

# 11th ANNUAL *Report* 1996-97

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JALPAC INDIA LIMITED

11th Annual Report 1996-97

**BOARD OF DIRECTORS**

Bhupendra Singh - Chairman  
 Madhukar Jalan - Managing Director  
 Anil Malik  
 K.R. Ananthanarayanan  
 Mahadeo Jalan  
 Mumtaz Ahmed  
 Shyam Narayan (Nominee of ICICI)  
 S.S. Jain

**MANAGEMENT TEAM**

R.R. Malhotra - Vice President (Operations)  
 T.P. Jain - Vice President (Finance) & Secretary

**REGISTERED OFFICE  
& WORKS**

Village Tularampur  
 P.O. Mota Haldu  
 Tehsil Haldwani  
 Dist. Nainital (U.P)

**CORPORATE OFFICE**

903/911, Tolstoy House  
 15, Tolstoy Marg  
 New Delhi-110001

**BRANCHES**

Malhotra House (1st Floor)  
 Opposite G.P.O.  
 Bombay - 400 001

25, Ballygunge Circular Road  
 Calcutta - 700 019

17, Smith Road  
 Anna Salai  
 Madras - 600 002

307, River Palace, Wing B  
 Opp. Bahumali (Old Court) Nanpura Building,  
 Surat - 395001

Gala No. 238/1 (4) & 238 / 1 (9)  
 Plot No. 449/3  
 Industrial Estate Masat  
 Silvassa  
 (U.T. of Dadra & Nagar Haveli)

**BANKERS**

State Bank of India  
 State Bank of Bikaner & Jaipur

**AUDITORS**

Lodha & Co.  
 Chartered Accountants

**SHARE TRANSFER AGENTS**

ABC Computers Pvt. Ltd.  
 M-12 Market, Greater Kailash-II  
 New Delhi - 110048

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**JALPAC INDIA LIMITED**

- b. Foreign Currency Loan of JPY 111,522,000 equivalent to Rs. 330 lacs (Rupees Three Hundred & Thirty Lacs Only) lent and agreed to be lent and advanced to the Company.

Together with interest at the respective agreed rate, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to IDBI in terms of their respective Loan Agreements/ Head of Agreement/ Hypothecation Agreements/ Letter of Sanction entered into/to be entered into by the Company, in respect of the said term loans.

- c. To the Board of Directors of the Company agreeing with the said IDBI in terms of their Loan Agreements/ Hypothecation Agreements/ Letters of Sanction/ Memorandum of Terms & Conditions to reserve a right to take over the management of the business and concern of the Company in certain events.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IDBI the documents for creating aforesaid mortgage and/or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolution".

By Order of the Board  
for JALPAC INDIA LIMITED

Place : Lucknow

T.P. Jain

Date : 8th Oct., 1997

Vice President (Finance) &  
Secretary

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A BLANK PROXY FROM IS ENCLOSED.
2. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hour on all working days between 11.00 a.m. and 1.00 p.m.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 12.12.97 to 20.12.97 both days inclusive.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****Item No. 5**

The Company has been sanctioned by the Industrial Credit & Investment Corporation of India Ltd. (ICICI) Foreign Currency loan of Pound Sterling 810,000 equivalent to USD 1,256,788 or about Rs. 450 lacs (Rupees Four Hundred & Fifty lacs only). and

Foreign Currency loan of US\$ 1.25 million equivalent to Rs. 445 lacs (Rupees Four Hundred & Fourty Five Lacs only) for setting up a 3000 TPA Metallizer at Silvassa (U.T. of Dadra and Nagar Haveli).

These loans from ICICI will have to be secured by the first mortgage of the immovable properties and first charge by way of hypothecation of all the movables of the Company (save and except book debts) including movable machinery, machinery spares, tools & accessories, present and future, subject to prior charges created and/or to be created in favour of Company's Bankers for securing the borrowing for working capital requirements. Section 293 (1) (a) of the Companies Act, 1956 requires the Board to be authorised by the shareholders to create such charge. The Board recommends that the resolution be passed.

None of the Directors is in any way concerned or interested in this resolution except Shri Shyam Narayan who is the Director on the Board nominated by ICICI.

**Item No. 6**

The Company has been sanctioned by the Industrial Development Bank of India (IDBI) Rupee Term Loan not exceeding Rs. 160 lacs (Rupees One Hundred & Sixty Lacs Only) and Foreign Currency Loan of JPY 111,522,000 equivalent to Rs. 330 lacs (Rupees Three Hundred & Thirty Lacs Only) for setting up a new Unit for manufacture of 240 TPA of Metallic and Covering Yarn at Haldwani.

This loan from IDBI will have to be secured by the first mortgage of the immovable properties and first charge by way of hypothecation of all the movables of the Company (save and except book debts) including movable machinery, machinery spares, tools & accessories, present and future, subject to prior charges created and/or to be created in favour of Company's Bankers for securing the borrowing for working capital requirements. Section 293 (1) (a) of the Companies, Act, 1956 requires the Board to be authorised by the shareholders to create such charge. The Board recommends that the resolution be passed.

None of the Directors is in any way concerned or interested in this resolution.

**JALPAC INDIA LIMITED****NOTICE FOR THE ELEVENTH ANNUAL GENERAL MEETING**

Notice is hereby given that the Eleventh Annual General Meeting of the Company will be held at the Registered Office of the Company on Saturday, the 20th December, 1997 at 11.00 A.M. to transact the following business.

**Ordinary Business**

1. To receive, consider and adopt the Audited Accounts for the period ended 30th June, 1997 and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S.S. Jain who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in place of Shri Mumtaz Ahmed who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors and to fix their remuneration.

**Special Business**

To consider and if thought fit, to pass with or without modifications, the following resolution :

5. As an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the company wheresoever situate, present and future, and the whole of the undertaking of the Company pertaining to its Factory at Village: Tularampur, Mota Haldu, Tehsil Haldwani Distt. Nainital, U.P. and the whole of the undertaking of the company pertaining to its factory at Gala No. 238/ 1(4) & 238 / 1(9) Plot No. 449/3, Industrial Estate Masat, Silvassa (U.T. of Dadra and Nagar Haveli) and/or conferring power to enter upon and take possession of the assets of the company in certain events to/or in favour of

- a (i) The Industrial Credit and Investment Corporation of India Limited (ICICI) to secure Foreign Currency loan of Pound Sterling 810,000 equivalent to USD 1,256,788 or about Rs. 450 lacs (Rupees Four Hundred & Fifty Lacs only) lent and agreed to be lent and advanced to the Company,
- (ii) The Industrial Credit & Investment

Corporation of India Ltd. (formerly SCICI Ltd.) to Secure Foreign Currency loan of US\$ 1.25 million equivalent to Rs. 445 lacs (Rupees Four Hundred & Forty Five Lacs only) lent and agreed to be lent and advanced to the Company.

Together with interest at the respective agreed rate, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to ICICI in terms of their respective Loan Agreements/ Head of Agreement/ Hypothecation Agreements/ Letter of Sanction entered into/to be entered into by the Company, in respect of the said term loans.

- b. To the Board of Directors of the Company agreeing with the said ICICI in terms of their Loan Agreements/ Hypothecation Agreements/ Letters of Sanction/ Memorandum of Terms & Conditions to reserve a right to take over the management of the business and concern of the Company in certain events.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with ICICI the documents for creating aforesaid mortgage and/or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolution".

6. As an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the company wheresoever situate, present and future, and the whole of the undertaking of the Company pertaining to its Factory at Village: Tularampur, Mota Haldu, Tehsil Haldwani Distt. Nainital, U.P. and/or conferring power to enter upon and take possession of the assets of the company in certain events to/or in favour of Industrial Development Bank of India Ltd. (IDBI) to secure.

- a. Rupee Term Loan not exceeding Rs. 160 lacs (Rupees One Hundred & Sixty Lacs Only) lent and agreed to be lent and advanced to the Company and

**DIRECTORS' REPORT**

To  
THE MEMBERS,

The Directors have pleasure in presenting the Eleventh Annual Report together with the Audited Accounts of the company for the period ended 30th June, 1997.

**Financial Results**

	(Rupees in lacs)	
	Period Ended 30th June, 1997	Year Ended 31st March, 1996
Sales & Other Income	5281.11	4950.91
Profit before		
Interest & Depreciation	386.51	543.45
Profit before depreciation	11.93	277.74
Profit before tax	(87.77)	192.99
Provision for tax	—	—
Profit after tax	(87.77)	192.99
Profit brought forward	323.76	162.23
Proposed Dividend	—	31.46
Balance carried forward	235.99	323.76

**Operations**

The financial year 1996-97 witnessed unprecedented decline in the prices of metallized polyester film resulting from steep fall in the prices of polyester film and also due to stiff competition in the domestic market. The market conditions have stabilized since April 1997 and as the Company intended to make substantial progress in implementation of projects to set up a Metallizer and a Metallic Yarn Unit, your Directors decided to extend the accounting year by 3 months upto 30th June, 1997.

The depressed prices and consequent pressure on the margins resulted into lower sales value of Rs. 3954 lacs (annualised) against Rs. 4922 lacs for the previous year and a net loss of Rs. 87.77 lacs for the period against a net profit of Rs. 193 lacs for the previous financial year. Exports grew by 57% in value and 97% in volume compared to corresponding Period last year. The value stood at Rs. 700 lacs and volume at 472 M. Tons (annualised).

**Dividend**

In view of net loss for the period under review, your Directors regret their inability to declare any dividend.

**Expansion**

The activities on the projects to set up a Metallizer and Metallic Yarn Unit suffered a setback due to severe pressure on operations resulting from adverse

market conditions during the period under review. The Company has obtained necessary financial approvals for both the projects and efforts will be made for expeditious implementation during the current year.

**Directors**

Shri S.S. Sandhu has resigned from the Board of Directors of the Company effective from 26th Sept., 1996. The Board places on records its deep appreciation of the valuable guidance provided by Shri S.S. Sandhu during his tenure as Director/ Chairman of the Company.

Shri Sudhir M. Bobde nominee of PICUP has been appointed as Director and Chairman of the Company effective from 31st October, 1996 to fill up the casual vacancy caused by the resignation of Shri S.S. Sandhu from the Board of Directors of the Company.

Shri Sudhri M. Bobde resigned from the Board of Directors effective from 08.10.97. The Board places on records its deep appreciation of the valuable guidance provided by Shri Bobde to the Company.

Shri Bhupendra Singh nominee of PICUP has been appointed as Director and Chairman of the Company effective from 08.10.97 to fill up the casual vacancy caused by the resignation of Shri Sudhir M. Bobde.

Shri S.S. Jain and Shri Mumtaz Ahmed retire by rotation and being eligible, offer themselves for re-appointment.

**Auditors' Report**

The comments of the Auditors in their Report have suitably been explained in the relevant notes on accounts.

**Information pursuant to Section 217 of the Companies Act, 1956**

Information in accordance with clause (e) of sub-section (1) of section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the 15 months period ended 30th June, 1997 is given in Annexure A to this Report.

**Personnel**

A statement giving particulars as required under section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder is given in the Annexure B forming part of the Report.



**JALPAC INDIA LIMITED****Acknowledgements**

The Directors wish to place on record their appreciation of the dedication and commitment of the employees and team work displayed by them. The Directors also wish to record their appreciation of the financial support provided by the Financial Institutions and Company's Bankers.

For and On Behalf of the  
Board of Directors

Lucknow  
8th October, 1997

Bhupendra Singh  
Chairman

**ANNEXURE A**
**REPORT ON CONSERVATION OF ENERGY ETC.  
(Forming part of the Directors' Report)**
**A. Conversation of Energy :**

1. The main power line is being fed by a "Rural Feeder" leading to frequent power failures. Hence, work has been undertaken to draw power in the future from an independent Feeder from UPSEB.
2. Power factor was further improved by putting power capacitors near the individual load sites in addition to the one put on the main distribution point during 1995-96.
3. The use of compressors was optimised which led to shutting down one compressor totally.
4. Development work is undergoing to reduce thermal energy in our processes. Initial results are encouraging, and it is hoped that once the new process parameters are frozen in coating, furnace oil consumption per unit will come down.
5. Digital Temperature controllers were installed at all Coating machines to reduce fuel cost due to better temperature control.

**B. Technology Absorption :**

1. In addition to the consolidation of the work undertaken in the past, following additional development work was done during 1996-97.
  - a) Coating process was controlled to give even Coating weights on a repeatable basis.
  - b) Drive system one of the Metallizer was totally upgraded.
  - c) New design of "Clamping" system in the Metallizer is under observation to improve the

key product quality parameter. Trials are very encouraging and once put in place, it should reduce the cost of down grading substantially.

- d) Digital temperature controllers were put at all Coating machines to improve product quality.
2. a) Due to better control of Coating weights, Chemical input cost have come down.
- b) Metallizer production has gone up by over 30% over the same period last year.
- c) The incidence of Pin-holes has come down significantly in Metallized Film. This has improved the "A" grade percentage by over 5% compared to previous periods.
- d) Fuel cost per unit of the coated production has come down and coated product quality has improved due to better curing of lacquers.

**C. Foreign Exchange Earning & Outgo**

## 1. Activities Relating to Exports etc.:

The company sustained its efforts for exports and obtained desired results in terms of growth both in volumes and value of exports. The company has successfully penetrated some new markets while consolidating its presence in the existing markets. The company continued its efforts to develop and establish in the overseas markets some value added products of Metallized & Lacquered Polyester for export markets.

## 2. Total Foreign Exchange used &amp; earned:

	(Rs. in lacs)
(a) Foreign Exchange Earned (FOB Value of Exports)	874.86
(b) Foreign Exchange Used (CIF Value of Imports)	
(i) Capital Goods	35.08
(ii) Raw Materials	159.16
(iii) Stores & Spares	58.77
	<u>253.01</u>

For and On Behalf of the  
Board of Directors

Lucknow  
8th October, 1997

Bhupendra Singh  
Chairman

**JALPAC INDIA LIMITED****ANNEXURE B****PARTICULARS OF EMPLOYEES**

STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF DIRECTORS' REPORT FOR THE PERIOD ENDED 30TH JUNE, 1997.

NAME & AGE	DESIGNATION	DATE OF JOINING	REMUNERATION (RUPEES)	QUALIFICATION	EXPERIENCE (NO. OF YEARS)	PREVIOUS EMPLOYMENT
<b>A) EMPLOYED THROUGHOUT THE YEAR</b>						
1. R.R. Malhotra (43)	Vice President (Operations)	01.01.88	506899/-	M.A. (Lit.)	22	Manager (Tea Estate) JOKAI INDIA LTD.
2. T.P. Jain (36)	Vice President (Finance) & Secretary	01.11.88	516834/-	B.Sc., ACA, ACWA, ACS	11	Chief Accountant Cum-Finance Controller THE SAMSING PLANTATION & INDUSTRIES LTD.
<b>B) EMPLOYED FOR PART OF THE YEAR</b>						
1. Rajiv Kapoor (38)	General Manager (Works)	01.06.95	189670/-	B. Tech (Chem.)	12	Project Manager cum ACT. Managing Director KATSINA KAOLIN & CERAMICS LTD.

**NOTES:**

1. The remuneration as shown above includes salary, contribution to PPF and value of perquisites and benefits computed on the basis of the Income Tax Rules, 1962.
2. Designation represents the nature of duties of the employees
3. None of the employee is on Contractual employment.
4. None of the employee is a relative of any Director.

Lucknow  
8th October, 1997

Registered Office:  
Jalpac India Ltd.  
Mota Haldu,  
Haldwanj, Nainital

On behalf of the Board

**BHUPENDRA SINGH**  
(CHAIRMAN)