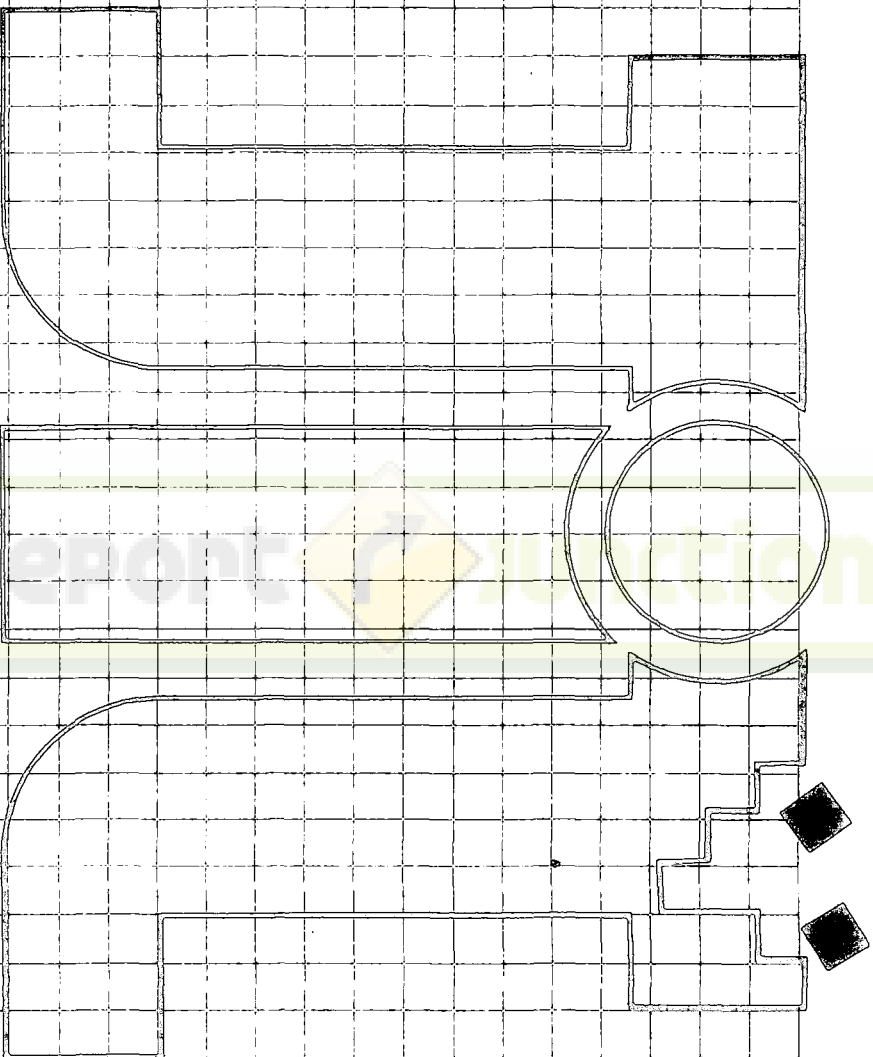


ANNUAL REPORT 1997-98



JIT
JAGATJIT INDUSTRIES LIMITED

Directors

L.P. JAISWAL

Chairman

DR. BHAI MOHAN SINGH

Vice Chairman

J. JAISWAL

Joint Managing Director

R.K. TANDON

ANAND JAISWAL

K.S. BHANDARI

K.S. JAISWAL

VIJAY KAPOOR

Deputy Managing Director

NARENDER SAPRA

ANIL GIROTRA

Auditors

PRICE WATERHOUSE

CHARTERED ACCOUNTANTS

NEW DELHI

Bankers

CANARA BANK

PUNJAB NATIONAL BANK

UNION BANK OF INDIA

ANZ GRINDLAYS BANK p.l.c.

STANDARD CHARTERED BANK

HONGKONG BANK

AMERICAN EXPRESS BANK LTD.

DEUTSCHE BANK

ABN AMRO BANK

Registered Office

JAGATJIT NAGAR-144 802

KAPURTHALA (Pb)

Head Office

PLOT NO. 78

INSTITUTIONAL AREA

SECTOR 18

GURGAON - 122 001

HARYANA

Factories

JAGATJIT NAGAR-144 802

KAPURTHALA

PUNJAB

SITE NO. IV, PLOT NO. 17

SAHIBABAD INDUSTRIAL AREA

SAHIBABAD-201 010

U.P.

C-50, PHASE II

NOIDA-201 301

U.P.

C-35, SECTOR 57

PHASE III

NOIDA-201 301

U.P.

PLOT NO. 4A-1/1 & 1/2

SIKANDRABAD INDUSTRIAL AREA

SIKANDRABAD-203 205

U.P.

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Diamond Holdings Limited**Everyday Holdings Limited****Welcome Holdings Limited****Binnies Holdings Limited****JIL Holdings Limited**



JAGATJIT INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the *Fiftythird* Annual General Meeting of JAGATJIT INDUSTRIES LIMITED will be held on Friday, the 25th September, 1998 at 11.00 A.M. at the Registered Office of the Company at Jagatjit Nagar, Distt. Kapurthala, Punjab to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts and Reports of the Directors and Auditors of the Company for the year ended 31st March, 1998.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. R.K. Tandon, who retires by rotation, is eligible and offers himself for re-appointment.
4. To appoint a Director in place of Mr. K.S. Bhandari, who retires by rotation, is eligible and offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration from the conclusion of this Meeting until the conclusion of the next Annual General Meeting. Messrs Price Waterhouse, Chartered Accountants, the retiring Auditors, are eligible and offer themselves for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT

- i) Subject to the approval of the Central Government, Mr. L.P. Jaiswal (Ordinary Director), be and is hereby reappointed as the Resident Representative of the Company in U.K. for a period of five years w.e.f. 5th July, 1998 and that he may be paid Pound Stg. 5000 per month towards salary and also allowed the use of part of the office accommodation as his residence and company car and reimbursement of membership of and subscription paid to any hospital and/or doctors' schemes and/or schemes of an Insurance company and all hospital and medical expenses incurred for self and family.
- ii) The terms and conditions of the said reappointment during the said period of five years may be revised from time to time as approved by the Reserve Bank of India and the Central Government.
- iii) The Board of Directors be and is hereby authorised to accept any amendments to the aforesaid terms and conditions in accordance with the approval of the Central Government and acceptable to Mr. L.P. Jaiswal.

- iv) The approval of the Company is hereby accorded, subject to the approval of the Central Government, to such other conditions or modifications as may be imposed by it, to the reappointment of Mr. L.P. Jaiswal, who is the relative of Mr. J. Jaiswal, Joint Managing Director, Mr. K.S. Jaiswal and Mr. A.P. Jaiswal, Directors holding or continuing to hold the office of profit in the Company, as Resident Representative, on the terms and conditions as mentioned in the aforesaid resolution."

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

"RESOLVED THAT Mr. Anil Girotra, who was appointed as an Additional Director on 9th October, 1997 by the Board of Directors and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company."

"RESOLVED FURTHER THAT approval of the Company be and is hereby accorded to the fixing/revision of remuneration from time to time of Mr. Anil Girotra, as a Director of the Company for such period and on such terms and conditions and with such powers and authorities, as the Board may, in the exercise of its discretion, consider appropriate, provided however, that the terms of such remuneration shall not exceed those set out in Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time."

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

"RESOLVED THAT pursuant to Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be required under any other Laws, the consent of the Company be and is hereby accorded to transfer the business of any one or more of the Company's various divisions, their sub divisions to the wholly owned subsidiary company/ies as going concern(s) at their respective book value(s) and take necessary action for their expansion, on such terms and conditions, as the Board of Directors of the Company may deem fit."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, to give effect to this resolution."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate such powers to a Committee of the Directors or to individual Director(s), as it may deem necessary, to give effect to this resolution."


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

"RESOLVED THAT subject to requisite approvals, if any, under the Foreign Exchange Regulations Act, 1973, other applicable laws and regulations, and the Articles of Association of the Company, approval of the Company be and is hereby accorded to the Board of Directors to permit Non-Residents of Indian nationality/origin (NRIs), Overseas Corporate Bodies (OCBs) and Foreign Institutional Investors (FIIs) to acquire Equity Shares of the Company subject to the respective limits, if any, specified for each of them by the Government of India and/or Reserve Bank of India from time to time, provided however, that the aggregate shareholding of all these NRIs, OCBs and FIIs shall not at any time exceed 30 percent of the paid-up Equity Share Capital of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and execute all such documents, deeds and writings as may be required or considered expedient for the purpose."

10th August, 1998
Registered Office:
Jagatjit Nagar 144 802
Distt. Kapurthala (Punjab)

BY ORDER OF THE BOARD


(Vijay Kapoor)
Deputy Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IS ENCLOSED.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the resolutions set out under Item Nos. 6 to 9 above is annexed.
3. Members are requested to intimate to the Company changes, if any, in their Registered Addresses alongwith Pin Code Numbers.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 1998 to 25th September, 1998 (both days inclusive).
5. The dividend, as recommended by the Board, if sanctioned at the Meeting, shall be paid to those members whose names appear on the Register of Members of the Company on 25th September, 1998, or to their mandatees.
6. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
7. The practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued as a measure of economy. Members are, therefore, requested to bring their copies of the Annual Report to the Meeting.
8. The Members may please note that no gift of any kind will be distributed at the Meeting.
9. The Members are advised to inform the particulars of their Bank Accounts to be incorporated in the dividend warrants for safe transactions.

EXPLANATORY STATEMENT**Pursuant to Section 173(2) of the Companies Act, 1956****Item No. 6**

Mr. L.P. Jaiswal was appointed as the Resident Representative of the Company in U.K. for a period of five years with effect from 5th July, 1993 at a monthly remuneration of Pound Stg. 4000 and perquisites.

Mr. L.P. Jaiswal is the founder member of the Company and is associated with the Company since its incorporation and has rendered peerless services in the progress of the Company. During his previous tenure as the Resident Representative, he has contributed immensely in the progress of your Company. In view of his rich and vast experience, maturity and long association with the Company, the Directors feel that it is in the interest of the Company that he should continue to perform the functions of the Resident Representative for a further period of five years at increased remuneration of Pound Stg. 5000 and existing perquisites to compensate for the increased cost of living. It is therefore proposed to re-appoint him as the Resident Representative for a further period of five years on the terms and conditions as stated in the aforesaid resolution.

The Board commends the resolution for approval.

None of the Directors except Mr. L.P. Jaiswal, Mr. J. Jaiswal, Mr. K.S. Jaiswal and Mr. A.P. Jaiswal, being relatives, is interested in this resolution.

Item No. 7

Mr. Anil Girotra was appointed as an Additional Director of the Company on 9th October, 1997. This appointment was made by the Board of Directors, under Article 109 of the Articles of Association of the Company. He holds office upto the date of this Annual General Meeting. The Company has received a notice, in writing, under Section 257 of the Companies Act, 1956 from a member proposing the name of Mr. Anil Girotra as a candidate for the office of Director of the Company. Mr. Anil Girotra is well qualified and has around fifteen years of experience in the related field. The terms and conditions of his appointment will be fixed by the Board, from time to time, in the exercise of its discretion as may be considered appropriate. The remuneration now being paid to Mr. Anil Girotra, or as may be paid to him after refixation by the Board shall be in accordance with Schedule XIII of the Companies Act, 1956.

The Board commends the resolution for approval.

None of the Directors except Mr. Anil Girotra is interested in this resolution.

Item No. 8

The Company has become a conglomerate of various units with multifarious manufacturing and marketing activities comprising of Alcoholic Beverages, Malt, Malt Extract, Malted Milk Foods, Dairy Products (Milk Powder & Ghee), Snack Foods, Glass Containers, Plastic Containers and Properties. These units on their own are of considerable size and have potential for growth. In order to expand the business, it is proposed to make divisions, their sub divisions separate wholly owned subsidiary/ies of the Company. The transfers can be effected at the book values of the divisions and their sub divisions. The subsidiary/ies can then be further expanded.

The Board commends the resolution for approval.

None of the Directors is interested in this resolution.

Item No. 9

The limit for investment by Non-Resident Indians of Indian Nationality/origin (NRIs), Overseas Corporate Bodies (OCBs) and Foreign Institutional Investors (FIIs) of 24% of the paid-up Equity Share Capital of a company has been raised to 30% by the Government subject to approval by General Body by a Special Resolution.

In view of continuing interest of NRIs/OCBs/FIIs in the shares of the Company, it is proposed to increase the ceilings of shareholdings by NRIs, OCBs and FIIs upto an aggregate limit of 30% of the paid-up Equity Share Capital of the Company.

The Board commends the resolution for approval.

None of the Directors is interested in this resolution.





JAGATJIT INDUSTRIES LIMITED

JAGATJIT NAGAR, DISTT. KAPURTHALA (PUNJAB)

PROXY FORM

I/We
 of
 being a member/members of JAGATJIT INDUSTRIES LIMITED hereby
 appoint Mr./Ms.
 of
 or failing him/her Mr./Ms.
 of
 as my/our proxy to vote for me/us on my/our behalf at the 53rd Annual General Meeting of the Company to be held at 11.00 A.M. on the 25th day of September, 1998, and at any adjournment thereof.

Affix a
Revenue
Stamp

Signed this day of 1998 Signature

Note: The proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting at which the person named in the proxy proposes to vote.



JAGATJIT INDUSTRIES LIMITED

JAGATJIT NAGAR, DISTT. KAPURTHALA (PUNJAB)

ATTENDANCE SLIP

Particulars to be completed by Member

Name of Member

(IN BLOCK LETTERS)

Member's Account Number

No. of Shares held

Name of Proxy, if attending for Member

(IN BLOCK LETTERS)

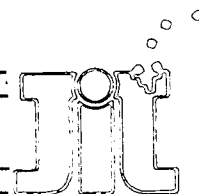
I hereby record my presence at the 53rd ANNUAL GENERAL MEETING held in Jagatjit Nagar, District Kapurthala at 11.00 A.M. on the 25th day of September, 1998.

(To be signed and handed over at the Reception).

.....
(Signature of Member/Proxy)



Directors' Report



**JAGATJIT
INDUSTRIES
LIMITED**



L.P. JAISWAL
Chairman

To the Shareholders

The Directors have pleasure in presenting their Report and Statement of Accounts for the financial year ended 31st March, 1998.

FINANCIAL RESULTS

	1997-98	(Rs. '000) 1996-97
Profit for the year after charging all expenses excluding financing charges and depreciation	517,272	476,709
Deduct: Financing Charges	132,580	113,473
Depreciation	106,886	68,963
Profit for the year before taxation	277,806	294,273
Provision for taxation	55,700	84,500
	<u>222,106</u>	<u>209,773</u>

APPROPRIATIONS

Debenture Redemption Reserve	3,400	3,600
Dividend Interim	74,163	69,605
Dividend Final proposed	74,163	69,605
Tax at 10% on dividend	14,833	6,960
General Reserve	22,500	21,000
Balance carried to Balance Sheet	33,047	39,003
	<u>222,106</u>	<u>209,773</u>

SALES & PROFIT

During the year under report, the sales of the Company were Rs. 37931.91 lacs as compared to Rs. 32382.49 lacs during 1996-97 an increase of 17%. The profit before depreciation is Rs. 3846.92 lacs as compared to Rs. 3632.36 lacs in the year 1996-97 an increase of 6%. The profit after tax is higher at Rs. 2221.06 lacs as compared to Rs. 2097.73 lacs during 1996-97 an increase of 6%.

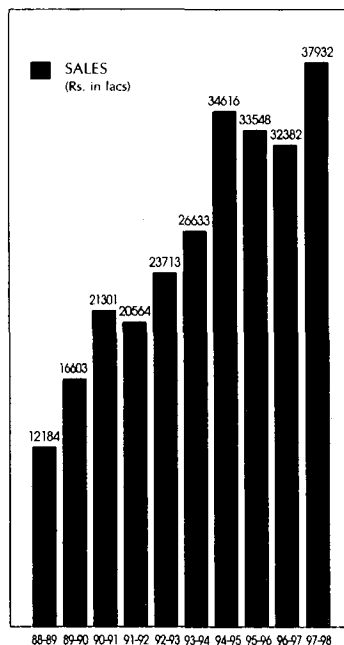
DIVIDEND

An interim dividend of 15% on equity shares for the period ended 31st March, 1998 was declared on 25th February, 1998 and was paid accordingly. Your Directors now recommend payment of final dividend of 15% on equity shares.

PROSPECTS FOR THE CURRENT YEAR

The prospects for the financial year 1998-99 appear encouraging. Haryana

Directors' Report



which had introduced prohibition in the year 1996-97 has reversed its policy on prohibition and the response is very encouraging. We expect over 30% growth in our Liquor business during the current year against 22% growth in the previous year.

A separate Property Division has already been formed to lease and develop the various properties of the Company, and substantial income is expected from these.

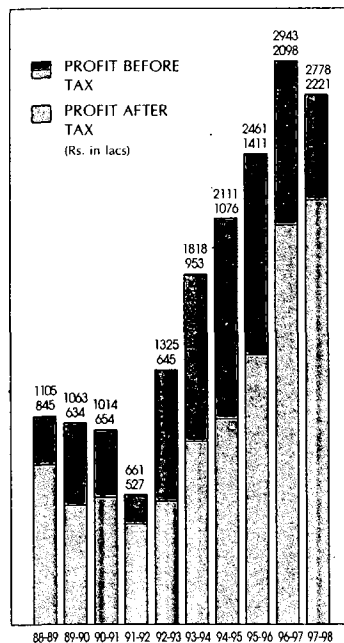
DEBENTURES

The total amount of Non-Convertible Debentures outstanding as on 31st March, 1998 was Rs. 500 lacs (1997 Rs. 500 lacs). The balance outstanding as on date is Rs. Nil as these have been redeemed in full in June, 1998. It is certified that the funds raised through these Debentures have been utilised for the purposes for which these were raised.

DIRECTORS

Mr. R.K. Tandon and Mr. K.S. Bhandari, retire by rotation, are eligible and offer themselves for re-appointment.

Mr. Anil Girotra was appointed as an Additional Director of the Company on 9th October, 1997. He holds office upto the date of the ensuing Annual General Meeting and is eligible for re-appointment. Notice under Section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose the name of



Mr. Anil Girotra as a Director of the Company.

SUBSIDIARIES

The Directors' Reports and Audited Accounts of L.P. Investments Limited, Milkfood Limited, Binnies Estates Limited, Diamond Holdings Limited, Everyday Holdings Limited, Welcome Holdings Limited, Binnies Holdings Limited and JIL Holdings Limited, subsidiaries of the Company, for the year ended 31st March, 1998 alongwith the information specified under Section 212 of the Companies Act, 1956, are annexed.

FIXED DEPOSITS

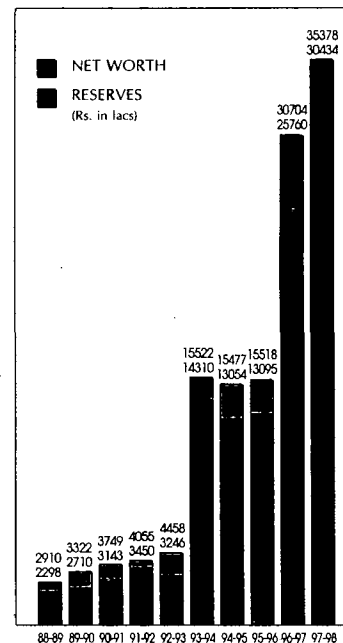
On 31.3.1998, 404 persons whose Fixed Deposits/Loans with the Company amounting to Rs. 41.99 lacs had become due for payment during the year, did not claim or renew their Deposits/Loans. Out of these, Fixed Deposits/Loans of 124 persons amounting to Rs. 16.08 lacs have since been renewed/paid.

AUDITORS

Messrs Price Waterhouse, Chartered Accountants, Auditors of the Company, retire and, being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2-A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, form part of this report. However, as per the provisions of



Section 219 (1)(b)(iv), the Report and Accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy of the said statement may write to the Secretary at the Registered Office of the Company.

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

As required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed.

GENERAL

The Notes forming part of the Accounts being self-explanatory, the comments made by the Auditors in their Report, are not being dealt with separately.

The Directors place on record their appreciation for the services rendered by the employees of the Company.

For and on behalf of the Board

(L.P. JAISWAL)
Chairman

July 29, 1998