Apartments,
Sonawala Cross Road No.1,
Goregaon (E),
Mumbai - 400 063.

Jaipan Industries Limited

NOTICE

Notice is hereby given that the 36th Annual General Meeting of the members of Jaipan Industries Limited will be held on 30th September, 2002, Monday at 1.30 p.m. at 17, Cama Industrial Estate, Walbhatt Road, Goregaon (E), Mumbai - 400 063 to transact the following business :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002, Profit and Loss Account for the year ended 31st March, 2002 and reports of the Directors and Auditors thereon.
- 2) To appoint Director in place of Mr. Atin J. Agarwal, who retires by rotation and being eligible, offers himself of re-appointment.
- 3) To appoint auditors to hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of directors to fix their remuneration.

SPECIAL BUSINESS :

- 4) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Arjun Singh Mehrotra, who was appointed an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retirement by rotation."

- 5) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Ashwini O. Sharma, who was appointed an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of 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/ herself and the proxy need not be the 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 relative explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956, relating to the business under item no. 4 and 5 annexed hereto.
- 3) Members/Proxies should bring the attendance slip sent herewith, duly, filled in, for attending the meeting. You are requested to bring the copy of Annual Report sent to you.
- 4) Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's share department enclosing their share certificate, to enable the Company to consolidate holding in one folio.

- 5) Members desiring any information on the accounts are requested to write to the Company, which should reach the Company atleast a week before the meeting so as to enable the Management to keep the information ready replies will be provided at the meeting .
- 6) The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd September, 2002 to 30th September, 2002 (both days inclusive)
- 7) Members are requested to notify the Company, the changes, if any, in the address in full with the postal area pin code number quoting their folio numbers.

By Order of the Board
For JAIPAN INDUSTRIES LTD.

J. N. AGARWAL
Chairman

Place : Mumbai

Dated : 29th August, 2002.

Registered Office :

4/3, Sonal Apartment, Sonawala Cross Road No.1,
Goregaon (E), Mumbai 400 063.

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

ITEM NO. 4

Mr. Arjun Singh Mehrotra was appointed as an Additional Director of the Company by the Board of Directors on 25th March, 2002. Though he ceases to hold office at the Annual General Meeting but is eligible for appointment u/s 257 of the Companies Act, 1956. The Company has received notice in writing along with deposit of Rs. 500/- from each notice from some of its members signifying their intimation to propose the candidature of Mr. Arjun Singh Mehrotra to the office of director. Your board recommends his election.

No other director may be deemed to be interested in the subject matter.

ITEM NO. 5

Mr. Ashwini O. Sharma was appointed as an Additional Director of the Company by the Board of Directors on 25th March, 2002. Though he ceases to hold office at the Annual General Meeting but is eligible for appointment u/s 257 of the Companies Act, 1956. The Company has received notice in writing along with deposit of Rs. 500/- from each notice from some of its members signifying their intimation to propose the candidature of Mr. Ashwini O. Sharma to the office of director. Your board recommends his election.

No other director may be deemed to be interested in the subject matter.

By Order of the Board
For JAIPAN INDUSTRIES LTD.

J. N. AGARWAL
Chairman

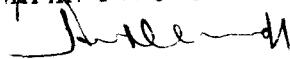
Place : Mumbai

Dated : 29th August, 2002.

Registered Office :

4/3, Sonal Apartment, Sonawala Cross Road No.1,
Goregaon (E), Mumbai 400 063.

For JAIPAN INDUSTRIES LTD.


Arjun Singh Mehrotra, Director.

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DIRECTORS' REPORT

To,
The Members of
JAIPAN INDUSTRIES LIMITED

Your Directors have pleasure in presenting the 36th Annual Report together with the Statements of Audited Accounts of the Company for the year ended 31st March, 2002.

1. FINANCIAL RESULTS :

	<u>31-03-2002</u>	<u>31-03-2001</u>
	(Rs. In '000')	
Sales & Other Income	130131	127703
Net Profit for the year	3572	3008
Less : Provision for taxation	445	600
Less : Short Provision for Income Tax	—	—
Add : Credit balace of earlier year	27540	25132
Total	30667	27540
Less : Bonus issued	8888	—
Profit carried to Balance Sheet	21779	27540

2. DIVIDEND

Your Board of Directors does not recommend any dividend for the financial year ended 31st March, 2002.

3. REVIEW OF OPERATIONS

Your Company has added new models of Mixer Grinders, 9 in 1 Attachment for Food Processor and Water Geysers. During the year under review, the Company multiplied its sales to Rs. 1296 lakhs as against Rs. 1266 lakhs in 2000 – 2001.

4. FIXED DEPOSITS

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

5. AUDITORS

M/s. Ashok K. Lohiya & Associates, Chartered Accountant, the Auditors of the Company hold their office until the conclusion of the ensuing Annual General Meeting of the Company and your Directors recommended their re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956.

6. DIRECTORS

Mr. Atin J. Agarwal, Director of the Company retires by rotation, and being eligible, offers himself for re-appointment.

Mr. Ashwini O. Sharma and Mr. Arjun Singh Mehrotra were appointed as an Additional Directors in the Board Meeting held on 25th March, 2002. They hold office upto the date of this Annual General Meeting and in respect of them, the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from shareholder proposing their candidature for the office of Director of the Company at the forthcoming Annual General Meeting.

None of the Directors are disqualified as per Section 274 (1)(g) of the Companies Act, 1956.

7. SALE OF NON-STICK DIVISION OF THE COMPANY

The Company has sold its Non-stick Division and this will neither affect the financial position nor it will hamper the future growth of the Company.

8. DIRECTORS RESPONSIBILITY STATEMENT

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

- i) that in the preparation of the Annual Accounts for the year ended 31st March, 2002, 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 a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2002 and the profits 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, 2002, have been prepared on a 'going concern' basis.

9. PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is not given, as there no employees employed during the year or part thereof as required under Section 217(2A).

Jaipan Industries Limited

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

Information in accordance with the provisions of Section 217 (1) (e) of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in the annexure and forms part of this part.

11. CORPORATE GOVERNANCE

As per the provisions of listing agreement entered with Stock Exchanges, your Company comes within the preview of compulsory compliance of Corporate Governance with effect from the financial year 2002-2003.

However, the Company has voluntarily implemented the different aspects of good Corporate Governance. The detailed report on the same, for the year under review, is being provided in the separate section on Corporate Governance.

As per the Companies Act, 1956, Company has formed an Audit Committee. Members of the Audit Committee are as follows:

Chairman : Shirish Gotecha

Members : Ashwini O. Sharma and Arjun Singh Mehrotra

12. ACKNOWLEDGEMENTS

The Directors sincerely appreciate the enthusiasm and hard work displayed by all employees during the year. Your Directors also acknowledge their appreciation of the continued assistance and support given by the esteemed customers, suppliers, bankers and various departments of central and state governments.

For and on behalf of the Board of Directors

J. N. AGARWAL
Chairman

Place : Mumbai

Dated : 29th August, 2002

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956, FOR THE YEAR ENDED 31ST MARCH, 2002.

I. CONSERVATION OF ENERGY

The Company has been strictly observing and monitoring the power consumption and had been taken adequate measure for saving of energy.

A. Power and Fuel Consumption

<u>Particulars</u>	<u>2001-02</u>	<u>2000-01</u>
Units Purchased (KWH in Lakhs)	9.39	4.29
Total Amount (Rs. in Lakhs)	51.64	23.61
Average Rate per unit (Rs./Unit)	5.5	5.5

B. Consumption per unit of production

<u>Particulars</u>	<u>2001-02</u>	<u>2000-01</u>
	<u>Per Unit</u>	<u>Per Unit</u>
Electricity (KWH)	1.15	0.61

II. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

A. Research and Development [R & D]

- a) R & D on a continued basis is being carried out to improve the existing products and to develop new ranges / derivatives and accordingly satisfying the customer needs.

- b) Expenditure on R & D : Rs. 148500/-

B. Technology absorption

The Company has not imported or brought any technology during the period under review.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

<u>Particulars</u>	<u>2001-02</u>	<u>2000-01</u>
	<u>In Lakhs</u>	<u>In Lakhs</u>

The Company had earned Foreign Exchange as under on (C&F Basis):

1) On its Direct Exports	215.94	140.98
2) On its Exports as Supporting Manufacturer	Nil	Nil

The Foreign Exchange outgoing is as under

1) Travelling	Nil	Nil
2) Bank Charges	0.33	0.30
3) Imports of Raw Materials	Nil	1.89

For and on behalf of the Board of Directors

J. N. AGARWAL
Chairman & Managing Director

Place : Mumbai

Dated : 29th August, 2002

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REPORT ON CORPORATE 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 resource flows and long-term partnership with its investors and other stakeholders.

The Corporate Governance Framework will thus encourage efficient use of resources and ensuring accountability for these resources. Its importance lays in the contribution it makes 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 emphasize that the Chairman and Board of Directors are your fiduciaries and trustees, engaged in pushing the business forward and maximizing value for you, the shareholders.

CORPORATE GOVERNANCE AT JAIPAN

Your company believes in adopting the best corporate governance 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 followed by them.

The report on corporate governance is divided 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

The Board consist of five (5) members comprising two (2) executive directors and three (3) non-executive directors. The Chairman of the Board is an executive director and one-third of the Board comprises of independent directors.

A. The constitution of the Board as on 31st March, 2002

Director	Brief Resume	Total Number of Committee Membership held (excluding in private companies)	Total No. of Committee Chairmanship held (excluding in private companies)	Number of outside directorships held (excluding alternate directorships and directorships in private companies)
Non-Executive				
Shirish Gotecha	B. Com	None	None	None
Ashwini O. Sharma	B. A.	None	None	None
Arjun Singh Mehrotra	B. Com	None	None	None
Executive				
Atin J. Agarwal	B. Com	None	None	None
J. N. Agarwal	B. Com	None	None	None

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
- Senior executive appointment
- Compliance with statutory / regulatory requirements and review of major legal issues
- Adoption of quarterly results/ annual results
- Transaction pertaining to purchase disposal of property, major provisions and write offs.

Jaipan Industries Limited**C. Board Meetings**

The meetings of the Board of Directors are scheduled well in advance and the folder containing the agenda for the meeting with detailed review of all aspects of the Company business is circulated to all the directors. The Board folder contains notes on performance of the Company to date, employee relations, details of investments, capital expenditure etc. 18 Board Meetings were held during the period 1st April, 2001 to 31st March, 2002. They were held on 30th April, 2001, 16th July, 01, 30th July, 01, 31st July, 01, 14th August, 01, 16th August, 01, 31st August, 01, 1st October, 01, 15th October, 01, 31st October, 01, 30th November, 01, 10th December, 01, 12th January, 02, 31st January, 02, 15th February, 02, 15th March, 02 and 25th March, 02. The attendance record of all directors is as under:

Director	No. of Board Meetings attended	Attendance at last AGM
J. N. Agarwal	18	Yes
Atin J. Agarwal	18	Yes
Shirish Gotecha	18	Yes
Ashwini O. Sharma	1	—
Arjun Singh Mehrotra	1	—

II. REMUNERATION OF DIRECTORS

The primary role of the Remuneration Committee is to determine and recommend to the Board the compensation payable to the directors. The committee also formulates appraisal systems and reviews performance of the directors.

During the year ended 31st March, 2002, the Remuneration Committee met once on 29th March, 2002.

A. Remuneration as per accounts for the year ended 31st March, 2002

Director	Commission	Sitting Fees Rs.
Shirish Gotecha	—	—
Ashwini O. Sharma	—	—
Arjun Singh Mehrotra	—	—

B. Remuneration paid to Executive Director

Remuneration of Executive Director is fixed by the Board and approved by the appropriate authorities.

Remuneration to Executive Directors for the year 2001-2002

Director	Position	Salary	Performance based commission	Total	Service Contract
J. N. Agarwal	Managing Director	3,00,000	—	3,00,000	5 years
Atin J. Agarwal	Executive Director	1,80,000	—	1,80,000	5 years

III. COMMITTEES OF THE BOARD**A. Audit Committee**

Chairman : Shirish Gotecha

Members : Ashwini O. Sharma and Arjun Singh Mehrotra

The Audit Committee was constituted on 25th March, 2002. The Audit Committee reviews financial reporting systems, internal control systems and procedures and ensures compliance with the regulatory guidelines. The committee shall also monitor the Annual audit plan and recommends appointment and fixes remuneration of external auditors. In 2002, the Audit Committee met on 29th March, 2002. The attendance during the year is as under.

Members	Meetings
Ashwini O. Sharma	1
Arjun Singh Mehrotra	1
Shirish Gotecha	1

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B. Shareholders/Investors Grievance Committee

Chairman : Ashwini O. Sharma

Members : Atin J. Agarwal and Arjun Singh Mehrotra

The Committee was constituted on 25th March, 2002 to specifically look into the redress of shareholder and investor complaints like transfer of shares, non-receipts of dividends, non-receipts of Annual Report etc.

In 2002, the Shareholders/Investors Grievance Committee met once on 29th March, 2002. The attendance during the year is as under

Members	Meetings attended
Atin J. Agarwal	1
Arjun Singh Mehrotra	1
Ashwini O. Sharma	1

There were no complaints received from the shareholders as on meeting held on 29th March, 2002.

C. Remuneration Committee

Chairman : Arjun Singh Mehrotra

Members : Shirish Gotecha, Ashwini O. Sharma

Constituted on 25th March, 2002, the Remuneration Committee reviews and approves the annual salaries, performance commission, service agreements and other employment conditions for executive directors. During year ended 31st March, 2002, the Remuneration Committee met once on 29th March, 2002.

Members	Meeting attended
Shirish Gotecha	1
Ashwini O. Sharma	1
Arjun Singh Mehrotra	1

Remuneration Policy

The Managing / Executive Directors are paid remuneration as per the Agreements entered between them and the Company. These Agreements are placed for approval before the board and such other authorities as may be necessary. The remuneration structure of the Managing / Executive Directors comprises of salary, performance linked commission, perquisites and allowances. The non-executive directors do not draw any remuneration from the Company except commission. The details of remuneration to directors is furnished in paragraph II above.

IV. SHAREHOLDER INFORMATION

1. Annual General Meeting

Date and Time : 30th September, 2002

Venue : 17, Cama Industrial Estate, Walbhatt Road, Goregoan (East), Mumbai - 400 063.

2. Book Closure Date : 23rd September, 2002 to 30th September, 2002 (both days inclusive).

3. Financial Calendar :

The Company's Financial Year is based on four quarters consisting three months per quarter.

Period	Board Meeting to approve quarterly Financial Results
Quarter ending 30 th June, 2002	30 th July, 2002
Quarter ending 30 th September, 2002	31 st October, 2002
Quarter ending 31 st December, 2002	31 st January, 2003
Quarter ending 31 st March, 2003	30 th April, 2003