

**14th
Annual Report
1999 - 2000**



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JALPAC INDIA LTD.



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JAI PAC INDIA LIMITED

BOARD OF DIRECTORS

Anup Pandey - Chairman
 Madhukar Jalan - Managing Director
 Anil Malik
 Sanjoy Gupta - Nominee of ICICI
 S.S. Jain
 R.R. Malhotra - Executive Director

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.
 Mumbai - 400 001

25, Ballygunge Circular Road
 Calcutta - 700 019

17, Smith Road
 Anna Salai
 Chennai - 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.
 116, Sant Nagar, East of Kailash
 New Delhi - 110065



Allotment of securities dealt with in a Depository :

4A. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on the allotment of such securities.

After Article 11, the following new articles shall be inserted as article 11A, 11B, 11C, 11D, 11E, 11F.

Dematerialisation of Shares :

11A. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its Securities and to offer securities in a Dematerialised form pursuant to the Depositories Act, 1996.

Option for Investors .

11B. Every person subscribing to securities Offered by the Company shall have the option to receive Security Certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner within the time prescribed, issue to the Beneficial Owner the required Certificate for the Securities. If a person opts to hold his security with a Depository, the Company intimates such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.

Securities in Depositories to be in fungible form

11C. All securities held by a Depository shall dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a depository in respect of the securities held by the Beneficial Owners.

Distinctive numbers of Securities held in a Depository :

11D. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for Securities issued by Company, shall apply to securities held with a Depository.

Service of Documents :

11E. Notwithstanding anything contained in the act or these Articles, where securities are held in a Depository, the record of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

Register and Index of Beneficial Owners :

11F. The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of members and Security holders for the purpose of these Articles.

After article 41 the following new article shall be inserted as article 41A.

Transfer of Securities :

41A. Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee, both of whom are entered as Beneficial Owners in the records of a Depository.

After Article 70, the following new articles shall be inserted as article 70A, 70B and 70C.

Rights of Depositories and Beneficial Owners

70A. Notwithstanding anything to the contrary contained in the act or these Articles, a Depository shall be deemed to be the Registered Owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

70B. Save as otherwise provided in (70A) above, the Depository as the Registered Owner of the securities, shall not have any voting rights or any other rights in respect of the securities held by it.

70C. Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the company. The Beneficial Owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of this securities which are held by a Depository.

BY ORDER OF THE BOARD

New Delhi
30th June, 2000

Madhukar Jalan
Managing Director

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

Shri R.R. Malhotra was appointed as Executive Director of your company in the last AGM held on 27th November, 1999. Previously he was working with your company as Vice President (Operations). The remuneration of Shri Malhotra was last revised in October, 1997 while he was working as Vice President (Operations). In view of this, it was considered fair that the remuneration of Shri R.R. Malhotra be increased w.e.f. 1st April, 2000 as appended below commensurate with the responsibilities shouldered by him.

1. Remuneration :**1. Salary :**

Rs. 32000/- (Rupees Thirty Two Thousand only) per month.

2. Perquisites :

Free furnished accommodation with amenities including Electricity, water, maintenance expenses subject to a ceiling of 60% of salary.

Medical Reimbursement :

Reimbursement of medical expenses incurred for self and family not exceeding one month's basic salary per annum.

Leave Travel Concession :

Leave Travel Concession for self and family, once in a year incurred in accordance with Rules of the company not exceeding one month's basic salary.

2. PROVIDENT FUND :

Company's contribution towards Provident Fund to which the provisions of the Provident Fund Act, 1925 applies or from any other Provident Fund set up by the Central Government and notified by it in this behalf in the official gazette as per Rules of the company but not exceeding 12% of the salary.

3. GRATUITY :

Gratuity as per Rules of the Company, but shall not exceed half a month's salary for each completed year of service.

4. EARNED LEAVE :

Earned leave on full pay and allowances as per the rules of the company. Leave can be accumulated upto 6 year's entitlement. Encashment of leave beyond one month's entitlement only once in the year. However, encashment of entire accumulated leave at the end of the tenure.

Encashment of leave at the end of tenure will not be included in the computation of the ceiling of perquisite.

5. Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for personal purpose shall be billed by the company.

The aggregate of the salary and all perquisites as enumerated above, shall at no time exceed the limits as may be prescribed from time to time under the provisions of the Companies Act, 1956, schedules thereto and rules thereunder, as well as any other statutory provisions as may be applicable.

The Executive Director shall not be eligible for any sitting fees for attending company's Board or Committee meetings.

The above details may please be treated as an abstract of the terms of appointment of Shri R.R. Malhotra under section 302 of the Companies Act, 1956.

The board recommends the resolution for your approval.

Except Shri R.R. Malhotra, no other Director is concerned or interested in the resolution.

ITEM NO. 6

The accumulated losses of the company as on 31st March, 2000 stood at Rs. 632.30 lacs thereby eroding the peak net worth of the company as on 31st March, 2000 by more than 50%.

The main causes of such erosion are continuous losses due to reduction in margins. The company has to report this fact to the Board for Industrial and Financial Reconstruction as per the provisions of section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985.

The Board recommends the resolution for the approval of the members.

None of the Directors is interested in the proposed resolution.

**ITEM NO. 7**

It has been observed that the Company gets occasional opportunities to utilise its advance licences and other export incentives in a much more profitable manner by going in for direct import or purchase of commodities for trading purposes. In view of this, it would be beneficial for the Company to include trading of various commodities/goods as part of its Main Objects.

The Board recommends the resolution for approval of the members.

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

ITEM NO. 8

The Depository System for holding of securities has been introduced after passing of Depositories Act, 1996. Consequently, some of the provisions of the Companies Act, 1956, pertaining to issue, holding, transfer and dealing in shares and other securities as also certificates thereof have been amended so as to facilitate the operations of the Depository System. The Articles of Association of the Company pertaining to issue, holding and dealing in shares and securities which, in line with the erstwhile provisions of the Companies Act, 1956, are not in conformity with the provisions of the Depositories Act, 1996. It is, therefore, proposed to amend the Articles to enable Dematerialisation and dealing in Dematerialised shares or other securities in terms of the Depositories Act, 1996.

The Board recommends the resolution for approval of the members.

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

BY ORDER OF THE BOARD

New Delhi
30th June, 2000

MADHUKAR JALAN
MANAGING DIRECTOR

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 FORM IS ENCLOSED.
2. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours 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 21/8/2000 to 28/8/2000 (both days inclusive).
4. The company has transferred, to the General Revenue Account of the Central Government as required by Companies Unpaid Dividend (transfer to the General Revenue Account of the Central Government) Rules, 1978, unclaimed dividend for the year 1994-95 (@ 12% Final Dividend for which Record Date was 2.11.95).

Those shareholders who have so far not claimed or collected their above mentioned dividend or dividends may claim their dividend from the Registrar of Companies, U.P., West Cott Building, The Mall, Kanpur.



DIRECTORS' REPORT

TO

THE MEMBERS,

The Directors have pleasure in presenting the Annual Report with Audited Accounts of the company for the period ended 31st March, 2000.

Financial Results

	(Rupees in lacs)	
	9 months Period Ended 31st March, 2000	Year Ended 30th June, 1999
Sales & Other Income	2700.80	2630.25
Profit before Interest & Depreciation	94.40	(104.27)
Profit before Depreciation	(78.46)	(394.02)
Profit before Tax	(168.82)	(510.26)
Provision for Tax	—	—
Profit after Tax	(168.82)	(510.26)
Profit brought forward	(463.48)	46.78
Proposed Dividend	—	—
Balance carried forward	(632.30)	(463.48)

OPERATIONS

The installation of the new metallizer resulted in a substantial growth in production and sales. On annualized basis, production increased by 45% in quantitative terms. Sales increased by 50% in quantitative and 65% in value terms. The sales turnover has been affected by 489 Tons of job work metallizing done during the year. Sales of metallized paper, which was identified as a value added growth area increased by 83% on annualized basis.

As forecast last year, the gains from the expansion has helped in reducing the losses.

DIVIDEND

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

EXPORT

Export in quantity terms increased by 23% and in value terms by 47%.

Breakthrough was achieved in export of metallized paper and this segment is expected to show promising results in the coming year.

NEW METALLIZER

This was despite the new metallizer not performing to its full potential, since a number of modifications had to be made during the period under review for the metallizer to fulfil the technical guarantees both in terms of product quality conformance and the range of products.

Though some improvements were observed after the modifications, a major modification is planned for July/August, 2000. The original plan given by the supplier for completion of all modifications was 31st December, 1999 which they have not been able to adhere to. The major reason advised by them is the time taken for redesigning,

establishing technical feasibility on a similar equipment in UK- prior to new retrofitting the modification in our plant. The supplier has extended the performance guarantee till 31st December, 2000.

METALLIC YARN

Markets for Metallic yarn exports were identified and sales of Rs. 142 lacs were achieved during the period under review. Future prospects look promising.

POTENTIALLY SICK INDUSTRIAL COMPANY

Your company has incurred a net loss of Rs. 632.30 lacs as at 31st March, 2000 which has exceeded 50% of the peak net worth of your company during the immediately preceding four financial years. This has made your company a Potentially Sick Industrial Company in terms of provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). A separate Report of the Directors on the erosion of your Company's net worth is enclosed.

FUTURE OUTLOOK

The coming year is likely to see an improved performance especially, after the completion of the final modification on the new metallizer. Increased sales of metallized paper and metallic yarn in the coming year should result in more value addition and help in the company's turnaround.

DIRECTORS

Shri Ganga Din Yadav nominee of PICUP, Shri Shyam Narayan, Nominee of ICICI resigned on 27.11.99 and 31.5.2000 respectively.

The Board places on records its deep appreciation of the valuable guidance provided by these directors during their tenure as Chairman / Director of the Company.

Shri Anup Pandey, nominee of PICUP has been appointed as Director and Chairman of the Company effective from 27.11.1999 and Shri Sanjoy Gupta, appointed as nominee director of ICICI with effect from 31.5.2000.

Shri R.R. Malhotra, Executive Director retires by rotation and being eligible, offers himself for re-appointment.

Shri Anup Pandey, Chairman and Director retires by rotation and being eligible, offers himself for re-appointment.

AUDITORS' REPORT

The comments of the Auditors in their Report have suitably been explained in the relevant notes on accounts and do not call for any further comments from Directors.

LISTING OF SECURITIES

The equity shares of the company are listed at Stock Exchanges at Delhi, Calcutta, Ahmedabad, Kanpur (Regional Stock Exchange) and Mumbai.

The Company has paid listing fees for the financial year 2000- 2001 to all Stock Exchanges.

AUDITORS

M/s Lodha & Company, Chartered Accountants, auditors of the Company, retire at the forthcoming Annual General



Meeting and being eligible, offer themselves for reappointment.

YZK COMPLIANCE

The proactive steps taken by the Company ensured that there was no disruption to its computer systems at the time of rollover to the year 2000.

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 Director's Report for the period ended 31st March 2000, is given in Annexure A to this Report.

Personnel

The details as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is - NIL.

Acknowledgements

The Directors wish to place on record their appreciation of the dedication and commitment of the employees and team work displayed by them in a trying and challenging situation. 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

Madhukar Jalan R.R. Malhotra
Managing Director Executive Director

New Delhi
30th June, 2000

Annexure A

REPORT ON CONSERVATION OF ENERGY ETC. (Forming part of the Directors' Report)

A. Conservation of energy:

1. Boiler/ Heat Exchanger efficiency has been improved by monitoring of flue gases which has reduced consumption of furnace oil.
2. Metallizer II vacuum pumps operating sequence modified to reduce running hours of 16 KVA load by 75%.
3. Combination of State Electricity and own generation is being used to optimize cost of power consumption.

B. Technology Absorption:

1. Development of high gloss printable transfer metallized paper for labels and gift wrap applications.
2. Development of window metallizing.
3. Low optical density metallization for antistatic bags used for packing electronic components.

C. Foreign Exchange Earning & Outgo

1. Activities Relating to Exports etc.:

The company sustained its efforts for exports of new product range like Metallized paper and Metallic Yarn in addition to growth in export of Metallized Polyester Film. The Company continued its efforts to develop and establish new export market.

2. Total Foreign Exchange used & earned:

	Current Year (Rs.lacs)	Previous Year (Rs.lacs)
Used	126.03	777.61
Earned	858.86	784.57

For and on behalf of the Board of Directors

Madhukar Jalan R.R. Malhotra
Managing Director Executive Director

New Delhi
30th June, 2000

Directors' Report on Erosion of net worth to the members

Despite signs of an improved financial performance in the future, the Company because of its accumulated losses comes under the definition of a potentially sick company as per provisions of Section 23 of the 'Sick Industrial Companies' (Special Provisions) Act 1985.

The Directors hereby report that the accumulated losses of your Company is Rs. 632.30 lacs as at 31st March 2000, which exceeded the 50% of the peak net worth of your Company during the preceding four financial years.

Causes:

1. Radical reduction in margins during the last 3 years.
 2. High interest cost.
 3. No extra metallizing capacity available to off set lower margin by higher volumes.
 4. General recessionary trend in the industry.
- As reported earlier, the following steps have already been taken which should not only arrest the losses but also effect a turn around in the coming years.
- a. Installation of the new metallizer which has increased the capacity substantially.
 - b. Successful production and market penetration of metallized paper.
 - c. Production of metallic yarn- a high value added product.
 - d. Financial restructuring has been finalized with the Institutions.
 - e. Extreme focus on reducing cost of downgrading.
 - f. Adequate cost control.

For and on behalf of the Board of Directors

Madhukar Jalan R.R. Malhotra
Managing Director Executive Director

New Delhi
30th June, 2000