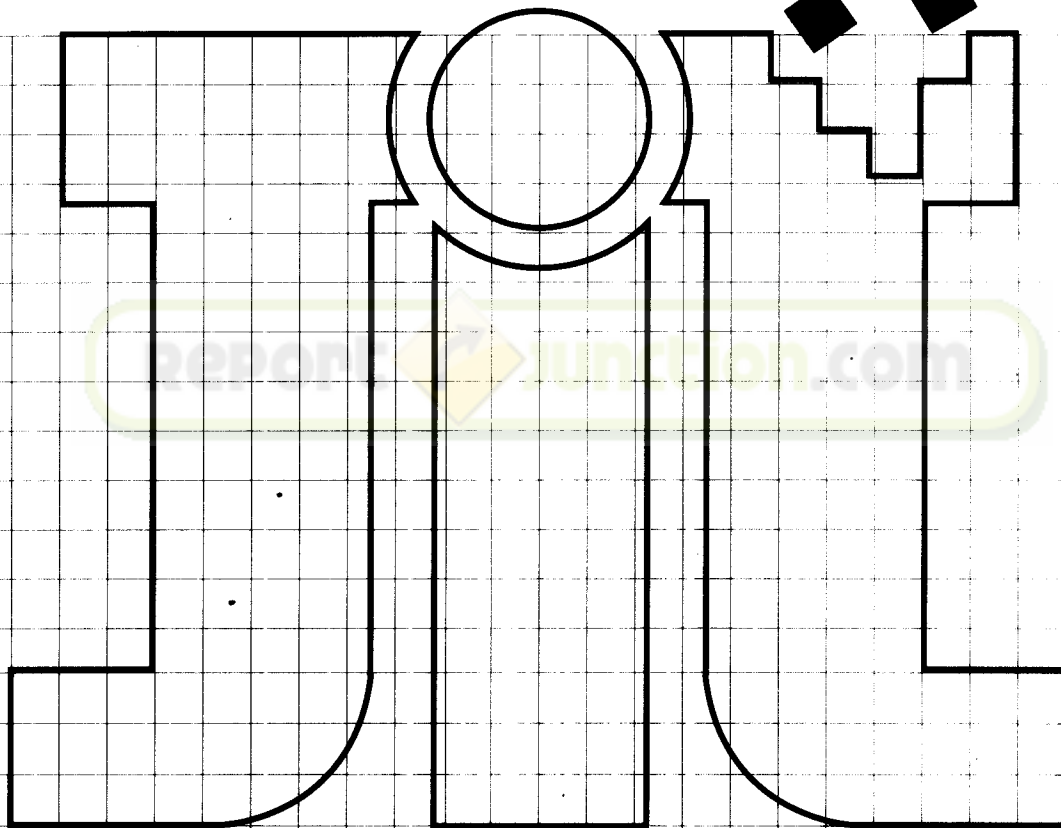


ANNUAL
REPORT
2003-04



JIT JAGATJIT INDUSTRIES LIMITED



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JAGATJIT INDUSTRIES LIMITED

N O T I C E

NOTICE is hereby given that the *Fiftyninth* Annual General Meeting of JAGATJIT INDUSTRIES LIMITED will be held on Thursday, the 9th September, 2004 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, 2004.
2. To appoint a Director in place of Mr. Surjit Singh Bawa, who retires by rotation, is eligible and offers himself for re-appointment.
3. 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

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

"RESOLVED THAT in continuation of the Special Resolutions passed by the Shareholders in the Extra-ordinary General Meeting of the Company held on 3rd December, 1997 and the Fiftyfifth Annual General Meeting held on 29th April, 2004 and subject to the provisions of Sections 198, 269, 309, 310, 311 and 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 payment of remuneration to Mr. Jagatjit Jaiswal on the terms as approved by the Shareholders in the aforesaid Extra-ordinary General Meeting, from 5th November, 2003 to 28th November, 2003, be and is hereby approved, ratified and confirmed."

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

"RESOLVED THAT in continuation of the Special Resolutions passed by the Shareholders in the Extra-ordinary General Meeting of the Company held on 3rd December, 1997 and the Fiftyfifth Annual General Meeting held on 29th April, 2004 and subject to the provisions of Sections 198, 269, 309, 310, 311 and 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 payment of remuneration to Mr. Vijay Kapoor, with revised basic salary of Rs. 1,17,000 (Rs. One Lac and Seventeen Thousands only) per month w.e.f. 5th November, 2003 to 28th November, 2003, with other terms remaining the same as approved in the aforesaid Extra-ordinary General Meeting, be and is hereby approved, ratified and confirmed."

BY ORDER OF THE BOARD
for JAGATJIT INDUSTRIES LIMITED

Date : 14th June, 2004
Registered Office :
Jagatjit Nagar-144 802
Distt. Kapurthala (Punjab)

Sd/-
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.
Proxy form should be lodged with the Company at its Registered Office at least 48 hours before the scheduled time of the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the resolutions set out under Items No. 4 & 5 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 6th September, 2004 to 9th September, 2004 (both days inclusive).
5. Members/ Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
6. Members are requested to bring their copy of the Annual Report to the Meeting.

7. The trading of shares of the Company have been put under compulsory dematerialised form. The Company has entered into agreements with M/s National Securities Depository Ltd. and Central Depository Services (India) Ltd. and is providing all the share registry related services in-house. All members are advised to take steps for dematerialisation of shares for easy liquidity.
8. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
9. The Company has already transferred the unclaimed dividend declared upto the Financial year 1993-94 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

In terms of Section 205A and 205C of the Companies Act, 1956, the amount of dividend declared for the financial years upto the Financial year 1996-97 (Interim) and remaining unclaimed and unpaid have been transferred to Investor Education and Protection Fund established by the Central Government.

Following dividends have been declared by the Company and the amounts remaining unclaimed and unpaid for a period of seven years will be transferred to said Fund as per the provisions of the Companies Act, 1956.

Date of Declaration	For the Year
29.09.1997	1996-97 (Final)
25.02.1998	1997-98 (Interim)
25.09.1998	1997-98 (Final)
29.09.1999	1998-99
28.01.2004	1999-2000 (Interim)
29.04.2004	1999-2000 (Final)

Members who have not encashed their dividend warrants pertaining to the aforesaid years may approach the Company Secretary of the Company at Jagatjit Nagar-144 802, Distt. Kapurthala (Punjab) for revalidation of dividend warrants already despatched / issue of demand drafts in lieu thereof.

10. Mr. Surjit Singh Bawa, Director, retires at the Annual General Meeting, is eligible and offers himself for re-appointment. Mr. Surjit Singh Bawa is a graduate and has vast business and administration experience of around three decades. He is well versed with the intricacies of business management, finance, accounts and banking.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4

The Shareholders in the Fiftyfifth Annual General Meeting held on 29th April, 2004 have ratified and approved by way of Special Resolution the continuation of office and payment of remuneration to Mr. Jagatjit Jaiswal upto 4th November, 2003. However, the Company has been advised that as an abundance precaution in order to avoid any non compliance of any regulation, it should seek the approval of the Shareholders for payment of remuneration to Mr. Jagatjit Jaiswal upto 28th November, 2003 when the new Directors were appointed in the Extra-ordinary General Meeting held on that date, instead of 4th November, 2003.

Accordingly, the approval of the Shareholders is being sought for ratification of continuation of office by Mr. Jagatjit Jaiswal and payment of remuneration from 5th November, 2003 to 28th November, 2003.

The Board commends the resolution for approval.

None of the Directors except Mr. L.P. Jaiswal, Mr. Karamjit S. Jaiswal and Mrs. Shakun Jaiswal, being the relatives, is interested in the resolution.

The Notice and the Explanatory Statement in respect of the aforesaid resolution may be treated as abstract of the variation of terms of appointment of Mr. Jagatjit Jaiswal, under Section 302 of the Companies Act, 1956.

Item No. 5

The Shareholders in the Fiftyfifth Annual General Meeting held on 29th April, 2004 have ratified and approved by way of Special Resolution the continuation of office and payment of remuneration to Mr. Vijay Kapoor upto 4th November, 2003. However, the Company has been advised that as an abundance precaution in order to avoid any non compliance of any regulation, it should seek the approval of the Shareholders for payment of remuneration to Mr. Vijay Kapoor upto 28th November, 2003, when the new Directors were appointed in the Extra-ordinary General Meeting held on that date, instead of 4th November, 2003.

Accordingly, the approval of the Shareholders is being sought for ratification of continuation of office by Mr. Vijay Kapoor and payment of remuneration from 5th November, 2003 to 28th November, 2003.

The Board commends the resolution for approval.

None of the Directors is interested in the resolution.

The Notice and the Explanatory Statement in respect of the aforesaid resolution may be treated as abstract of the variation of terms of appointment of Mr. Vijay Kapoor, under Section 302 of the Companies Act, 1956.



JAGATJIT INDUSTRIES LIMITED

JAGATJIT NAGAR, DISTT. KAPURTHALA (PUNJAB)

PROXY FORM

DP ID	
Client ID	

Folio No.	
-----------	--

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 59th Annual General Meeting of the Company to be held
at 11.00 A.M. on the 9th day of September, 2004, and at any adjournment thereof.

Affix a Revenue Stamp

Signed this day of2004 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

DP ID	
Client ID	

Folio No.	
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Particulars to be completed by Member

Name of Member

(IN BLOCK LETTERS)

No. of Shares held

Name of Proxy, if attending for Member

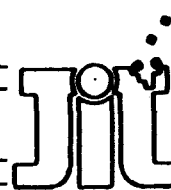
(IN BLOCK LETTERS)

I hereby record my presence at the 59th ANNUAL GENERAL MEETING held in Jagatjit Nagar, District Kapurthala at
11.00 A.M. on the 9th day of September, 2004.

(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, 2004.

FINANCIAL RESULTS

	2003-04	(Rs. '000) 2002-03
Profit for the year after charging all expenses excluding financing charges and depreciation	178,480	214,490
Deduct: Financing Charges	48,835	68,294
Depreciation	(28,311)	141,138
Profit for the year before taxation	157,956	5,058
Provision for Current Tax	4,400	1,500
Provision for Deferred Tax	43,243	(20,465)
	<u>110,313</u>	<u>24,023</u>
APPROPRIATIONS		
Balance carried to Balance Sheet	<u>110,313</u>	<u>24,023</u>
	<u>110,313</u>	<u>24,023</u>

SALES & PROFIT

During the year under report, the sales (Net of Excise Duty) of the Company were Rs. 34,673.35 lacs and Profit before taxation Rs.1,579.56 lacs as compared to Rs. 32,724.83 lacs and Rs. 50.58 lacs respectively during the previous year.

DIVIDEND

Your Company has initiated the expansion program by introducing new brands, increasing the production capacities and adding more products under its range. The Board of Directors of your Company proposes to retain the funds for use in the aforesaid activities.

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.

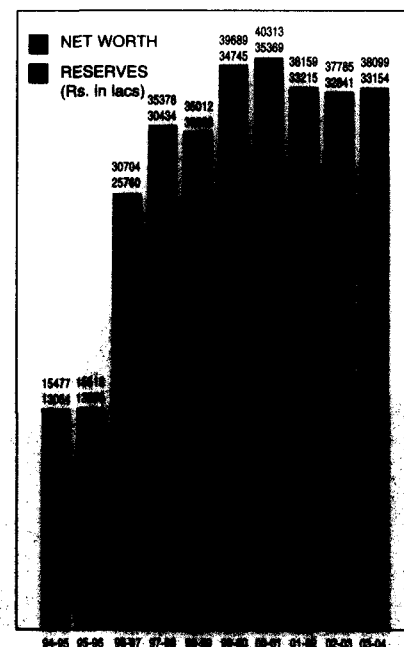
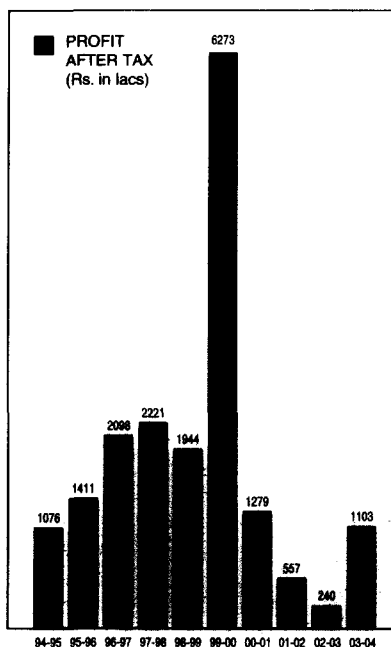
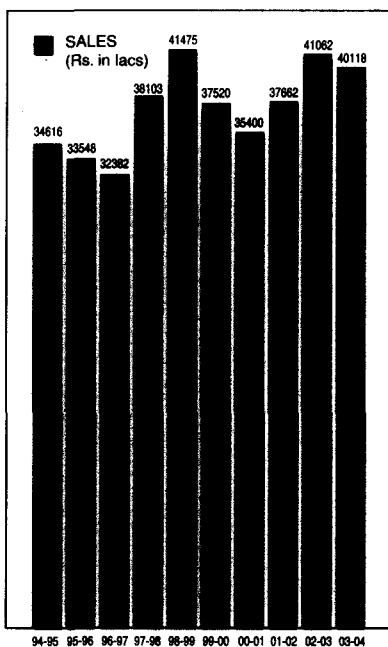
DIRECTORS

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

SUBSIDIARIES

The Directors' Report and Audited

Directors' Report



Accounts of Binnies Estates Limited for the year ended 31st March, 2004 alongwith the information specified under Section 212 of the Companies Act, 1956, are annexed.

FIXED DEPOSITS

As on 31st March, 2004, 372 persons whose Fixed Deposits/Loans with the Company amounting to Rs.54.98 lacs had become due for payment during the year, did not claim or renew their Deposits/Loans. Out of these, Fixed Deposits/Loans of 81 persons amounting to Rs. 17.32 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.
- The Directors had selected such accounting policies and applied them consistently [except for corrections made in classification of certain items of Plant and Machinery and the computation of Depreciation as referred to in Note II(B)3(b) on Schedule 22] 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(2A) 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) of the Companies Act, 1956, 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 2004-05 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.

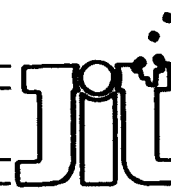
The Directors place on record their appreciation for the services rendered by the employees of the Company.

For and on behalf of the Board

Sd/
Managing Director

Sd/
Director

Date : 14th June, 2004


ANNEXURE TO THE DIRECTORS' REPORT 2003-04
**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, 2004.

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 2002-03 is as under (in respect of Dairy, Food Processing and Glass Units).
FORM A
CONSERVATION OF ENERGY
(A) Power & Fuel Consumption

	2003-04	2002-03
1. Electricity		
(a) Purchases		
Units (KWH)	16,375,770	16,777,230
Total amount (Rs.)	63,907,954	70,183,121
Rate/Unit (Rs.)	3.90	4.18
(b) Own Generation		
(i) Through Diesel generator Units (KWH)	2,081,608	1,294,326
Units per litre of diesel oil (KWH)	6.02	3.00
Cost/Unit (Rs.)	6.34	5.65
(ii) Through Steam turbine/generator		
Units (KWH)	4,935,205	3,716,221
Units per kg. of steam (KWH)	0.74	0.74
Cost/Unit (Rs.)	0.43	0.51
2. Furnace Oil		
Quantity (Tonnes)	9,010	6,901
Total amount (Rs.)	96,216,231	77,690,098
Average Rate (Rs.)	10,679	11,257
3. Natural Gas		
Quantity (Cubic Meters)	541,008	2,994,610
Total Cost (Rs.)	4,660,214	13,658,000
Rate/Cubic Meter (Rs.)	8.61	4.56

Directors' Report

Continued

	2003-04	2002-03
4. Others/Internal Generation		
Husk		
Quantity (Tonnes)	22,121	16,080
Total Cost (Rs.)	32,613,586	27,600,586
Rate/Unit (Rs.)	1,474.35	1,716.50

(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 per unit for each source of energy as prescribed.

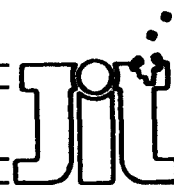
B. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

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.





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 mainly restricted to the Alcoholic Beverages only, being the Core business.

A. INDUSTRY OVERVIEW

Alcoholic Beverage 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, ACP GOLD, BONNIE SCOT and 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 20% in Punjab.

The Company manufactures Malted Milkfood and Dairy products on the Contract Manufacturing basis for the leading manufacturers in this industry.

The Glass container division of the Company performed well during the year. With the looking up of the economy during the year and improved performance all around, the performance in this sector is also expected to improve leading to higher demand. Though this division basically caters to the internal demand of the Company, it has also contributed its part in the revenue generation.

B. REGULATORY ENVIRONMENT

Alcoholic Beverage 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 profitability of the Liquor Industry has been badly affected due to almost 200% increase in the prices of the molasses, the basic raw material for manufacture of alcohol, since the beginning of the year 2004. All the leading manufacturers of Liquor Industry are in the process of increasing the prices of finished goods so as to meet the increased cost of production. The increased prices of lower segment products is likely to restrict the growth in short term.

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 new Brands ACP GOLD, AC Neat Whisky and Aristocrat Old Reserve Whisky were introduced and have been well accepted in the market. Your Company is planning to add some more new brands which will be introduced very soon. This will increase the market share and the revenue generation.

With overall growth of the economy all around, your Company is confident of growth in all the segments in line with the National GDP growth envisaged at 5 to 8%.

E. INTERNAL CONTROL SYSTEM

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