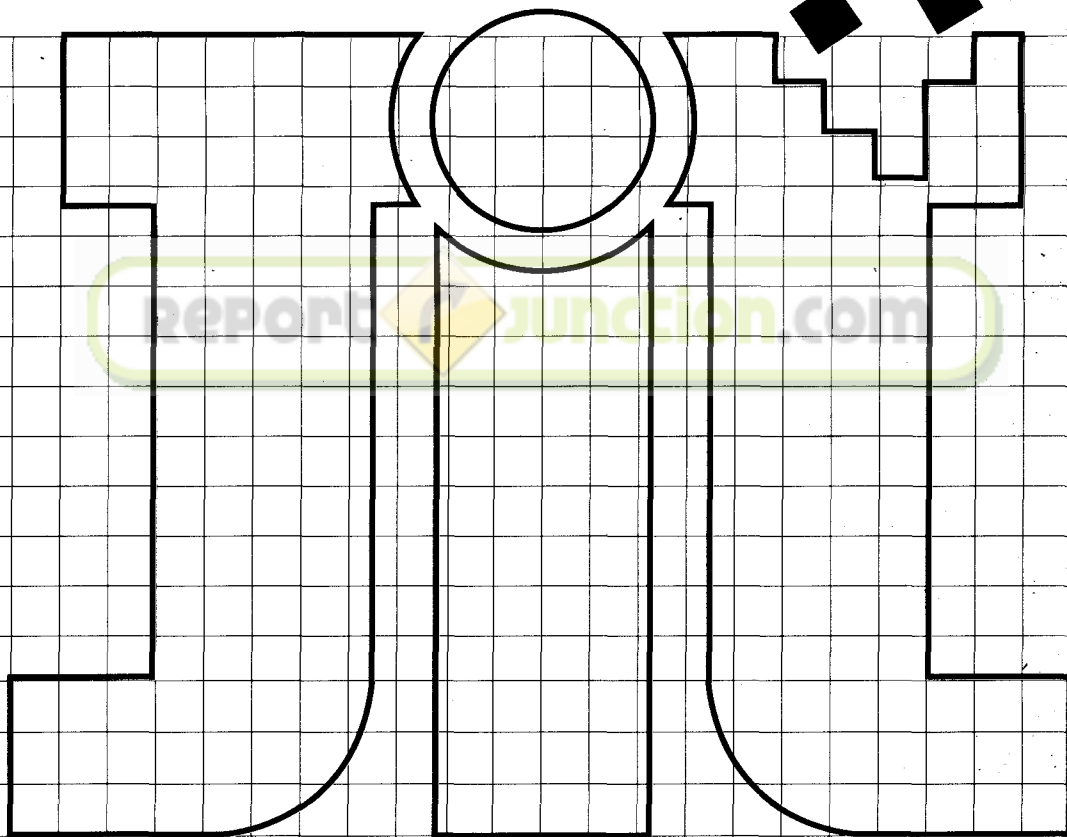


ANNUAL
REPORT
2000-01





Contents

Jagatjit Industries Limited	
Directors' Report	1
Auditors' Report	6
Balance Sheet and Schedules	8

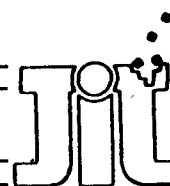
Subsidiary Companies

L.P. Investments Limited	
Directors' Report	24
Auditors' Report	25
Balance Sheet and Schedules	26

Milkfood Limited	
Directors' Report	33
Auditors' Report	36
Balance Sheet and Schedules	38

Binnies Estates Limited	
Directors' Report	51
Auditors' Report	52
Balance Sheet and Schedules	53

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, 2001.

FINANCIAL RESULTS

	2000-01	(Rs. '000) 1999-2000
Profit for the year after charging all expenses excluding financing charges and depreciation	385,767	955,213
Deduct: Financing Charges	109,312	141,743
Depreciation	133,019	128,037
Profit for the year before taxation	143,436	685,433
Provision for taxation	15,500	58,500
	127,936	626,933
Add: Excess provision for Income Tax for earlier years written back	—	360
	127,936	627,293

APPROPRIATIONS

Dividend Interim	—	49,442
Corporate Tax on Interim Dividend	—	6,335
Dividend Final Proposed	—	24,721
Corporate Tax on Final Dividend	—	3,167
General Reserve	—	68,000
Balance carried to Balance Sheet	127,936	475,628
	127,936	627,293

SALES & PROFIT

During the year under report, the sales of the Company were Rs. 35,400.36 lacs and Profit before taxation Rs. 1,434.36 lacs as compared to Rs. 37,519.90 lacs and Rs. 6,854.33 lacs respectively during the previous year.

DIVIDEND

Your Directors propose to expand the activities by introducing new brands and invest the funds for Brand building exercise from internal accruals. Accordingly, no dividend is recommended for the year under report.

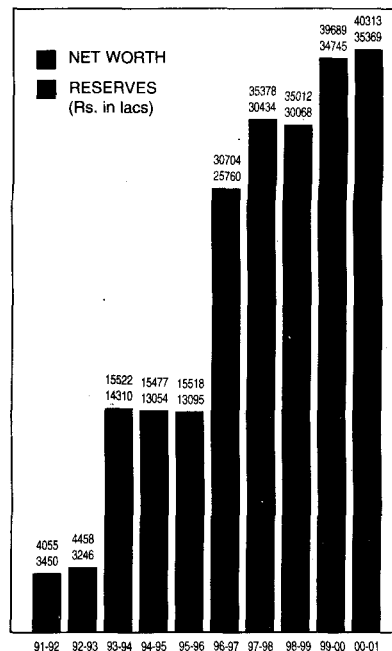
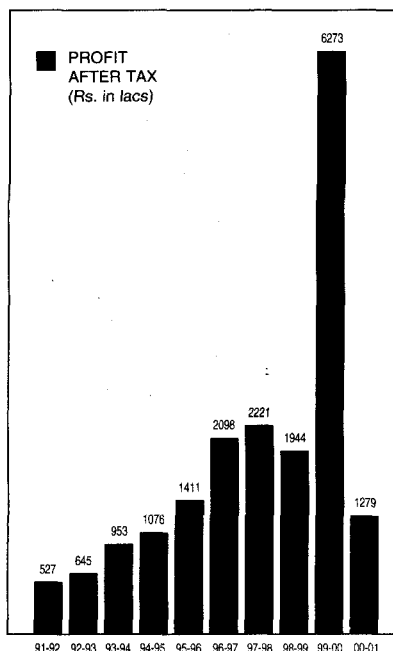
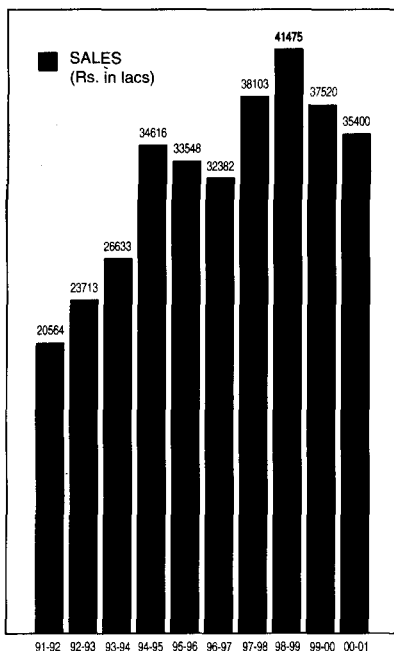
PROSPECTS FOR FUTURE

With the thrust on the Core business, your Company is hopeful of larger market share and more generation of revenues resulting in higher profits.

GENERAL MEETINGS AND DIRECTORS

Due to certain litigation pending in the Hon'ble Delhi High Court and as per the directions of the Hon'ble Court, the Annual General Meetings for the years 2000 to 2003 could not be held within the scheduled time limits. However, as all the directions pertaining to the litigation have been vacated on

Directors' Report



4th November, 2003, the Annual General Meetings for the year 2000 and subsequent years are being held in order to make compliances to the various provisions of the Companies Act, 1956.

Mr. Surjit Singh Bawa, Director, retires by rotation, is eligible and offers himself for re-appointment.

SUBSIDIARIES

The Directors' Reports and Audited Accounts of L.P. Investments Limited, Milkfood Limited and Binnies Estates Limited for the year ended 31st March, 2001 alongwith the information specified under Section 212 of the Companies Act, 1956, are annexed.

FIXED DEPOSITS

On 31.03.2001, 498 persons whose Fixed Deposits/Loans with the Company amounting to Rs. 74.58 lacs had become due for payment during the year, did not claim or renew their Deposits/Loans. Out of these, Fixed Deposits/Loans of 389 persons amounting to Rs. 62.74 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.

AUDIT COMMITTEE

Pursuant to the provisions of the Section 292A of the Companies Act, 1956, your Company has constituted an Audit Committee consisting of Mr. Surjit Singh Bawa, Mrs. Gita Bawa and Mrs. Shakun Jaiswal as the members of the Committee, which will operate as per the terms and conditions set in the Act and the Listing Agreement. Its operations will include inter alia, overseeing financial reporting process, reviewing with the management the

financial statements and adequacy of internal control system, reviewing the adequacy of internal audit function and discussion with internal auditors on the functioning of the Company. As mentioned above due to litigation and the directions of the Hon'ble Delhi High Court in this regards, the Audit Committee was constituted on 31st January, 2004.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby state that

- In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures as stated in Note II (B) 18(b) on Schedule 21.
- The Directors had selected such accounting policies and applied them consistently and made judgments 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.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

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

The shares of your Company are listed at the Ludhiana, Delhi, Mumbai and Calcutta Stock Exchanges and the Listing fees for the financial year 2001-02 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.

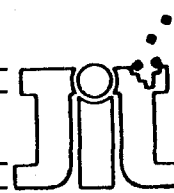
The Directors place on record their appreciation for the services rendered by the employees of the Company.

For and on behalf of the Board

Sd/
Managing Director

Sd/
Director

Date : 3rd March, 2004


ANNEXURE TO THE DIRECTORS' REPORT 2000-01

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, 2001.

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 1999-2000 is as under (in respect of Dairy, Food Processing and Glass Units).
FORM A
CONSERVATION OF ENERGY
(A) Power & Fuel Consumption

	2000-01	1999-2000
1. Electricity		
(a) Purchases		
Units (KWH)	12,004,480	10,459,400
Total amount (Rs.)	63,495,088	47,810,050
Rate/Unit (Rs.)	5.29	4.57
(b) Own Generation		
(i) Through Diesel generator Units (KWH)	2,823,417	2,651,065
Units per litre of diesel oil (KWH)	3.22	3.29
Cost/Unit (Rs.)	4.56	3.50
(ii) Through Steam turbine/generator		
Units (KWH)	3,816,336	3,102,764
Units per kg. of steam (KWH)	0.74	0.74
Cost/Unit (Rs.)	0.41	0.33
2. Coal		
Quantity (Tonnes)	256	161
Total Cost (Rs.)	541,011	340,998
Average Cost (Rs.)	2,113.55	2,113.55
3. Furnace Oil		
Quantity (Tonnes)	42	182
Total amount (Rs.)	247,778	1,087,509
Average Rate (Rs.)	5,966	5,985
4. Natural Gas		
Quantity (Cubic Meters)	10,347,183	10,252,112
Total Cost (Rs.)	56,571,708	50,345,537
Rate/Cubic Meter (Rs.)	5.47	4.91

Directors' Report

Continued

	2000-01	1999-2000
5. Others/Internal Generation		
Husk		
Quantity (Tonnes)	18,496	14,645
Total Cost (Rs.)	21,079,261	13,218,990
Rate/Unit (Rs.)	1,139.67	902.63

(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

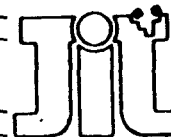
Continuous R&D efforts so as to improve existing products and to develop newer products to meet the challenges of increasing competition is an on-going part of the Company's activities.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Complete information required under this head is shown in Notes No. 24, 25 and 26 in Schedule 21 II B—Notes to Accounts. Members are requested to please refer to these Notes for the relevant information.



Financial Highlights



**JAGATJIT
INDUSTRIES
LIMITED**

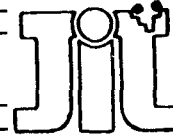
(Rs. in lacs or as indicated)

	2000-01	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
ASSETS										
Fixed Assets (Net Block)	34901	35137	34343	34087	30152	18053	16273	15952	4870	4640
Investments	5590	5590	282	281	293	292	292	128	130	130
Current Assets	16587	15993	18444	18484	15627	11592	11293	9726	8684	7896
	57078	56720	53069	52852	46072	29937	27858	25806	13684	12666
LIABILITIES										
Loans, Current Liabilities and Provisions	16765	17031	18057	17474	15368	14419	12381	10284	9226	8610
NET WORTH	40313	39689	35012	35378	30704	15518	15477	15522	4458	4056
REPRESENTED BY										
Equity Share Capital	4944	4944	4944	4944	4944	2423	2423	1212	1212	606
Reserves and Surplus	35369	34745	30068	30434	25760	13095	13054	14310	3246	3450
TOTAL	40313	39689	35012	35378	30704	15518	15477	15522	4458	4056
OPERATING PERFORMANCE										
Revenue	37368	47376	43265	39637	33087	33868	35105	26994	24195	20918
Gross Profit Earnings	2765	8135	3443	3847	3632	3006	2732	2361	1758	1021
Profit before Tax	1434	6854	2371	2778	2943	2461	2111	1818	1325	661
Profit after Tax	1279	6273	1944	2221	2098	1411	1076	953	645	527
Earning per Share (Rs.)	2.59	12.69	3.93	4.49	4.24	5.82	4.44	7.87	5.32	8.70
Dividend										
Amount per Share (Rs.)	—	1.50	3.00	3.00	3.00	3.00	2.50	3.50	3.50	3.50
Rate (%)	—	15	30	30	30	30	25	35	35	35
Book value per Equity Share (Rs.)	81.54	80.28	70.82	71.56	62.10	64.04	63.88	128.11	36.79	66.95
GROSS EARNINGS										
As a percentage of Revenue	7.4	17.2	8.0	9.7	11.0	8.9	7.8	8.7	7.3	4.9
As a percentage of Fixed Assets	7.9	23.2	10.0	11.3	12.0	16.7	16.8	14.8	36.1	22.0
As a percentage of Capital Employed	5.8	17.0	7.9	8.9	9.5	13.0	12.6	11.2	18.4	11.1

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, 2001, and the related Profit and Loss Account for the year ended on that date, annexed thereto both of which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') 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 situation 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 read with para (i) (a) above which needed to be physically verified during the year by the management have been physically verified, were physically verified during the year by the management and no material discrepancies between the book records and physical inventory have been 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 nature of its business.
 - (v) The discrepancies between the physical stocks and the book stocks which have been properly dealt with in the books of account were not material.
 - (vi) In our opinion, 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 in India and is on the same basis as in the preceding year.
 - (vii) **As per the information and explanations received and subject to non receipt of notice pursuant to Section 299 of the Act from two Directors,** in our opinion the rate of interest and other terms and conditions of unsecured loans taken by the Company from the companies, firms or other parties listed in the register maintained under Section 301 of the Act are prima facie not prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Act, provisions of this section are not applicable to a company on or after 31st October, 1998.
 - (viii) **As per the information and explanations received and subject to non receipt of notice pursuant to Section 299 of the Act from two Directors,** in our opinion the terms and conditions of interest free unsecured loans granted by the Company to two wholly owned subsidiary companies listed in the register maintained under Section 301 of the Act are prima facie prejudicial to the interest of the Company to the extent of Rs. 850.77 lacs referred to Note II (B) 14 (a) on Schedule 21. We are of this opinion as the rates of interest and other terms and conditions of this loan is not considered to be comparable with similar loans granted by banks and other money lending institutions. In terms of sub-section (6) of Section 370 of the Act, provisions of this section are not applicable to a company on or after 31st October, 1998.
 - (ix) Interest free loans or advances in the nature of loans given to its employees are generally being repaid as stipulated. **In respect of loans and advances in the nature of interest free loans given to two wholly owned subsidiary companies referred to in Note II (B) 14 (a) on Schedule 21, the principal amount and interest, where applicable, are not being repaid however, reasonable steps are being taken by the Company for the recovery of the same.**
 - (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, plant and machinery, equipment and similar assets and for the sale of goods.
 - (xi) **As per the information and explanations given and subject to non receipt of notice pursuant to Section 299 of the Act from two Directors,** the Company has not purchased goods and materials aggregating during the year Rs. 50,000 or more in value from any of the parties listed in the register maintained under Section 301 of the Act.
The prices received for the sale of goods and materials in pursuance of contracts or agreements entered in the Register maintained under Section 301 of the Act and aggregating during the year in value Rs. 50,000 or more in respect of a party are reasonable having regard to the prices at which the transactions for similar goods or materials have been made with other parties.
The Company has not sold any services aggregating Rs. 50,000 or more in value to any of the parties listed in the register maintained under Section 301 of the Act.
 - (xii) The Company generally has a system of determining unserviceable or damaged stores, raw materials or finished goods on the basis of technical evaluation and on such basis, in our opinion, adequate amounts have been written off such stocks in the accounts.
 - (xiii) In the case of public deposits accepted by the Company, the directives issued by the Reserve Bank of India and the provision of Section 58A of the Act and the rules framed there under where applicable, **subject to non compliances of Rule 4(2)(h) and Rule 4(4) regarding furnishing of certain financial information of last two audited balance sheets and approval of text of advertisement by the Board of Directors respectively,** 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 its size and nature of the 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 Act 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, where applicable, with the appropriate authorities in India.
- (xviii) Read with Note II(B) 16 (a) on Schedule 21, 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 in India, 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 obligation and / or accepted business practices.
- (xx) The Company is not a sick industrial company within the meaning of clause (o) of Section 3 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985 of India.
- (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 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, 2001.
4. Further to our comment in paragraph 3 above, we report that:
- Subject to paragraphs 3(vii), 3(viii) and 3(xi) above**, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - In our opinion, **subject to para 5.3 below** proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
 - In our opinion, subject to paragraph 5.3 below regarding non adjustment of Events Occurring after the Balance Sheet date as required by Accounting Standard - 4, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;**
 - Mr. L. P. Jaiswal and Mr. A. P. Jaiswal have not produced written representations as to whether the companies in which they are Directors as on 31st March, 2001, had not defaulted in terms of Section 274(1)(g) of the Act. In the absence of these representations, we are unable to comment whether Mr. L.P. Jaiswal and Mr. A. P. Jaiswal are disqualified from being appointed as Directors under clause (g) of sub-section (1) of Section 274 of the Act.** As far as other Directors are concerned, on the basis of the written representation received from such Directors, and taken on record by the Board of Directors of the Company, we report that none of the remaining Directors is disqualified as on 31st March, 2001 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, and also give **subject to matter stated in paragraphs 5.1 to 5.3 below**, a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001; and
 - in the case of the Profit & Loss Account, of the profit for the year ended on that date.
- 5.1. **Note II (B) 18 (a) on Schedule 21 regarding non compliance of certain provisions of the Act including those mentioned in Section 166, 210, 212, 217, 219, 224, 231, 233B, 255, 256, 292(1)(c), 292A etc. in view of the legal proceedings before the Hon'ble Delhi High Court about the appointment of certain additional Directors and resolutions passed at the meeting of the Board of Directors held during the period 28th January, 2000 to 4th November, 2003.**
- 5.2. **Note II (B) 1 (c) on Schedule 21, regarding the managerial remuneration amounting to Rs. 4.86 lacs, paid to the Managing Director is subject to approval of shareholders in the ensuing General Meeting.**
- 5.3. **Note II (B) 18 (b) on Schedule 21 regarding non adjustment of Events Occurring After The Balance Sheet date in compliance with AS 4.**
- We further report that, without considering our comments mentioned in the paragraphs 5.1 and 5.3 above the effect of which could not be determined had the remarks made by us in paragraph 5.2 above been considered, the profit before taxation for the year would have been Rs. 1,439.22 lacs (as against the reported figure of Rs. 1,434.36 lacs), the profit after taxation for the year would have been Rs. 1,282.30 lacs (as against the reported figure of Rs. 1,279.36 lacs), reserves & surplus account would have been Rs. 35,371.97 lacs (as against the reported figure of Rs. 35,369.03 lacs) and net current assets would have been Rs. 7,290.98 lacs (as against the reported figure of Rs. 7,288.04 lacs).

Balance Sheet

as at March 31, 2001

		Schedule	As at March 31 2001 Rs. '000	As at March 31 2000 Rs. '000
Sources of Funds	Shareholders' Funds			
	Capital	1	494,422	494,422
	Reserves and Surplus	2	3,536,903	3,474,524
	Loan Funds	3		
	Secured Loans		252,823	265,755
	Unsecured Loans		394,025	432,148
	Deferred Payment Credits	4	99,751	105,856
			4,777,924	4,772,705
Application of Funds	Fixed Assets	5		
	Gross Block		4,761,378	4,671,099
	Less: Depreciation		1,417,760	1,239,150
	Net Block		3,343,618	3,431,949
	Capital Work-in-Progress		146,500	81,749
			3,490,118	3,513,698
	Investments	6	559,002	559,003
	Current Assets, Loans & Advances			
	Inventories	7	757,155	606,710
	Sundry Debtors	8	465,079	531,562
	Cash & Bank Balances	9	323,620	337,970
	Loans & Advances	10	112,846	123,018
			1,658,700	1,599,260
	Less: Current Liabilities & Provisions	11		
	Liabilities		755,371	742,565
	Provisions		174,525	156,691
	Net Current Assets		728,804	700,004
			4,777,924	4,772,705
	Significant Accounting Policies and Notes to Accounts	21		
	This is the Balance Sheet referred to in our report of even date			The Schedules referred to above form an integral part of the Balance Sheet

H. SINGH
Partner
Membership No. F86944
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Company Secretary

SURJIT SINGH BAWA
GITA BAWA
SHAKUN JAISWAL
KARAMJIT S. JAISWAL
Directors

New Delhi
3rd March, 2004