



# ASIA PACK

L I M I T E D

**19<sup>th</sup> ANNUAL REPORT**  
**2003-2004**



## ASIA PACK LIMITED

### **BOARD OF DIRECTORS**

R. V. Parikh - Managing Director  
A. Bhandari - Whole Time Director  
Lalit Seth - Director

### **AUDITORS**

Shah Patni & Co.  
Chartered Accountants, Jaipur

### **BANKERS**

Bank of India

### **REGISTERED OFFICE**

H-34-39, RIICO Industrial Area,  
Sukher, Udaipur - 313 003



## ASIA PACK LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of the members of the company will be held at its Registered office **H-34-39, RIICO Industrial Area, Sukher, Udaipur** on 29th Sept, 2004 at 12.00 AM to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March-2004, Profit & Loss for the period ended 31<sup>st</sup> March-2004 and the report of Directors & Auditors thereon.
2. To appoint Mr. Lalit Seth Director in place of Mr. T.S. Bhandari, who was resigned from the office of director w.e.f. 14<sup>th</sup> January-2004 and the Board of directors has accepted the same w.e.f. 14<sup>th</sup> January-2004.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

REGISTERED OFFICE  
H-34-39 RIICO INDUSTRIAL AREA,  
SUKHER, UDAIPUR-313003.

Dated : 6th September-2004

For and on behalf of the Board

(Arvind Bhandari)

Director

#### NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member. The proxy in order to be valid should be duly stamped. Completed signed and deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. The registrar of members and Share Transfer Books of the Company will remain closed from Monday, the 15th September, 2004 to Saturday, the 25th September, 2004 (both days inclusive).
3. Member are requested to notify change, in their address, if any, immediately to the Company's Registrars and Share Transfer Agents.
4. Members desiring any information on Annual Accounts are requested to write the company at least 7 days before the meeting.

REGISTERED OFFICE  
H-34-39 RIICO INDUSTRIAL AREA,  
SUKHER, UDAIPUR-313003.

Dated : 6th September-2004

For and on behalf of the Board

(Arvind Bhandari)

Director



# ASIA PACK LIMITED

## DIRECTORS' REPORT

To  
The Members,

Directors of your company submit their 19th Annual Report together with the Audited Accounts of the company for the period ended 31st March 2004.

(Rs. In Laacs)

FINANCIAL RESULTS	2003-2004 (9 Months)	2002-2003 (15 Months)
Sales and other Income	9.15	1114.99
Profit/Loss before interest, depreciation and taxation	(38.85)	(228.71)
Interest	0.56	34.07
Extra ordinary and Unusual items	0.00	76.50
Depreciation	26.85	46.23
Loss before Tax	66.26	385.51
Provision for Taxation	0.00	0.00
Loss after Tax	66.26	385.51
Prior Period adjustment	1.80	3.45
Loss brought forward from earlier year	1481.80	1092.84
Balance carried to Balance Sheet	1549.86	1481.80

### DIVIDEND

Your Directors are not recommending any dividend for the year due to inadequacy of profits in the year as also due to cumulative profits in earlier years.

### OPERATIONS

- Company has been incurring operational losses since 1997-98, due to delay and partial implementation of the tarpaulin project, and consequently, low capacity utilization, high borrowing cost and delay in consideration of company's request for restructuring of loans with concessional interest by the bankers, as also due to erosion in value of sales realizations over the years and as a consequence of all coupled with unwarranted action by bankers, the company had to close down its operations
- After considerable delay the bank sanctioned a rehabilitation package in Dec.2001. The Company had requested certain amendments in the sanction terms, which were declined by the bank in Jan-2003.
- The Company was declared a sick unit u/s 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985, (SICA Act) on 6.8.2002.
- Simultaneously bank also gave notice to the company under sec.13 (2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (Securitisation Act), while suspending operation of all credit facilities to the company. The company duly replied to the notice under Securitisation Act protesting against the action in light of proceedings under SICA Act and agreed rehabilitation package. Referred to at (b) above.



## ASIA PACK LIMITED

- e) Subsequently to (d) above, the company further proposed a rehabilitation plan to the bankers while offering to settle their dues amicably.
- f) BIFR in its hearing held on 11.6.2003 has directed bank for rehabilitation of the company with or without change in management by issuing advertisement while permitting the present management to make offer with or without one time settlement. of its dues.  
While the company's earlier request for amicable settlement had been under active consideration of the bankers, in response to the advertisement issued by bankers, the company has further offered a one-time settlement proposal to the bankers with change in management.
- g) Company's aforesaid proposal for one time settlement of dues was sanctioned by bankers vide their letter dated 11th September-2003, accepting to settle its liability at Rs. 932 Lacs (as against book liability of 1598 Lacs), resulting in reduction in overall liability by Rs. 1034 Lacs. Banker's further stipulated that payment under OTS be completed by 30th September-2004.  
As envisaged under rehabilitation scheme with OTS, company succeeded in entering into an agreement with a prospective buyer for takeover of company's manufacturing facilities along with change of management resulting into one time settlement of bank dues. The said rehabilitation proposal was duly approved by the banker's and furnished by them before the BIFR, while acting as an operating agency.  
As stipulated in the sanction for One Time Settlement package, the company has already made payment of Rs. 368 Lacs by realisation from current assets and fully tied up balance amount by arranging 'for sale of the unit and change of management for total consideration of Rs. 450 Lacs by entering into the aforesaid agreement.  
Balance amount of Rs. 114 Lacs was proposed to be paid by disposal of surplus Land & Building at Sukher & Nai and Rs. 54 Lacs to be arranged by guarantors in discharge of personal guarantees furnished by them for various credit facilities accorded to company.
- (h) Despite all the aforesaid developments, the company later learnt that bankers after having sanctioned loans/facilities to the prospective buyer of company's unit under the rehabilitation scheme, subsequently revoked their sanction 'without assigning any reason' to the buyer company.
- (i) This action by bank, has now put the entire rehabilitation process under jeopardy. While the company is still actively pursuing with bankers to expedite the rehabilitation of the unit, either through same buyer or other prospective buyers without further delay, consequence of this action, erosion in value of assets and disruption of marketing network cannot be ruled out.
- (j) Consequent to all the aforesaid, the bankers, acting as Operating Agency has in turn further sought a revised rehabilitation proposal from the company 's management for submission to BIFR for their approval, which has been pending as of the date.

### PUBLIC DEPOSITS

The company has not accepted any deposits from public in terms of Section 58A of the Companies Act, 1956.

### AUDITORS' REPORT

As regards the observation of the auditors in their report, the relevant notes on the accounts are self-explanatory.

### PERSONNEL

None of the employees was in receipt of emoluments aggregating to Rs. 100000/- or more per month if employed for the part of the year or Rs. 12,00,000/- or more per year, if employed for the full year.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO

In pursuance of section 217 (1) (e) of the Companies Act, 1956 read together with the companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, the relevant information is provided herein below: -



# ASIA PACK LIMITED

## (I) CONSERVATION OF ENERGY

- (a) The company had taken adequate steps like using imported and superior raw materials for energy conservation in earlier years.
- (b) The company had installed three D.G. Sets to cover the entire plant capacity thereby saving energy on frequent start-ups in Extrusion/Lamination Plant though in effect no production undertaken during the period in view of peculiar circumstances stated above.
- (c) The Company is not covered for disclosure requirements in Form 'A' of Annexure of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

## (II) TECHNOLOGY ABSORPTION

### (A) RESEARCH & DEVELOPMENT

- (a) Regular research and development activities for improvement in quality of existing products and production process for better productivity carried out in earlier years.
- (b) Development of new qualities of products undertaken in earlier years but no activity effectively carried out in this respect during the period in view peculiar circumstances stated above.

### (B) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

Technology imported and absorbed in earlier years.

PRODUCT	TECHNOLOGY FROM	YEAR OF IMPORT	STATUS OF ABSORPTION
P.E. Tarpaulins	Jung Shin Co. Ltd., Seoul, Korea	1995	fully absorbed

## (III) TOTAL FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Foreign Exchange Earnings : Nil
2. Foreign Exchange Outgo : Nil

## LISTING

The company's equity shares were listed at the Stock Exchanges at Mumbai and Jaipur. However in view of disruption in its activities for reasons stated above, there occurred certain irregularities in compliances which the management feels shall be taken care of once the rehabilitation issue is resolved amicably.

## DIRECTORS

Mr. Lalit Seth was appointed as an additional director w.e.f. 14th January-2004 and his appointment is till the ensuing Annual General Meeting. He has shown his willingness for further appointment and being eligible, offers himself for re-appointment.

Mr. T.S. Bhandari has resigned from the office of director w.e.f. 14th January-2004 and the Board of directors has accepted the same w.e.f. 14th January-2004.

## DIRECTORS RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2000 in the Companies Act, 1956, your Directors confirm that: -



## ASIA PACK LIMITED

- a) The company has followed the applicable accounting standards in the preparation of the Annual Accounts and there had been no material departure except in so far as mentioned in note no. 10 of schedule L.
- b) 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 the aforesaid period;
- c) The directors have 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.
- d) The directors have prepared the Annual Accounts on a going concern basis in view of directives of the BIFR for rehabilitation of the company has been pending execution.

### CORPORATE GOVERNANCE

The corporate Governance Guidelines issued by SEBI are not applicable to the company since the company has paid up capital below Rs. 5 Crores as on 31st March-2004.

### AUDITORS

M/s. Shah Patni & Co., Chartered Accountants, Auditors of the Company retires at the ensuing Annual General Meeting and are eligible for re-appointment.

For and behalf of the

ASIA PACK LIMITED,

Report  Junction.com

(Arvind Bhandari)

Director

Place : UDAIPUR

Date : 6th September, 2004



# ASIA PACK LIMITED

## AUDITORS' REPORT

The Shareholders,

ASIA PACK LIMITED,

We have audited the attached Balance Sheet of ASIA PACK LIMITED as at 31st March, 2004 and the annexed Profit & Loss Account and Cash Flow Statement of the Company for the 9 months period ended on that date annexed thereto. 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.

1. We conducted our audit in accordance with 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 statement. 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.
2. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the company, so far as it appears from our examination of such books.
  - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account as submitted to us.
  - (iv) In our opinion and to the best of our information, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standard referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable, except to the extent of: -
 

*Non compliance with AS -11 for Accounting for the effects of changes in foreign exchange rates in respect of liability against Foreign Currency Term Loan from the bank which have not been restated at the year end exchange rate.*
  - (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that, none of the directors are disqualified as on 31<sup>st</sup> March, 2004 in terms of Section 274 (1)(g) of the Companies Act 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to: -
 

*(a) Non provisioning of interest on various Term loans and Working capital Facilities for the current period amounting to Rs.1,22,66,156/-(without considering interest on overdue interest of earlier periods commencing from 1<sup>st</sup> October, 2001). The computation of uncharged interest for the year is based on sanction letter of the bank dt. 19<sup>th</sup> December-2001 duly accepted by the company. The same consequently results into understatement of losses for the year to such an extent.*





## ASIA PACK LIMITED

- (b) *Non provision of Exchange difference loss of Rs. 16.10 Lacs (Previous year Rs. 10.40 Lacs) on account of reconversion of year-end liability of Foreign Currency Term Loan from Bank in accordance with AS – 11 (refer to Para 3(iv) above) and accordingly understating the loss to such extent.*

*However non-provisioning of (a) & (b) above shall have any impact on the profit and loss account upon the bankers giving effect to its sanctioned package for One Time Settlement of its dues.*

- (c) *Valuing the inventories as at the close of the year at estimated net realizable values due to company's inability in finding buyers for the same in view of discontinuing its manufacturing activities. Though the valuation has been made in accordance with AS-2, the change has an impact of Rs. 19.07 Lacs approx. in the valuation of year-end inventories (including the inventory of stores and spares) with resultant impact on the losses for the year.*
- (d) *Non Provision for diminution in the value of investment on the pretext of the same being temporary in nature. However since the diminution seems to be permanent and position unchanged since past over 6 years, provisioning being necessary and not done, the same resulting into under statement of losses to the extent of Rs. 3,49,367/- ( Previous Year Rs. 7,14,632)*
- (e) *The Company having planned in earlier years to relocate its closed weaving unit along with its tarpaulin activity which is at a different location, had dismantled and shifted the said weaving unit plant and machinery to the new location in financial year 2000-01 but reinstallation and recommissioning not done till date. No depreciation has been provided on such block of Plant & Machinery amounting to Rs 3.51 Lacs (Previous Year Rs. 5.85 Lacs) and accordingly understating the loss to such extent.*
- (f) *Capital work in Progress representing advances to machinery suppliers in earlier years but machines not delivered (Rs. 40.25 Lacs), cost incurred on acquisition of certain machinery, which has been lying uninstalled and uncommissioned since past many years (Rs.62.91 Lacs) and pre operative project expenses with interest on borrowings (Rs. 62.37 Lacs), all totaling to Rs. 165.53 Lacs having since lost its sanctity in view of the company abandoning the implementation of the said expansion due to the developments both in the industry as well as between the company and the Bank, provisioning against the same net of realisable value of assets, if any, having not been made and the extent of loss on account of the same has not been ascertained.*
- (g) *Short provisioning against doubtful advances to suppliers to the extent of RS. 7.43 lacs with resultant impact on the loss for the year.*
- (h) i. *Net worth of the company having been fully eroded in earlier years, due to mounting losses, the Board for Industrial and Financial Reconstruction (BIFR) has declared the company as a sick company under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985(SICA)*
- ii. *Bankers of the company suspending the existing credit facilities to the company and issuing Notice under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 recalling its loan and credit facility to the company.*
- iii. *Consequent to (ii) and (iii) above, the company suspending and halting its production activities after May 2003, relieving/retiring its major workforce and administrative manpower including key personnel and substantially liquidating its current assets to reduce dues of the bank.*



## ASIA PACK LIMITED

- iv. *The order of BIFR dt.11.06.2003 appointing Bank of India as Operating Agency under SICA Act with instructions for Rehabilitation of the Company with change of management and with/ without one time settlement of dues.*
- v. *Bank sanctioning package for one time settlement of overdues with change of management of the Company with the objects of rehabilitating the company in terms of directives of BIFR.*

*The aforesaid factors among others raise serious doubts company's ability to continue as a going concern in foreseeable future though the management contend and is optimistic of a positive outcome of its proposal to the Bank of One Time Settlement (OTS) of bank dues with change of management which also bears the sanction of the bankers under directions of the BIFR for rehabilitation of the company and therefore the company preparing the accounts on "going concern" basis.*

- (i.) *Further in view of all the aforesaid developments and serious doubts about the applicability of the going concern concept in case of the company, there is also a serious doubt with regard to the carrying amount of the fixed assets which under given situation indicates impairment requiring adequate provisioning for losses to the extent of impairment losses, which are non quantifiable at this stage.*

**Read together with other notes to schedule annexed give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view,**

- 1) In the case of the Balance Sheet of the State of Affairs of the Company as at 31<sup>st</sup> March, 2004 and
- 2) In the case of the Profit and Loss Account of the Loss for the 9 months period ended on that date and
- 3) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For SHAH PATNI & CO.,

Chartered Accountants.

(PRAMOD PATNI)

Partner

PLACE: Camp Udaipur

DATE: 6<sup>th</sup> Sept.2004