

# **Annual Report 2006-2007**



**Alchemist Realty Limited**  
(Formerly Pan Packaging Industries Ltd.)

# ALCHEMIST REALTY LIMITED

(Formerly Pan Packaging Industries Ltd.)

## BOARD OF DIRECTORS

MR. KANWAR DEEP SINGH : CHAIRMAN CUM MANAGING DIRECTOR  
MR. R.P. CHHBARA : DIRECTOR  
MR. VIRENDRA D. SINGH : DIRECTOR  
LT. GENERAL P. N. HOON (RETD.) : ADDITIONAL DIRECTOR

## AUDITORS

M/S K. SINGH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Kothi No. 6, SECTOR 19,  
CHANDIGARH-160019

## COMPANY SECRETARY

TUSHAR B SHARMA

BANKERS

HDFC BANK LIMITED

## REGISTERED OFFICE

5 & 6, BLUE MOON ESTATE,  
B/57, NEW LINK ROAD, ANDHERI (W)  
MUMBAI-400053

## CORPORATE OFFICE

S.C.O. NO. 12-13,  
SECTOR 9-D, MADHYA MARG,  
CHANDIGARH -160 009

WORKS : 90/1, G.I.D.C., VAPI, DISTT-BULSAR,  
GUJARAT

71, GOVT. IND. ESTATE, KHADOLI,  
SILVASSA (U.T.)

## NOTICE

**NOTICE** is hereby given that the ANNUAL GENERAL MEETING of the members of the Company will be held on Saturday 29<sup>th</sup> September 2007 at 11:30 A.M. at the Registered Office of the Company situated at 5 & 6, Blue Moon Estate, B/57, New Link Road, Andheri (W), Mumbai-400053 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2007 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Varinder D. Singh, who retires by rotation and being eligible offers himself for re- appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS

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

**RESOLVED THAT** Lt. General P. N. Hoon (Retd.), who was appointed as an Additional Director in the meeting of the Board of Directors held on 03.10.2006 and who holds office as such up to the date of ensuing Annual General Meeting and in respect of whom Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Lt. General P. N. Hoon (Retd.) as candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

**RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized, pursuant to the provisions of Section 293(1) (d) of the Companies Act 1956, to borrow money from time to time at its discretion either from the Company's Bank or any other Bank, financial institution or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate Rs. 500 Crores notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserve not set apart from any specific purposes."

#### Regd. Office:-

5 & 6, Blue Moon Estate  
 B/57, New Link Road,  
 Andheri (W), Mumbai-400053  
**Dated: 1st Sep., 2007**

By Order of the Board  
 For **ALCHEMIST REALTY LIMITED**  
**(FORMERLY PAN PACKAGING INDUSTRIES LTD.)**  
 Sd/-  
**(TUSHAR B SHARMA)**  
**COMPANY SECRETARY**

**NOTES**

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business under item no. 4 and 5 is annexed hereto.
2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. The instrument appointing proxy, in order to be effective, should reach the registered office of the Company at least 48 hours before the time of the meeting.**
3. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, 22.09.2007 to Saturday, 29.09.2007 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to notify immediately any change of address to their depository participants (DPs) in respect of their holdings in electronic form and to the Registrar and Share Transfer Agents of the Company in respect of the physical share folio, if any.
5. A member desirous of seeking any information on the Accounts and operations of the Company is requested to write to the Company his/her query to the company at least 7 working days prior to the meeting, so as to enable the management to keep the information readily available at the meeting.
6. Members/Proxies attending the Meeting are requested to bring their Attendance Slip, duly filed in and also their copies of the Annual Report.
7. Pursuant to Listing Agreement, the Company declares that its equity shares are listed only at Bombay Stock Exchange Limited (BSE) and has paid the Annual Listing Fee for the year 2007-2008.
8. Members who hold shares in dematerialized form are requested to write their client ID and DP ID number and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
9. To facilitate trading in equity shares in dematerialized form, the Company has entered into agreement with National Security Depository Limited (NSDL) and Central Depository Services Limited (CDSL). Members can open account with any of the depository participants registered with NSDL with CDSL. The ISIN Number of the Company allotted by CDSL and NSDL is INE 646D01016
10. All queries relating to Share Transfer and allies matters should be addressed to:

**SHAREPRO SERVICES (INDIA) PVT. LTD.**

Unit : Alchemist Realty Ltd.,  
 Satam Estate, 3<sup>rd</sup> Floor  
 Above Bank of Baroda  
 Cardinal Gracious Road, Chakala  
 Andheri (E), Mumbai-400099

11. Additional information, pursuant to clause no. 49 of the Listing Agreement in respect of Directors seeking appointment/re-appointment at the Annual General Meeting is given as Annexure 'A' to the notice.

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF COMPANIES ACT 1956**

#### **Item no. 4**

In order to broad base the Board of Directors of the Company, your Board of Directors had appointed Lt. General P. N. Hoon (Retd.) as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act 1956 effective from 03. 10. 2006 and he holds office of the Director up to the date of this Annual General Meeting.

The Company has received a notice along with requisite fee from a member under Section 257 of the Companies Act 1956 proposing the candidature of Lt. General P. N. Hoon (Retd.) as Director of the Company.

The Board of Directors considers that in view of his expertise and experience, it would be in the interest of the Company to appoint him as Director of the Company liable to retire by rotation and accordingly recommends the resolution as set out at item no. 4 of the notice for approval of the members.

Lt. General P. N. Hoon (Retd.) is deemed to be interested or concerned in the proposed resolution as set out in the notice. None of the other Directors are interested or concerned in the proposed resolution.

#### **Item No. 5**

The expansion programme of the Company with the new business segment of Real Estate is carried out in full swing for which the company may be required to borrow funds in excess of its paid up capital and free reserves.

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors shall not borrow money in excess of its paid up capital and free reserves except with consent of its members obtained in the general meeting. In view of the reasons as mentioned above and provisions of section 293(1)(d) of the Companies Act, it was proposed to fix the borrowing powers of the Company to Rs. 500 crores.

Your Board of Director recommend the proposed resolution as set out at item no. 5 of the notice for your approval.

None of the Directors of your Company is interested, either directly or indirectly in the said proposal

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 For **ALCHEMIST REALTY LIMITED**  
**(FORMERLY PAN PACKAGING INDUSTRIES LTD.)**  
 Sd/-  
**(TUSHAR B SHARMA)**  
**COMPANY SECRETARY**

### **ANNEXURE-A**

#### **INFORMATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT CONCERNING CORPORATE GOVERNANCE IN RESPECT OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING**

**Dr. Varinder D. Singh,** aged 55 years, is Phd in Economics and has more than 25 year of rich experience in the field of management and administration. He is widely traveled persons and has attended large number of conferences. He is on the Board of Alchemist Media Ltd, Alchemist Holdings Ltd and Toubro Holdings Limited. He is member of the Audit Committee, Shareholders Grievance and Transfer Committee and Remuneration Committee.

**Lt. General P. N. Hoon ( Retd)** PVSM, AVSM, SM aged 78 years retired in the year 1987 as General Officer Commanding in Chief of Western Command. During his outstanding career, he held very important position in the Indian Army like Director of Military Affairs to the Cabinet, Commanded both Mountain and Infantry Brigades, an Infantry Division and the 15 Corps in Kashmir. He is on the Board of Alchemist Limited and is not a member of any committee of the Board.

## DIRECTOR'S REPORT

To

### The Members

Your Directors have pleasure in presenting the Annual Report of the Company together with the Audited Statement of the Accounts for the Year ended March 31, 2007.

(Rs. In Lacs)

FINANCIAL RESULTS	2006-2007	2005-2006
Net Sales/Income from operations	54.00	--
Other Income	19.30	23.10
Gross Profit (PBDT)	44.43	1.20
Depreciation	00.14	0.18
Provision for Taxation	15.00	0.67
Net Profit (PAT)	29.29	0.35
Add: Balance brought forward from Previous Year	47.66	47.31
Profit available for appropriation	29.29	0.35
Balance Carried to Balance Sheet	76.95	47.66

## OPERATIONS

With a view to diversity the present line of business, the shareholders of the Company has approved the real estate business i.e. development of real estate, infrastructure facilities etc., as a main line of business activity by way of postal ballot on 27<sup>th</sup> October, 2006.

Your company is in the process of launching many projects in Real Estate Development which includes housing projects, cottages, recreation clubs and other infrastructure projects. The company is in the process of acquiring necessary lands in the State of Himachal Pradesh and Punjab.

During the year under review, the company operated only in the real estate segment, being the line of business activity. Your company has achieved a turnover of 54.00 lacs (previous year nil) from the real estate business and earned net profit of Rs. 29.29 lacs (Previous year Rs. 0.35 lacs).

With a view to conserve the resources for future development, your directors do not recommend any dividend to the shareholders for the year 2006-2007.

## CHANGE THE NAME

The name of your Company has been changed from Pan Packaging Industries Limited to Alchemist Realty Limited and the Registrar of Companies, at Mumbai has issued the new Certificate of Incorporation dated 3<sup>rd</sup> November, 2006 incorporating the new name therein.

## SHARE CAPITAL

### Increase in Authorized Share Capital

During the year under report, the authorized share capital of the Company has been increased from Rs. 6.00 Crores to Rs. 7.50 crores by addition of 15.00 lacs equity shares of Rs. 10/- each ranking pari passu with the existing shares.

### Issuance of equity shares and convertible warrants on preferential basis.

During the year, your company has allotted 10,21,000 equity shares and 9,79,000 convertible warrants of the face value of Rs. 10/- each at a premium of Rs. 99/- per equity share on preferential basis to promoters/ non promoter group on 8<sup>th</sup> February, 2007, for which approval of the shareholders has been obtained in the Extra Ordinary General meeting held on 15<sup>th</sup> January, 2007. The above allotment has been made as per Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

Out of 9,79,000 convertible warrants, 6,09,000 convertible warrants have been converted into equity shares of Rs. 10/- each at a premium of Rs. 99/- per equity share on 25<sup>th</sup> April, 2007 and for the balance 3,70,000 convertible warrants, option to convert the same into equity shares has still to be exercised by the warrant holders. The funds raised through preferential allotment of equity shares have been fully utilized in the Real Estate.

### Listing of Additional equity shares allotted on preferential basis

The Bombay Stock Exchange has accorded its listing permission for additional 16,30,000 equity shares of Rs. 10/- each allotted on preferential basis. As on date, 70,40,100 equity shares of the face value of Rs. 10/- each.



## **FIXED DEPOSITS**

Your Company has not accepted Deposits from the public during the year under report as per the provisions of the Companies Act 1956 and Companies (Acceptance of Deposits) Rules, 1975.

## **MANAGEMENT DISCUSSION AND ANALYSIS:**

Pursuant to clause 49(IV)(B)(F) of the Listing Agreement our Directors wish to report as follows :-

### **Industry Structure and Development**

With the opening of infrastructure and large scale residential complexes across the country by the Govt. of India to the Global players and with growth of population and increase in the standard of living and per capita income have influenced demand for more housing and other infrastructure facilities.

### **Opportunities and Threats**

There are good opportunities for growth & development as the Real Estate Sector is growing at a rapid pace. Inflow of foreign investment have further contributed to the further development of the Real Estate Sector. But at the same time, there are certain factors which are cause of concern for the Industry like increased competition, soaring land prices, change in Government Policies, Increase in interest rate on housing loans, increasing cost of inputs like steel, cement & other building material etc., for which your company is fully geared up.

### **Segment wise performance**

During the year, the Company operated only in one segment i.e. Real Estate Business. There is no other reportable segment during the year.

### **Outlook**

The overall outlook of the Real Estate Industry looks positive in view of the increase in GDP from 8.4 % to 9.4 % in 2006-2007, liberalized economic policies. Continued migration of people to urban areas and thus increasing demand for housing has created demand for integrated township projects.

### **Internal Control system and their adequacy**

Your Company's internal control system provides for adequate and proper system of accounting to ensure that all assets are properly safeguarded and protected against loss and all transaction are properly authorized, recorded and reported. The Audit Committee also provides necessary guidance for internal control and checking mechanism and review the quarterly and annual accounts of the company before the same are submitted to the Board of Directors for their approval.

### **Financial and Operational performance**

During the year, the company operated only in the real estate segment and has achieved a turnover of 54.00 lacs (previous year nil) from the real estate business and earned net profit of Rs. 29.29 lacs (Previous year Rs. 0.35 lacs).

### **Human Resources**

Your Company continues to maintain a healthy, cordial and harmonious human relations at all levels.

## **CORPORATE GOVERNANCE**

As required by Clause 49 of the Listing Agreement, a detailed report on Corporate Governance along with a certificate from the Auditors regarding its compliance is annexed and forms part of the Annual Report.

## **DIRECTORS**

During the year under report, Dr. Sunil Kanti Kar has resigned from the Board with effect from 9<sup>th</sup> September, 2006. Your Directors places its appreciation for the valuable services rendered by Dr. Kar during his tenure of Directorship.

Lt. General P. N. Hoon (Retd.) has been appointed as additional director effective from 3<sup>rd</sup> October, 2006 to hold office up to the date of ensuing Annual General meeting. The Company has received a notice from a member under Section 257 of the Companies Act 1956 proposing his candidature for the post of director.

Mr. Kanwar Deep Singh has been appointed as Managing Director of the Company effective from 1<sup>st</sup> March, 2007 for a period of 5 years without payment of any remuneration. Mr. Singh is not liable to retire by rotation.

Dr. Varinder D. Singh, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Further, Gujarat State Financial Corporation, Gandhinagar vide its letter dated 24<sup>th</sup> April, 2007 has withdrawn nomination of Mr. L. D. Joshi from the Directorship of the Company. The company has not been able to file the necessary papers with the office of Registrar of Companies due to non availability of Directors Identification Number of Mr. L. D. Joshi.

## PARTICULAR OF EMPLOYEES

Information required u/s 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not given, as there is no employee, drawing salary more than the prescribed limit.

## DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT 1956

Pursuant to the provisions of section 217 (2AA) of the Companies Act 1956, your Directors confirm that :-

1. That in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. That 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 as at 31<sup>st</sup> March, 2007 and of the profit or loss of the Company for the period ended 31<sup>st</sup> March, 2007.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. That the Directors had prepared the Annual Accounts on a going concern basis.

## AUDITOR

M/s L. D. Joshi & Co., Chartered Accountants, the Statutory Auditors of the Company have resigned with effect from 1<sup>st</sup> March, 2007. The casual vacancy caused by resignation of M/s L. D. Joshi & Co., Chartered Accountants has been filled by the shareholders of the Company in their Extra Ordinary General meeting held on 6<sup>th</sup> April, 2007 by appointing M/s K. Singh & Associates, Chartered Accountants as Statutory Auditors of the Company. They hold office of statutory Auditors upto the date of this Annual General Meeting.

M/s K. Singh & Associates, Chartered Accountants, the Statutory Auditors of the Company hold office till the conclusion of ensuing Annual General Meeting and being eligible offers themselves for reappointment.

The Statutory Auditors of the Company have submitted Auditors Report on the accounts of the Company for the financial year ended 31<sup>st</sup> March, 2007, which is self explanatory and needs no comments.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Though the main activity of the Company is real estate business, which is not power intensive. The Company is making all possible efforts to conserve the energy by adopting best practices. The company has not imported any technology during the year. There is no foreign exchange earning and outgo during the year under report.

## ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere thanks for the assistance, co-operation and support received from the Central and State Government(s), Banks and shareholders. The Directors express their appreciation for the support and co-operation of employees at all levels.

### Regd. Office:-

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 B/57, New Link Road,  
 Andheri (W), Mumbai-400053

Dated : 1st Sep., 2007

By Order of the Board  
 For **ALCHEMIST REALTY LIMITED**  
 (FORMERLY PAN PACKAGING INDUSTRIES LTD.)

Sd/-  
**(KANWAR DEEP SINGH)**  
 MANAGING DIRECTOR



## REPORT OF CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance aims at achieving transparency, accountability and integrity in all its operations and in all interactions with shareholders, employees, government, dealings with outsiders. The Company is committed to achieve the good standards of Corporate Governance on continuous basis.

### BOARD OF DIRECTORS

The Company's Board of Directors consists of four directors, one of whom is Managing Director and three are independent directors.

The break up of the total composition of the Board of Directors, their category, attendance at Board meeting & last annual General Meeting and other directorship held is as follows:

Name of Director	Category	Attendance at Board Meeting(s)	Attendance at Last A.G.M.	No. of Directorship in other Companies (excluding Pvt. Companies)	No. of Position held in other Public Ltd. Companies	
					Chairman	Member
Mr. Kanwar Deep Singh	Promoter, Executive Director	14	Yes	8	-	4
Dr. Virendra D. Singh	Independent Non-executive Director	14	No	3	-	3
Mr. R. P. Chhabra	Independent Non-executive Director	14	Yes	7	6	-
Mr. Sunil Kanti Kar	Independent Non-executive Director*	05	No	3	-	-
Lt. General P. N. Hoon (Retd.)	Independent Non-executive Director**	08	No	1	-	-
Mr. Kanti Lall B Shah	Promoter Executive Director***	01	No	-	-	-
Mr. L. D. Joshi	Nominee Director (GSFC)****	0	No	-	-	-

\* Resigned from directorship w.e.f. 9<sup>th</sup> September, 2006

\*\* Appointed as Additional Director w.e.f. 3<sup>rd</sup> October, 2006

\*\*\* Resigned from directorship w.e.f. 15<sup>th</sup> May, 2006

\*\*\*\* Nomination withdrawn by GSFC effective from 24<sup>th</sup> April, 2007

### TOTAL NUMBER OF BOARD MEETING(S) HELD DURING THE YEAR 2006-2007

During the year ended 31<sup>st</sup> March, 2007, 14 Board Meetings were held on the following dates: 26.04.2006, 15.05.2006, 28.07.2006, 31.08.2006, 09.09.2006, 21.09.2006, 03.10.2006, 30.10.2006, 08.11.2006, 15.12.2006, 27.01.2007, 08.02.2007, 16.02.2007, 07.03.2007.

### CODE OF CONDUCT

The Board has laid down Code of Conduct for all the Board Members and senior management of the Company. All Board Members and senior management personnel have affirmed the compliance with the code on an Annual Basis. The declaration by Managing Director to that effect forms part of this report.

### AUDIT COMMITTEE

The Audit Committee of the Company as on 31<sup>st</sup> March, 2007 comprised of three members namely Mr. R. P. Chhabra as Chairman, Dr. Varinder D. Singh and Mr. Kanwar Deep Singh as its members.

During the year 6 meetings of the Audit Committee were held on following dates: 26.04.2006, 28.07.2006, 31.08.2006, 30.10.2006, 27.01.2007 & 7.03.2007. The attendance of members on the above meetings was as follows: Mr. R. P. Chhabra-6, Dr. Varinder D. Singh-6 and Mr. Kanwar Deep Singh-6.

The terms of reference of the Audit Committee is in accordance with the requirements of Clause 49 of Listing Agreement and section 292A of the Companies Act 1956.