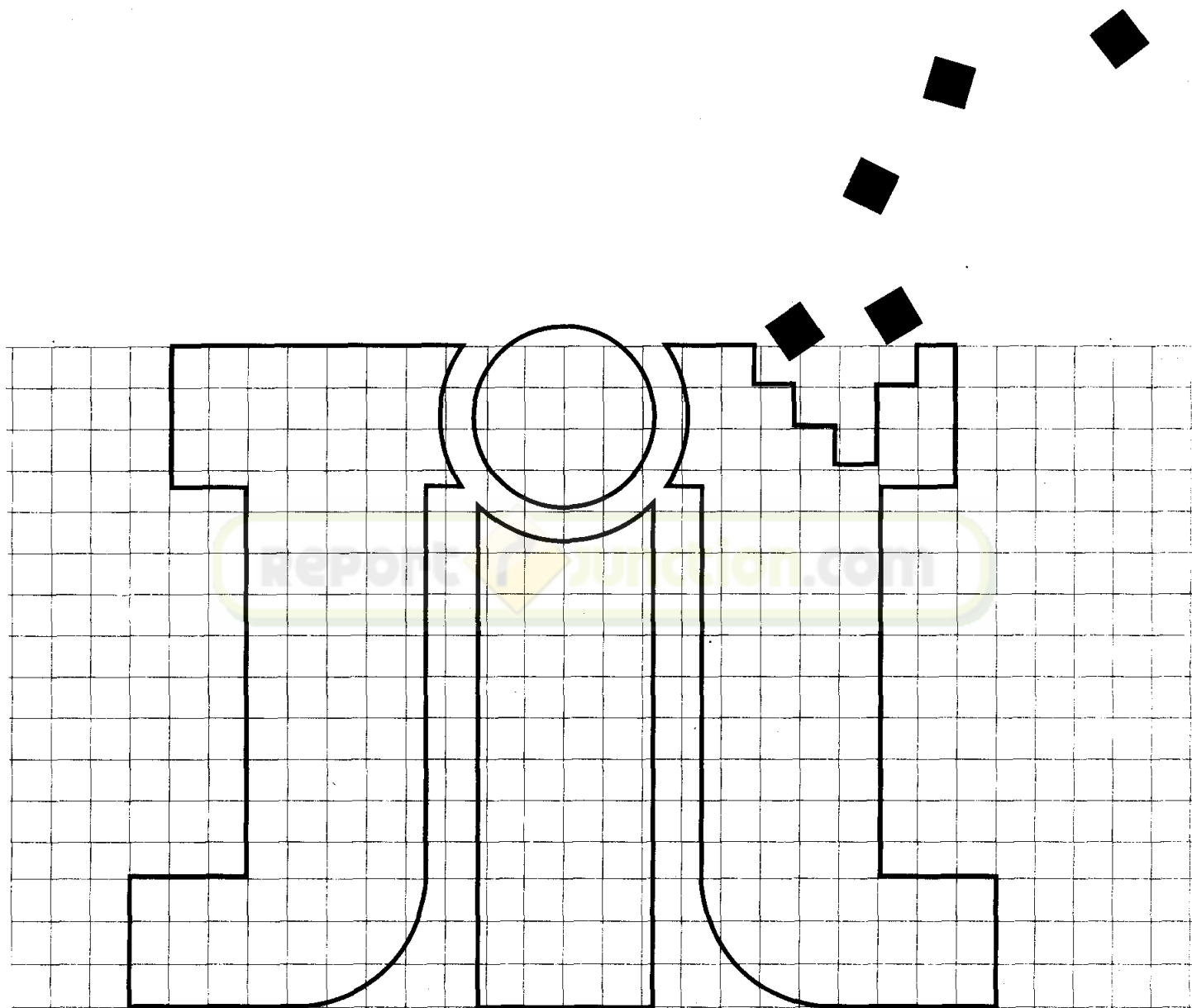


ANNUAL
REPORT
1998-99



Directors

L.P. JAISWAL
Chairman

DR. BHAI MOHAN SINGH
Vice Chairman

J. JAISWAL
Joint Managing Director

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.
HONGKONG BANK
AMERICAN EXPRESS BANK LTD.
DEUTSCHE BANK
ABN AMRO BANK
THE BANK OF NOVA SCOTIA

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.

PLOT NO. SP 1-3, SOTANALA
RIICO INDUSTRIAL AREA
BEHROR, DISTT. ALWAR-301701
RAJASTHAN

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Milkfood Limited

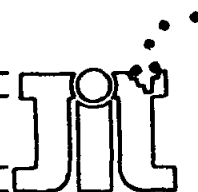
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Directors' Report



**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, 1999.

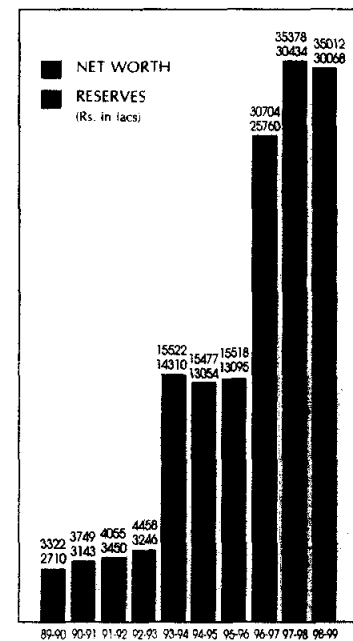
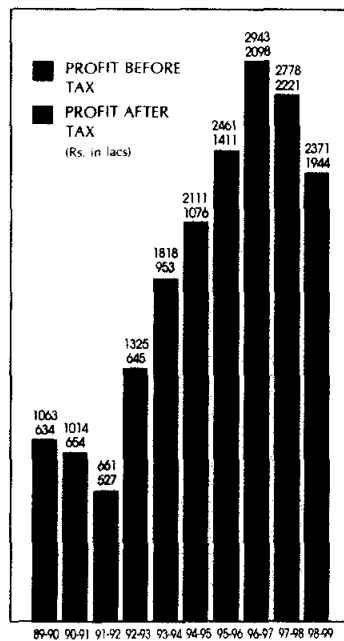
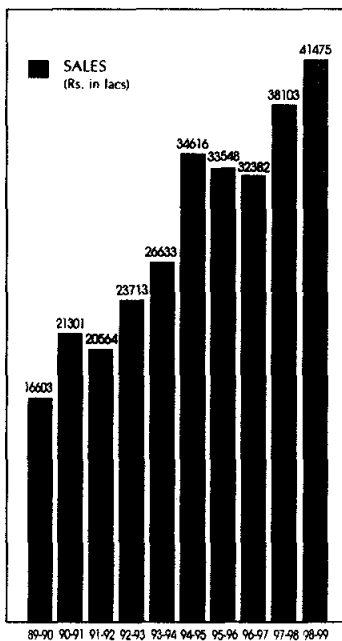
FINANCIAL RESULTS		(Rs. '000)	
	1998-99	1997-98	
Profit for the year after charging all expenses excluding financing charges and depreciation	472,278	517,272	
Deduct: Financing Charges	128,018	132,580	
Depreciation	107,188	106,886	
Profit for the year before taxation	237,072	277,806	
Provision for taxation	62,000	55,700	
	175,072	222,106	
Add: Excess provision for Income Tax for earlier years written back	19,306	—	
	194,378	222,106	
APPROPRIATIONS			
Debenture Redemption Reserve	—	3,400	
Dividend Interim	—	74,163	
Dividend Final proposed	148,327	74,163	
Corporate Tax on proposed Dividend	16,316	14,833	
General Reserve	22,500	22,500	
Balance carried to Balance Sheet	7,235	33,047	
	194,378	222,106	

SALES & PROFIT

During the year under report, the sales of the Company were Rs. 41,475.16 lacs and profit before

taxation Rs. 2,370.72 lacs as compared to Rs. 38,103.12 lacs and Rs. 2,778.06 lacs respectively during the previous year. ■

Directors' Report



DIVIDEND

Your Directors recommend payment of 30% dividend on equity shares of Rs. 10 each.

DIRECTORS

Mr. A.P. Jaiswal and Mr. Narender Sapra, retire by rotation, are eligible and offer themselves for re-appointment.

Mr. R.K. Tandon expired during the year under report. The Directors place on record their appreciation for the services rendered by Mr. R.K. Tandon during the tenure of his Directorship.

SUBSIDIARIES

The Directors' Reports and Audited Accounts of L.P. Investments Limited, Milkfood Limited and Binnies Estates Limited for the year ended 31st March, 1999 alongwith the information specified under Section 212 of the Companies Act, 1956, are annexed. Diamond Holdings Limited, Everyday Holdings Limited, Welcome Holdings Limited, Binnies Holdings Limited and JIL Holdings Limited ceased to be the Subsidiaries during the year.

FIXED DEPOSITS

On 31.3.1999, 396 persons whose Fixed Deposits/Loans with the Company amounting to Rs. 48.90 lacs had become due for payment

during the year, did not claim or renew their Deposits/Loans. Out of these, Fixed Deposits/Loans of 138 persons amounting to Rs. 18.08 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, forms 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.

INFORMATION UNDER THE LISTING AGREEMENTS WITH STOCK EXCHANGES

(a) The Company has planned and taken appropriate and effective steps to ensure that all systems are Y2K compliant by October, 1999. The estimated cost for addressing the Y2K issue would be around Rs. 60 lacs.

(b) The shares of your Company are listed at the Ludhiana, Delhi, Mumbai and Calcutta Stock Exchanges and the listing fees for the financial year 1999-2000 have been paid.

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 30, 1999



JAGATJIT INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the *Fiftyfourth* Annual General Meeting of JAGATJIT INDUSTRIES LIMITED will be held on Wednesday, the 29th September, 1999 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, 1999.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. A.P. Jaiswal, who retires by rotation, is eligible and offers himself for re-appointment.
4. To appoint a Director in place of Mr. Narender Sapra, 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 in partial modification of the previous Special Resolution passed by the Shareholders in the Extraordinary General Meeting held on 3rd December, 1997, and subject to the provisions of Sections 198, 269, 309, 311, 314 and Schedule XIII to the Act, and other applicable provisions, if any, of the Companies Act, 1956 and other laws prevailing for the time being in force, the basic salary of Mr. Vijay Kapoor, Deputy Managing Director be increased to Rs. 81000 (Rs. Eighty-one Thousand only) per month, w.e.f. 1st April, 1998 other terms remaining the same."

BY ORDER OF THE BOARD
for JAGATJIT INDUSTRIES LIMITED

26th August, 1999

Registered Office:

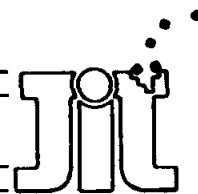
Jagatjit Nagar 144 802

Distt. Kapurthala (Punjab)


(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 No. 6 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 27th September, 1999 to 29th September, 1999 (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 29th September, 1999, 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 documents referred to in the proposed resolution are available for inspection at the Registered Office of the Company during working hours between 9.30 A.M. to 1.00 P.M. except on holidays.
10. The Members are advised to inform the particulars of their Bank Accounts to be incorporated in the dividend warrants for safe transactions.



**JAGATJIT
INDUSTRIES
LIMITED**

ANNEXURE TO THE DIRECTORS' REPORT 1998-99

Information under Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1999.

A. CONSERVATION OF ENERGY

(a) Energy Conservation Measures Taken

The Company lays great emphasis on the conservation of energy and to give impetus to this objective, pollution control devices have been installed with generation of Bio Gas which is used as an alternate source of fuel for energy generation. Steam turbines have been installed for self generation of power thereby saving the cost of energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

The Company is continuously investing on the waste heat recovery system and other energy saving devices at appropriate units.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

With implementation of the above measures, energy consumption may reduce to a certain extent resulting in a marginal reduction of cost of production.

(d) Total energy consumption per prescribed Form A together with Comparative Figures for 1997-98 is as under (in respect of Dairy, Food Processing and Glass Units).

FORM A

CONSERVATION OF ENERGY

(A) Power & Fuel Consumption

	1998-99	1997-98
1. Electricity		
(a) Purchases		
Units (KWH)	13,936,800	16,581,570
Total amount (Rs.)	63,569,893	66,606,081
Rate/Unit (Rs.)	4.56	4.02
(b) Own Generation		
(i) Through Diesel generator Units (KWH)	1,593,356	829,260
Units per litre of diesel oil (KWH)	3.26	2.95
Cost/Unit (Rs.)	2.80	2.89
(ii) Through Steam turbine/generator		
Units (KWH)	4,066,820	4,670,430
Units per kg. of steam (KWH)	0.74	0.74
Cost/Unit (Rs.)	0.32	0.32
2. Coal		
Quantity (Tonnes)	258	2,230
Total Cost (Rs.)	545,603	4,076,946
Average Cost (Rs.)	2,114.74	1,828.23
3. Furnace Oil		
Quantity (Tonnes)	603	301
Total amount (Rs.)	3,861,312	2,031,684
Average Rate (Rs.)	6,404	6,750
4. Natural Gas		
Quantity (Cubic Meters)	14,050,362	15,076,180
Total Cost (Rs.)	59,958,912	55,390,732
Rate/Cubic Meter (Rs.)	4.20	3.67

Directors' Report

Continued

	1998-99	1997-98
5. Others/Internal Generation		
Husk		
Quantity (Tonnes)	17,486	17,468
Total Cost (Rs.)	16,138,974	16,253,752
Rate/Unit (Rs.)	922.97	930.49

(e) The Company operates with a number of factories and produces various products and uses different sources of energy in different combinations for different products. It is, therefore, not feasible to arrive at the energy consumption unit for each source of energy as prescribed.

B. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

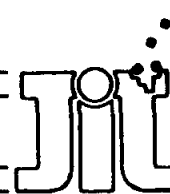
Continuous R&D efforts so as to improve existing products and to develop newer products to meet the challenges of increasing competition is an on-going part of the Company's activities.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Complete information required under this head is shown in Notes No. 24, 25 and 26 in Schedule 20 II B—Notes to Accounts. Members are requested to please refer to these Notes for the relevant information.



Financial Highlights



**JAGATJIT
INDUSTRIES
LIMITED**

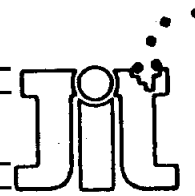
(Rs. in lacs or as indicated)

	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
ASSETS										
Fixed Assets (Net Block)	34343	34087	30152	18053	16273	15952	4870	4640	4076	3375
Investments	282	281	293	292	292	128	130	130	130	52
Current Assets	18444	18484	15627	11592	11293	9726	8684	7896	6777	5659
	53069	52852	46072	29937	27858	25806	13684	12666	10983	9086
LIABILITIES										
Loans, Current Liabilities and Provisions	18057	17474	15368	14419	12381	10284	9226	8610	7234	5764
NET WORTH	35012	35378	30704	15518	15477	15522	4458	4056	3749	3322
REPRESENTED BY										
Equity Share Capital	4944	4944	4944	2423	2423	1212	1212	606	606	606
Preference Share Capital	—	—	—	—	—	—	—	—	—	6
Reserves and Surplus	30068	30434	25760	13095	13054	14310	3246	3450	3143	2710
TOTAL	35012	35378	30704	15518	15477	15522	4458	4056	3749	3322
OPERATING PERFORMANCE										
Revenue	43265	39637	33087	33868	35105	26994	24195	20918	21577	16751
Gross Profit Earnings	3443	3847	3632	3006	2732	2361	1758	1021	1325	1344
Profit before Tax	2371	2778	2943	2461	2111	1818	1325	661	1014	1063
Profit after Tax	1944	2221	2098	1411	1076	953	645	527	654	634
Earning per Share (Rs.)	3.93	4.49	4.24	5.82	4.44	7.87	5.32	8.70	10.79	10.46
Dividend										
Amount per Share (Rs.)	3.00	3.00	3.00	3.00	2.50	3.50	3.50	3.50	3.50	3.50
Rate (%)	30	30	30	30	25	35	35	35	35	35
Book value per Equity Share (Rs.)	70.82	71.56	62.10	64.04	63.88	128.11	36.79	66.95	61.88	54.73
GROSS EARNINGS										
As a percentage of Revenue	8.0	9.7	11.0	8.9	7.8	8.7	7.3	4.9	6.1	8.0
As a percentage of Fixed Assets	10.0	11.3	12.0	16.7	16.8	14.8	36.1	22.0	32.5	39.8
As a percentage of Capital Employed	7.9	8.9	9.5	13.0	12.6	11.2	18.4	11.1	16.3	20.0

Auditors' Report

TO THE MEMBERS OF JAGATJIT INDUSTRIES LIMITED

1. We report that we have audited the Balance Sheet of Jagatjit Industries Limited as at 31st March, 1999 and the relative Profit and Loss Account for the year ended on that date, both of which we have signed under reference to this report.
2. We draw attention to Note II(B) 16 on Schedule 20 with regard to Year 2000 problem. It may be noted in this connection that the audit is not intended, designed nor performed to identify or detect problems that may result from computer hardware, software or other automated process inability to properly process date which include issues, internal and/or external, related to Year 2000. In the opinion of the management, the problem of Year 2000 will not vitiate the assumption of going concern in view of the plans to make the organisation Year 2000 compliant as drawn up by the management.
3. In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the Significant Accounting Policies and the notes thereon and attached thereto, give in the prescribed manner the information required by the Companies Act, 1956 and also give respectively, subject to matter stated in paragraph 3.1 below, with consequential effect on the profit and net assets of the Company, a true and fair view of the state of the Company's affairs as at 31st March, 1999 and its profit for the year ended on that date.
 - 3.1 Note II (B) 14 on Schedule 20 regarding non provision of possible losses, arising on account of investments in and unsecured advances to two wholly owned subsidiaries to the extent of the amounts mentioned therein which, we are unable to comment upon.
4. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books and the above mentioned accounts are in agreement therewith. In our opinion, read with Note II(B) 18 on Schedule 20, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.
5. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 dated 7th September, 1988 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
 - (i) (a) The Company has maintained proper records to show full particulars including quantitative details and location of its fixed assets except furniture and fixtures acquired before 1st April, 1989 at Jagatjit Nagar.
 - (b) The fixed assets of the Company at all its locations are physically verified once in every three years, which in our opinion is a reasonable frequency. Accordingly fixed assets at all its locations were physically verified during the previous year by the management and no material discrepancies between the book records and physical inventory were noticed.
 - (ii) The fixed assets of the Company have not been revalued during the year.
 - (iii) The stocks of finished goods, stores, spare parts and raw materials of the Company at all its locations have been physically verified by the management during the year.
 - (iv) In our opinion, the procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (v) The discrepancies between the physical stocks and the book stocks which have been properly dealt with were not material.
 - (vi) In our opinion, read with Note II (B) 2 on Schedule 20 regarding non inclusion of excise duty and customs duty payable in respect of uncleared goods, change in accounting of Modvat and basis of valuation of spirit cost, the valuation of stocks of finished goods, stores, spare parts and raw materials has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the earlier years.
 - (vii) In our opinion, interest and other terms and condition of the unsecured loan taken from the companies listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from companies under sub-section (1B) of Section 370 of the Companies Act, 1956 are not prejudicial to the interest of the Company.
 - (viii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
 - (ix) Interest free loans and advances in the nature of loans given to employees are generally being repaid as stipulated. In respect of loans and advances in the nature of loans given to wholly owned subsidiaries and referred to in Note II (B) 14 on Schedule 20, the principal amounts and interest, where applicable, are proposed to be repaid as stipulated or restipulated.



**JAGATJIT
INDUSTRIES
LIMITED**

- (x) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of stores, raw materials including components, plant and machinery, equipment and similar assets and for the sale of goods.
- (xi) In our opinion, prices paid for purchase of goods and materials aggregating to Rs. 50,000 or more in value from any of the parties listed in the register maintained under Section 301 of the Companies Act, 1956 are reasonable having regard to the prevailing market prices for such goods and materials or the prices at which the transaction for similar goods have been made with other parties.
- The prices received for the sale of services in pursuance of contracts or agreements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year in value Rs. 50,000 or more in respect of a party for these sales are not comparable as similar services, being special in nature, have not been provided to other parties.
- (xii) The Company has a system of determining damaged stores and raw materials or finished goods on the basis of technical evaluation and on such basis, in our opinion, adequate amounts have been written off on such stocks in the accounts.
- (xiii) In the case of public deposits received by the Company, the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder where applicable, have been complied with.
- (xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable by-products and scraps, where applicable and significant.
- (xv) In our opinion, the Company's present internal audit system is commensurate with the size and nature of business.
- (xvi) On the basis of the records produced we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- (xvii) The Company has generally been regular during the year in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities.
- (xviii) Read with Note II (B) 15 on Schedule 20, at the last day of the financial year there was no amount outstanding in respect of undisputed Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which were due for more than six months from the date they became payable.
- (xix) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to Profit and Loss Account, nor have we been informed of any such case by the management, other than those payable under contractual obligations or in accordance with generally accepted business practices.
- (xx) The Company is not a sick industrial company within the meaning of clause (0) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (xxi) In respect of services rendered:
- Considering the nature of services rendered and the basis of billing, it is not considered to be necessary to have a system of allocation of consumption of materials and stores to the relative jobs. However, the Company has a reasonable system of recording receipts, issues and consumption of materials and stores.
 - Considering the nature of services rendered and the basis of billing, it is not considered to be necessary to have a system of allocation of man hours utilised to the relative jobs.
 - In our opinion, there is a reasonable system of authorisation at proper levels with necessary controls on the issue of stores and the related system of internal control of the Company is commensurate with the size of the Company and the nature of its business.
- (xxii) In respect of trading activities there are no damaged goods in the possession of the Company as at 31st March, 1999.

H. SINGH
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

New Delhi
30th July, 1999