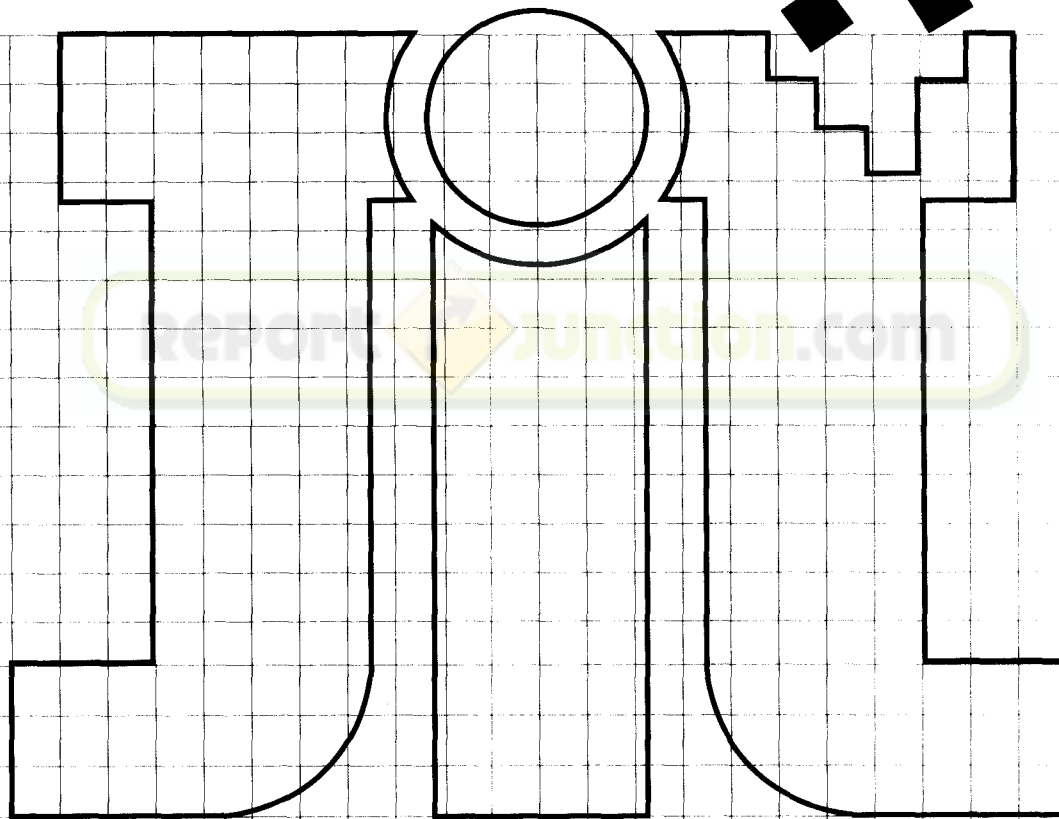


ANNUAL REPORT 2002-03



JIT JAGATJIT INDUSTRIES LIMITED



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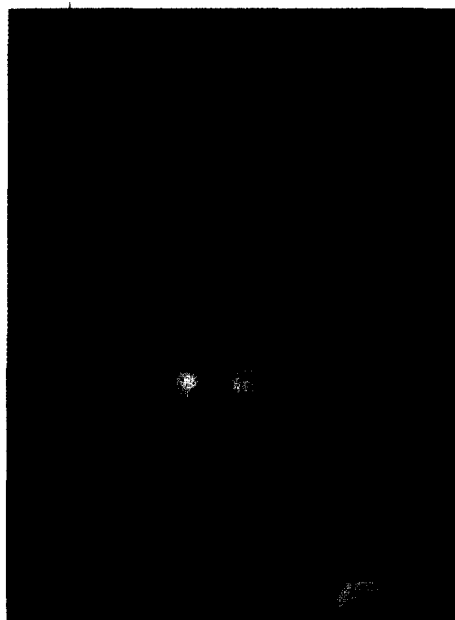
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Directors' Report



**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, 2003.

FINANCIAL RESULTS

	2002-03	(Rs. '000) 2001-02
Profit for the year after charging all expenses excluding financing charges and depreciation	214,490	263,667
Deduct: Financing Charges	68,294	80,997
Depreciation	141,138	133,624
Profit for the year before taxation	5,058	49,046
Provision for taxation	1,500	—
Deferred tax asset	(20,465)	(6,691)
	24,023	55,737
APPROPRIATIONS		
Balance carried to Balance Sheet	24,023	55,737
	24,023	55,737

SALES & PROFIT

During the year under report, the sales of the Company were Rs. 41,044.27 lacs and Profit before taxation Rs. 50.58 lacs as compared to Rs. 37,661.90 lacs and Rs. 490.46 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.

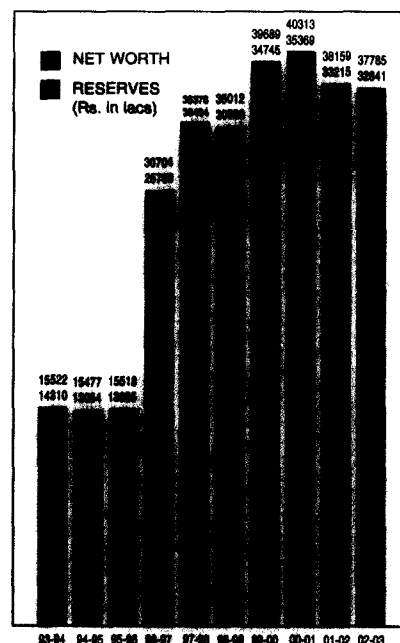
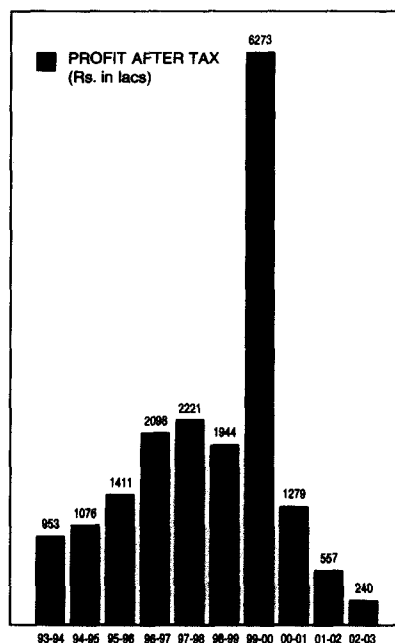
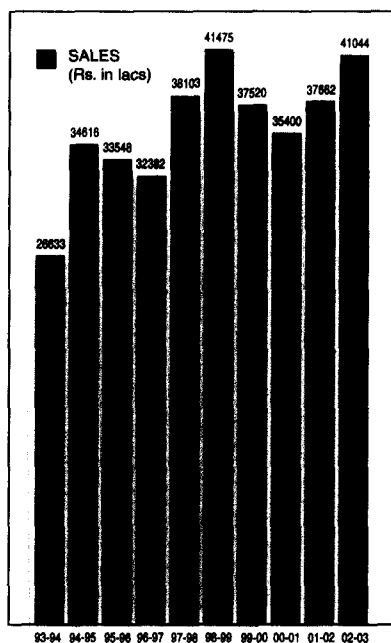
PROSPECTS FOR FUTURE

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.

Mrs. Shakun Jaiswal, Director, retires by rotation, is eligible and offers herself for re-appointment.

SUBSIDIARIES

The Directors' Report and Audited Accounts of Binnies Estates Limited for the year ended 31st March, 2003 along with the information specified under Section 212 of the Companies Act, 1956, are annexed.

FIXED DEPOSITS

On 31.03.2003, 428 persons whose Fixed Deposits/Loans with the Company amounting to Rs. 60.34 lacs had become due for payment during the year, did not claim or renew their Deposits/Loans. Out of these, Fixed Deposits/Loans of 210 persons amounting to Rs. 36.25 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.

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) and Note II B 19 on Schedule 22.

- 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 safeguarding 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.

CORPORATE GOVERNANCE

A report on Corporate Governance and the Management Discussion and Analysis report are annexed separately and form part of this report.

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 2003-04 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.

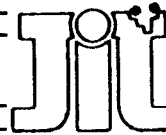
The Directors place on record their appreciation for the services rendered by the employees of the Company.

For and on behalf of the Board

Sd/
Managing Director

Sd/
Director

Date : 3rd March, 2004



**JAGATJIT
INDUSTRIES
LIMITED**

ANNEXURE TO THE DIRECTORS' REPORT 2002-03

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

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, 2003.

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 2001-02 is as under (in respect of Dairy, Food Processing and Glass Units).

FORM A

CONSERVATION OF ENERGY

(A) Power & Fuel Consumption

	2002-03	2001-02
1. Electricity		
(a) Purchases		
Units (KWH)	16,777,230	14,091,900
Total amount (Rs.)	70,183,121	68,264,132
Rate/Unit (Rs.)	4.18	4.84
(b) Own Generation		
(i) Through Diesel generator Units (KWH)	1,294,326	1,857,953
Units per litre of diesel oil (KWH)	3.00	2.84
Cost/Unit (Rs.)	5.65	5.65
(ii) Through Steam turbine/generator		
Units (KWH)	3,716,221	4,127,554
Units per kg. of steam (KWH)	0.74	0.74
Cost/Unit (Rs.)	0.51	0.51
2. Coal		
Quantity (Tonnes)	—	124
Total Cost (Rs.)	—	262,058
Average Cost (Rs.)	—	2,113.65
3. Furnace Oil		
Quantity (Tonnes)	6,901	—
Total amount (Rs.)	77,690,098	—
Average Rate (Rs.)	11,257	—

Directors' Report

Continued

	2002-03	2001-02
4. Natural Gas		
Quantity (Cubic Meters)	2,994,610	11,153,229
Total Cost (Rs.)	13,658,000	51,538,712
Rate/Cubic Meter (Rs.)	4.56	4.62
5. Others/Internal Generation		
Husk		
Quantity (Tonnes)	16,080	18,405
Total Cost (Rs.)	27,600,586	29,509,734
Rate/Unit (Rs.)	1,716.50	1,603.34

(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. 25, 26 and 27 in Schedule 22 II B—Notes to Accounts. Members are requested to please refer to these Notes for the relevant information.

**JAGATJIT
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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Company is a multi product company manufacturing Alcoholic Beverages, Malted Milkfood, Dairy Products, Glass Containers and Plastic Containers. However, Alcoholic Beverages business is the major activity. The Management Discussion and Analysis Report is restricted to the Alcoholic Beverages only, being the Core business.

A. INDUSTRY OVERVIEW

Alcoholic Beverages industry in India comprises of Indian Made Foreign Liquor (IMFL) and Country Liquor. IMFL consists of Whisky, Rum, Gin and Vodka. Whisky comprises of large portion of IMFL market and accounts for nearly 60% of the market. The total IMFL industry in India is estimated at around 80 million cases growing @ 9 to 10% per annum. Country Liquor segment is about 20 million cases per annum.

Your Company has a market share of around 10% of IMFL industry with ARISTOCRAT, ARISTOCRAT PREMIUM, AC BLACK, BONNIE SCOT & BINNIES as the leading brands available across the Country. Country liquor is manufactured and sold in the State of Punjab and has market share of around 25% in Punjab.

B. REGULATORY ENVIRONMENT

Alcoholic Beverages industry in India is highly regulated. The State Government controls the production, Excise Duty structure and the distribution. The incidents of Duties are very high and there is no unanimity of policies amongst various States. The advertising of alcoholic beverages is not permitted in India.

C. OPPORTUNITIES AND THREATS

The industry suffers due to heavy taxation and over-regulations which has affected the profitability. Heavy Excise Duty levied on the products increases the selling price thus restricting the sales. However, with the changing life style and increase of spending power, the Industry is witnessing a strong growth in the lower price segment, where your Company is a leading player.

D. OUTLOOK

The outlook of the liquor industry appears to be satisfactory. Your Company has embarked upon brand building exercises since financial year 2001-02 onwards, resulting in heavy Sales Promotion expenses. This has affected the profits but the results will be available in coming years. During the year a new Brand AC BLACK was introduced and has been well accepted in the market. Your Company is planning to add some new brands which will be introduced very soon. This will increase the market share and the revenue generation.

E. INTERNAL CONTROL SYSTEM

The Company has adequate internal control system supplemented by internal audits by professional firms.

Directors' Report

Continued

CORPORATE GOVERNANCE REPORT

As per the Clause 49 of the Listing Agreement, the code of Corporate Governance is applicable to the Company w.e.f. 31st March, 2002.

However, due to pending litigation in the Hon'ble Delhi High Court and as per the directions of the Court, the Company could not hold the Board Meetings and General Meetings for the period from August, 2000 to October, 2003. Accordingly, certain provisions of the Corporate Governance which required specific approval of the Board of Directors, could not be complied with. As the cases have been withdrawn on 4th November, 2003 and the directions pertaining to holding of the Meetings stand vacated, your Company has taken steps to comply with the provisions of the Corporate Governance and the clause stands complied with.

1. Company's Philosophy on Corporate Governance

The Company believes that compliance of the code of Corporate Governance is always helpful for smooth operations of the Company and to maintain the transparency and accountability in all the transactions of the Company. To excel with due diligence, is the underlying guiding force to further strengthen management and decision making process. The Board of Directors and Management of the Company always keep in mind the confidence of the shareholders reposed in them.

2. Board of Directors

The Board of Directors comprises of eminent persons who have the expertise and experience to guide and manage the Company. The Board comprises of 5 members with majority of the Directors being non-executive.

The Board of Directors was reconstituted on 28th November, 2003. Accordingly, attendance of Directors at the Board Meetings and last Annual General Meeting (AGM) are not relevant. Other details are being submitted as given below :

Sl. No.	Name of Director	Category	No. of other Directorships	No. of membership/ Chairmanship in other Board Committees
1	Mr. L.P. Jaiswal	Non-Executive Non-Independent	11	—
2	Mrs. Gita Bawa	Non-Executive Independent	—	—
3	Mr. Surjit Singh Bawa	Non-Executive Independent	—	—
4	Mrs. Shakun Jaiswal	Non-Executive Non-Independent	5	—
5	Mr. Karamjit S. Jaiswal	Executive Non-Independent	8	—

Mrs. Shakun Jaiswal, Director, retires at the Annual General Meeting, is eligible and offers herself for re-appointment. Mrs. Shakun Jaiswal has vast business and administration experience. She is a Director of five other Companies as stated below:

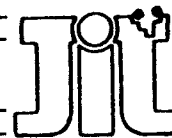
- i) K.S.J. Finance & Holdings Pvt. Ltd.
- ii) S.J. Finance & Holdings Pvt. Ltd.
- iii) R.J. Shareholdings Pvt. Ltd.
- iv) S.A. International Pvt. Ltd.
- v) L.P. Jaiswal & Sons. Pvt. Ltd.

She is not member of any committee of the Board of any other company.

3. Audit Committee

The Audit Committee has been constituted by the Board of Directors on 31st January, 2004. The terms of reference of this Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The Audit Committee of the Company comprises of Mr. Surjit Singh Bawa, Mrs. Gita Bawa and Mrs. Shakun Jaiswal. Mr. Surjit Singh Bawa is the Chairman of the Committee.


**JAGATJIT
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4. Remuneration Committee

The Remuneration Committee of the Company has been constituted on 31st January, 2004 and comprises of Mr. Surjit Singh Bawa, Mrs. Gita Bawa and Mrs. Shakun Jaiswal. Mr. Surjit Singh Bawa is the Chairman of the Committee. The functions and terms of reference of the Committee are as prescribed under the Listing Agreement with the Stock Exchanges. It determines the Company's policy on all elements of remuneration packages of all the Directors including salary, benefits, bonus, stock options, pension rights and compensation payment etc. It also reviews all aspects of benefits and compensation to all the employees of the Company including policies on the same.

Remuneration policy of the Company is such as to retain the employees on long term basis and is comparable with other industries in the region.

During the period under report Mr. L.P. Jaiswal, Mr. Jagatjit Jaiswal, Mr. Vijay Kapoor and Mr. Anil Girotra (Directors during the financial year 2002-03) were paid remuneration as under :

Name of the Director	Salary (Rs.)	Perquisites & others (Rs.)	Total (Rs.)
Mr. L.P. Jaiswal	3,629,568	—	3,629,568
Mr. Jagatjit Jaiswal	540,000	1,000,076	1,540,076
Mr. Vijay Kapoor	1,404,000	3,050,010	4,454,010
Mr. Anil Girotra	558,000	731,702	1,289,702

(Perquisites & others include Contribution to Funds, Commission and other allowances)

As the Company did not hold any Board Meetings during the year under report, no sitting fee was paid to the Directors.

5. Shareholders' Committee

The Shareholders' Committee has been constituted on 31st January, 2004 and comprises of Mr. Surjit Singh Bawa, Mrs. Gita Bawa and Mrs. Shakun Jaiswal. Mr. Surjit Singh Bawa is the Chairman of the Committee. Mr. K.K. Kohli, Company Secretary, has been appointed as the Compliance Officer. The functioning and terms of reference of the Committee are as prescribed under and in due compliance with the Listing Agreement with the Stock Exchanges with particular reference to the transfers and complaints of the shareholders of any nature.

The total number of the complaints received were eighteen, and all the said complaints received were redressed to the satisfaction of the shareholders during the year ended 31st March, 2003.

No transfer was pending on 31st March, 2003 for more than 30 days of its receipt.

These Committees have been constituted on 31st January, 2004 and have since been operational in their respective fields as per the Listing Agreement and the Companies Act, 1956.

6. General Body Meetings

The last three Annual General Meetings of the Company were held at the Registered Office of the Company at Jagatjit Nagar - 144 802, Distt. Kapurthala (Punjab), as per details given below :

Year	Date	Day	Time
1997	29.09.1997	Monday	11.00 A.M.
1998	25.09.1998	Friday	11.00 A.M.
1999	29.09.1999	Wednesday	11.00 A.M.

No postal ballots were used/invited for voting at these meetings in respect of any special resolution passed nor it is proposed this year.

Due to pending litigation in the Hon'ble Delhi High Court and as per the directions of the Hon'ble Court, the AGMs for the years 2000, 2001, 2002 and 2003 could not be held within the prescribed periods.

However, as the cases have been withdrawn and the directions pertaining to the holding of meetings stand vacated, the meetings are being convened to comply with the various provisions of the Companies Act, 1956.

Directors' Report

Continued

7. Disclosures

There was no transaction of material nature with the Directors or the Management or their relatives during the year, which may have conflict with the interest of the Company at large.

There was no instance of non-compliance on any matters related to the capital markets during the last three years.

8. Means of Communications

The Annual, Half Yearly and Quarterly results are submitted to the Stock Exchanges in accordance with Listing Agreement and published in newspapers in a widely circulated English daily and a Punjabi daily as is required under the Listing Agreement. The same are also forwarded to the shareholders on their request.

9. General Shareholders Information

a) Annual General Meeting

Date	: 29th April, 2004
Time	: 12.30 P.M.
Venue	: Registered Office

b) Financial Calendar (2003-04)

(i) First Quarter Results	: End of July, 2003
(ii) Half Yearly Results	: End of October, 2003
(iii) Third Quarter Results	: End of January, 2004
(iv) Yearly Results	: End of April, 2004

c) Listing on Stock Exchanges

The details regarding Listings and payment of Listing Fees to Stock Exchanges are given below.

Sl. No.	Name of Stock Exchanges	Stock Code No.
1	The Ludhiana Stock Exchange Association Ltd.	JIND
2	The Delhi Stock Exchange Association Ltd.	10004
3	The Stock Exchange, Mumbai	507155
4	The Calcutta Stock Exchange Association Ltd.	20084

The Listing Fees for the year 2003-04 have been paid.

d) Stock Market Data

The monthly high and low share prices during the year at BSE are as follows :

Month	High	Low	Sensex High	Sensex Low
April, 2002	52.50	37.55	3538.49	3296.88
May, 2002	50.00	29.95	3478.02	3097.73
June, 2002	41.80	32.00	3377.88	3148.57
July, 2002	43.30	26.00	3366.74	2932.35
August, 2002	34.40	29.50	3185.08	2931.78
September, 2002	32.80	26.55	3227.62	2973.97
October, 2002	29.00	23.75	3038.92	2828.48
November, 2002	28.00	25.05	3245.98	2928.63
December, 2002	31.20	23.10	3413.83	3186.62
January, 2003	34.20	24.05	3416.92	3199.18
February, 2003	27.00	22.15	3341.61	3218.37
March, 2003	23.75	19.10	3311.57	3039.83

e) Registrar and Transfer Agent

In line with the guidelines of the Securities Exchange and Board of India and to provide better services to its Shareholders, the Company has started all the Share Registry related work in-house.

f) Share Transfer System

Share Transfer work of physical segment is attended to by the Company within the prescribed time period under law and the Listing Agreement with Stock Exchanges.

All share transfers are approved by a Committee constituted by the Board of Directors, which meets periodically.