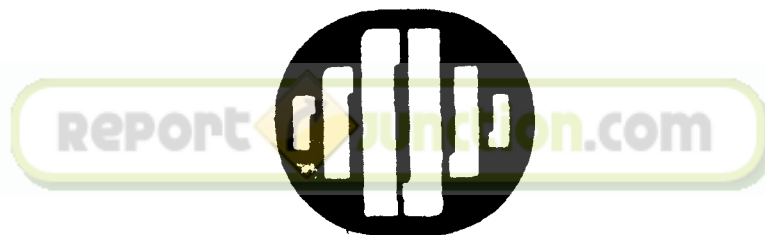


# **18th Annual Report 2003 - 2004**



## **JALPAC INDIA LTD.**

## CONTENTS

Notice	1-5
Graphical Representation -Key Performance Parameters	6-7
Directors' Report	8-10
Management Discussion & Analysis	11-14
Corporate Governance	15-20
Auditors' Report	21-23
Balance Sheet	24
Profit & Loss Account	25
Schedules to Balance Sheet & Profit and Loss Account	26-31
Notes on Accounts & Accounting Policies	32-38
Cash Flow Statement	39
Balance Sheet Abstract & Company's General Business Profile	40
Auditors' Report on Consolidated Financial Statement	41
Consolidated Balance Sheet	42
Consolidated Profit and Loss Account	43
Schedules to Consolidated Balance Sheet & Profit and Loss Account	44-48
Notes on Accounts and Accounting policies to consolidated Accounts	49-51
Consolidated Cash Flow Statement	52
Statement pursuant to Section 212 of the Companies Act, 1956 Relating to Company interest in Subsidiary Company	53
<b>Accounts of Subsidiary Company</b>	
Directors' Report	54
Report of Independent Public Accountant	54
Balance Sheet	55
Statement of Income & Retained Earning	56
Statement of Cash Flows	57
Notes To Financial Statement	57

**BOARD OF DIRECTORS**

Anil Sharma - Nominee of PICUP  
 A. K. Patni - Nominee of ICICI Bank Ltd.  
 Madhukar Jalan - Managing Director  
 S.S. Jain  
 K. K. Shukla - Nominee of PICUP  
 R. R. Malhotra - Executive Director

**AUDIT COMMITTEE**

Anil Sharma - Chairman  
 S. S. Jain  
 K.K. Shukla  
 Madhukar Jalan

**COMPANY SECRETARY**

P. C. Joshi

**REGISTERED OFFICE**

Village Tularampur  
 P.O. Mota Haldu  
 Tehsil Haldwani  
 Dist. Nainital (Uttanchal)  
 Pin : 262 402

**WORKS**

Village Tularampur  
 P.O. Mota Haldu  
 Tehsil Haldwani  
 Dist. Nainital (Uttanchal)  
 Pin : 262 402

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

B-45, Sector 57  
 Noida - 201 301 (U.P.)

**CORPORATE OFFICE**

903/911, Tolstoy House  
 15 Tolstoy Marg  
 New Delhi - 110 001

**BRANCHES**

C/o. Jalan Chemical Industries Pvt. Ltd.  
 Malhotra House (1st Floor)  
 Opposite G.P.O.  
 Mumbai - 400 001

C/o. R. N. Entreprises  
 27 AB, Royd Street  
 Kolkata-700 016

307, River Palace, Wing B  
 Opp. Bahumali (Old Court) Nanpura Building  
 Surat - 395 001

**BANKERS**

State Bank of India  
 State Bank of Bikaner & Jaipur

**AUDITORS**

Lodha & Co.  
 Chartered Accountants

**SHARE TRANSFER AGENTS**

Niche Technologies Pvt. Ltd.  
 D-511, Bagree Market,  
 71, B.R.B.B. Road,  
 Kolkata - 700 001



## NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of Jalpac India Ltd. will be held on Saturday, the 31st July, 2004 at 11.00 a.m. at the Registered Office of the Company at Village : Tularampur, P.O. Mota Haldu, Tehsil Haldwani, Distt. Nainital (Uttaranchal) to transact the following business.

**Ordinary Business:**

1. To receive, consider, and adopt the Audited Accounts for the year ended 31st March, 2004 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-appointment.
3. To appoint a Director in place of Shri R.R. Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**Special Business:**

To consider and if thought fit, to pass, with or without modification(s), the following resolutions:

**5. As a Special Resolution :**

"RESOLVED THAT pursuant to the provisions of sections 198,269, 309,310 and all applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof and all other statutory provisions, if any and subject to the approvals of the Central Government if any required, and such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the re-appointment of Shri R.R. Malhotra as the Executive Director of the Company for a period of 5 years from 26th October, 2004 to 25th October, 2009 upon the same terms, conditions and stipulations including the remuneration as existing before such re- appointment and set out in the explanatory statement with liberty to the Directors to alter and vary such terms and conditions including remuneration in such manner as may be agreed upon by the Directors and acceptable to Shri R.R. Malhotra.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised from time to time, to alter, increase or modify the terms and conditions of the appointment of Shri R.R. Malhotra including remuneration provided that such remuneration should not exceed the maximum limits as specified in Schedule XIII of the Companies Act, 1956, as existing or as amended, modified or re-enactment from time to time or as approved by the Central Government from time to time, if any, as the Board may deem fit".

**6. As an Ordinary Resolution :**

"RESOLVED THAT the consent of the Company be and is hereby accorded pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents as may be necessary from the existing mortgage/charge holders 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 in favor of State Bank of India (SBI) and State Bank of Bikaner & Jaipur (SBBJ):

1. SBI of its various credit facilities to the extent of Rs.2377.00 Lacs (fund based Rs 1552 Lacs and non fund based Rs.825 lacs)
2. SBBJ of its various credit facilities to the extent of Rs.540.00 Lacs (fund based Rs 355 Lacs and non fund based Rs.185 lacs)

Together with interest, costs, charges, expenses and all other monies payable under their respective advance documents/ loan agreements/ letters of sanction as amended from time to time.

PROVIDED however that the mortgage and charge on the said immovable and movable properties in favour of SBI and SBBJ for their various credit facilities to the extent of Rs.2377 lacs and Rs.540 lacs respectively shall rank pari-passu alongwith the existing mortgage and charge created / to be created by the Company on the said immovable and movable properties in favour of ICICI Bank Ltd.

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

**7. As an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgage and/or charge on such terms and conditions and of such time or times and in such form and manner, as they may think fit, the whole or substantially the whole of the Company's any one or more of the undertaking/s, or of all the undertakings including the present and/or future properties, whether movable or immovable comprised in any undertaking or undertakings of the Company, as the case may be, in favour of the existing lending Indian banks and /or financial institutions and/or any foreign bank/Financial Institutions in respect of rupee or foreign currency loans excluding short term working capital loans, term loans or in favour of Trustees of debenture holders in the event of issue of debenture of any description to general public or to any financial institutions for the purpose of raising to meet long term needs of the Company.

RESOLVED FURTHER THAT the board of Directors of the Company be and is hereby authorised to finalise with the respective banks/financial institutions and/or Trustees of the debenture holders or other parties as the case may be agreements, trust deed and other documents, if any, necessary for creating mortgages and/or charges as aforesaid, and to do all such acts, deeds, matters and things as may be necessary and/or expedient for giving effect to this resolution."

**8. As an Ordinary Resolution:**

"RESOLVED THAT pursuant to section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorised to borrow from time to time all such sums of money as they deem requisite for the purpose of the business of the Company notwithstanding that the moneys to be borrowed together with 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 not so set apart for any specific purposes, provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed, the sum of Rs. 60.00 crores."

Report



junction.com

BY ORDER OF THE BOARD

New Delhi

29<sup>th</sup> May, 2004

(P. C. Joshi)

Company 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 form is enclosed.
2. All documents referred 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. to 1.00 p.m.
3. The Register of Members and Share Transfer books of the Company shall remain closed from 26/07/04 to 31/07/04 (both days inclusive).
4. The Company has transferred to 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. & Uttranchal, West Cott Building, The Mall, Kanpur.
5. In terms of amended provisions of Section 205A read with section 205C of the Companies Act 1956, the unclaimed dividend for the financial year ended 31st March, 1996 remaining unpaid / unclaimed for a period of 7 years has been transferred to 'Investor Education and Protection Fund' set up by the Central Government.  
It may be noted that no claims will lie against the Company or the Investor Education and Protection Fund in respect of the said unclaimed dividend amount transferred to the Fund.
6. The introduction of Section 109A by the Companies (Amendment) Act, 1999 provides for nomination by the shareholders of the Company in the prescribed form No. 2B. The shareholders are advised to avail of this facility and submit duly completed form No. 2B to the Registrar & Share Transfer Agents.
7. Members who hold shares in physical form are requested to advise the Company or M/s Niche Technologies Pvt. Ltd. (Registrar & Transfer Agents of the company) immediately of any change in their addresses.
8. Members who hold shares in dematerialised form are requested to intimate details regarding change of address, etc. to the Depository Participants where they have their depository accounts.

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

The current term of appointment of Shri R.R. Malhotra as the Executive Director will expire on 26th October, 2004. Shri Malhotra has played a key role in the management of the affairs of the Company. During his tenure as Executive Director, the company has achieved many milestones in export and domestic sale. He has been instrumental in successfully implementing the expansions for additional metallizing and coating capacity.

The Board of Directors has re-appointed Shri R.R. Malhotra as Executive Director of the company for a further period of 5 years effective from 26th October, 2004 to 25th October, 2009 in their meeting held on 29st May, 2004 on the recommendation of the Remuneration Committee without any change in the terms and conditions and at existing remuneration as appended below.

**A. Salary :**

Rs.95000/- (Rupees Ninety Five Thousand only) per month.

**B. Perquisites:****1. Accomodation**

Free furnished accommodation or house rent allowance in lieu thereof, including reimbursement of expenses in respect of Electricity, water, maintenance expenses subject to a ceiling of 20% of salary.

**2. Medical Reimbursement**

Reimbursement of all medical expenses incurred for self and family, subject to a limit of Rs. 15000/- per annum.

**3. Leave Travel concession:**

Leave Travel Concession for self and family, once in a year in accordance with Rules of the company not exceeding Rs. 50000/- per annum.



#### 4. Gratuity

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

#### 5. Earned Leave

- 5a. 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.
- 5b. Encashment of leave at the end of tenure will not be included in the computation of the ceiling of perquisite.

#### 6. Car And Telephone

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

#### 7. Other perquisites

The Executive Director may be given any other allowance, benefit and perquisites as the Board of Directors may from time to time, decide which together with perquisites mentioned in Serial No.1 above will not exceed 20% of salary viz. 19000/- per month, but excluding items at serial No. 4 and 5(b), which will not be counted in the said ceiling.

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 re-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 Company has been sanctioned/renewed various credit facilities by State Bank of India (SBI) & State Bank of Bikaner & Jaipur (SBBJ).

The working capital facilities to the extent of Working Capital Term Loan facility will have to be secured by 1st pari-passu charge on all the fixed assets of the Company alongwith term lending Financial Institutions namely ICICI Bank Ltd. and pari-passu second charge on the entire current assets of the Company. Term loan/ DPG from banks are secured by 1st charge on fixed assets created out of bank finance and extension of charge on current assets.

The working capital facilities are secured by 1st charge by hypothecation of entire current assets and second charge on fixed assets of the company. 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 the resolution for approval of shareholders under section 293(1)(a) of the Companies Act, 1956.

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

#### Item No. 7

The Company is contemplating of raising funds for repayment of high cost debts and also to meet the short term requirement of funds for working capital. Since such funds could be obtained only by way of loan and/or issue of debentures to Banks, Financial Institutions and others who would require their funds to be secured by creating charge/mortgage on the assets of the Company.

Apart from above, the existing banks renew the working capital facilities from time to time by way of enhancement/fresh sanction or conversion/interchange of the credit facilities viz fund based, non fund based and/or term loan availed by the Company. For the purpose of securing the loan amount, the company is required to create charge/mortgage in favour of the lenders.



The creation of the charge as aforesaid requires consent of the shareholders u/s 293 (1)(a) of the Companies Act, 1956.

The Board recommends the resolution for approval of shareholders under section 293(1)(a) of the Companies Act, 1956.

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

#### Item No. 8

At the Annual General Meeting held on 23rd September, 1995, the Board of Directors of the Company was authorised to borrow monies from time to time, in excess of the aggregate of the paid up capital of the company and its free reserves subject to a maximum limit of Rs 50.00 crores. In view of increase in financial requirement of the Company, the aforesaid limit needs to be further increased to Rs 60.00 crores.

The Board recommends the above resolution for your approval.

None of the Directors of the company is concerned or interested in the proposed resolution.

BY ORDER OF THE BOARD

New Delhi

29<sup>th</sup> May, 2004

(P. C. Joshi)

Company Secretary

#### NOTES ON DIRECTORS SEEKING RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT ENTERED INTO WITH THE STOCK EXCHANGES

At the ensuing Annual General Meeting, Shri S.S. Jain and Shri R.R. Malhotra retire by rotation and being eligible, offer themselves for re-appointment. The term of appointment of Shri R.R. Malhotra as Executive Director is to expire on 26th October, 2004 and he is to be re-appointed for 5 years. The particulars of the Directors are given below:

**Shri S.S. Jain** aged about 69 years is a legal practitioner by profession and an independent director, associated with the Company since inception. Shri Jain has a wide range of experience in areas of legal, administration and finance. He is also member of the Audit Committee and Remuneration Committee of the Company. The other directorships of Shri S.S. Jain are as under:

1. Omni Holding Limited
2. Alliance Udyog Limited
3. Alliance Mills South Limited
4. RTS Power Corporation Ltd.
5. East India Cotton Mfg. Co. Ltd.
6. Bhutoria Agrotech Limited.
7. Lindsay Securities Limited.
8. Annapurna savings & Finance Co. Ltd.
9. East India Udyog Limited

The membership/Chairmanship of Shri S.S. Jain in the committees of the Board of other Companies is as under:

1. RTS Power Corporation Ltd.- Audit Committee

**Shri R.R. Malhotra** aged about 50 years, a Post Graduate and Executive Director, associated with the Company since 1988. He was working with the company as Vice President before he was appointed as the whole time director of the Company in October, 1999. Shri Malhotra has a wide range of experience in the areas of marketing, purchase, production, labour management and administration.

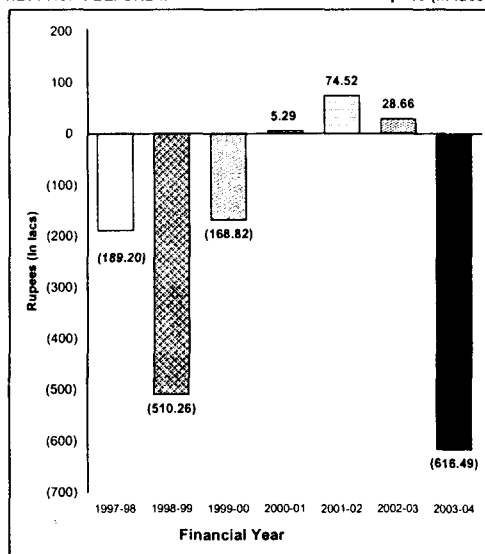
Shri R.R. Malhotra does not hold any directorship and committee positions in other companies.



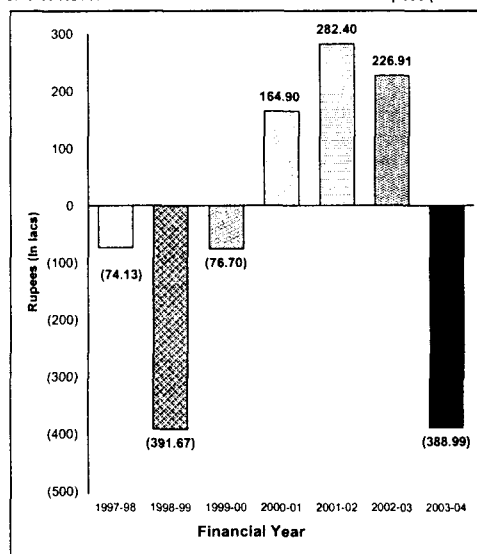


## Key Performance Parameters at a Glance - Last 7 Years

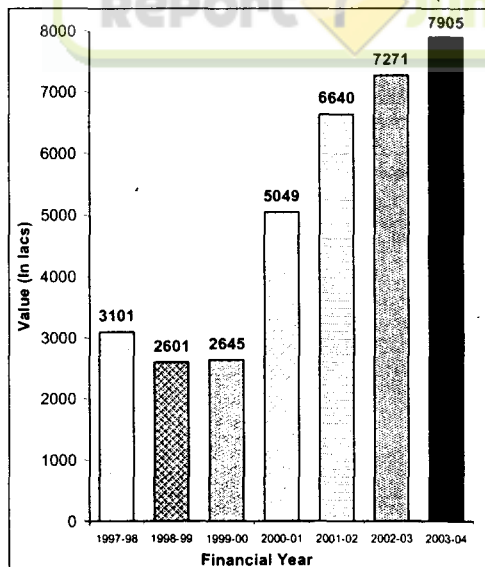
NET PROFIT BEFORE TAX Rupees (In lacs)



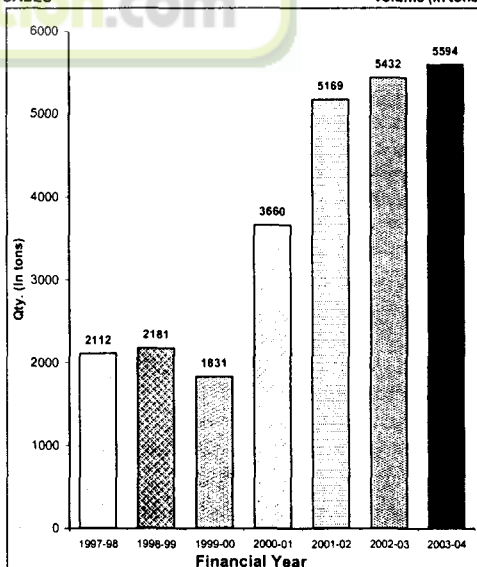
CASH PROFIT Rupees (In lacs)



SALES Value (In lacs)



SALES Volume (In tons)



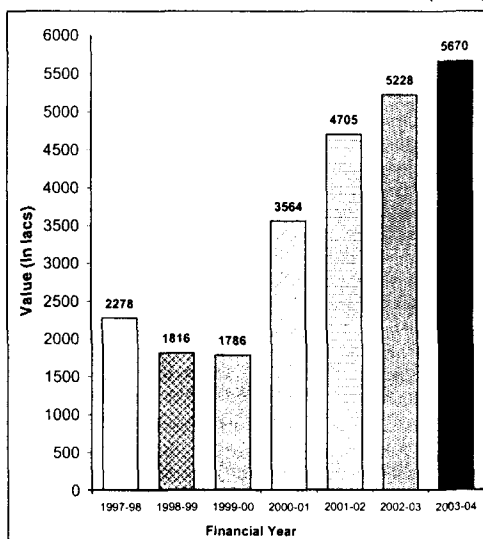
Note :- Trial run quantities and values are excluded.  
The financial year 1999-00 covers a period of 9 months.



## Sales Breakup - Domestic and Export

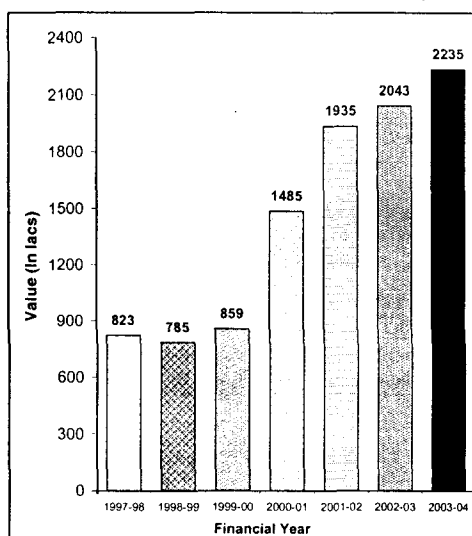
DOMESTIC SALES

Value (In lacs)



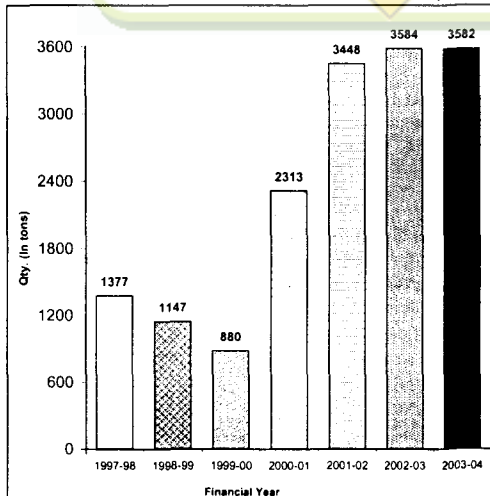
EXPORT SALES

Value (In lacs)



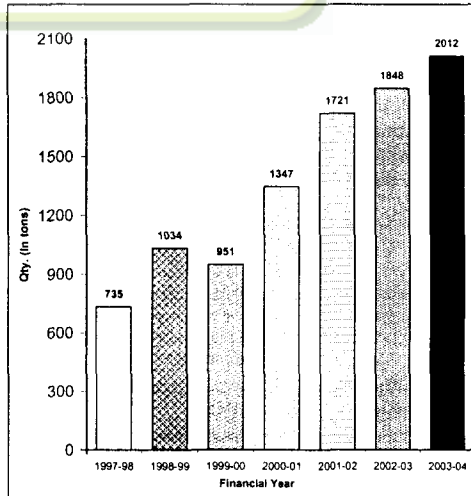
DOMESTIC SALES

Volume (In tons)



EXPORT SALES

Volume (In tons)



\*Note :- Trial run quantities and values are excluded.  
 The financial year 1999-00 covers a period of 9 months.  
 Export Sales value reflects the FOB value of exports including deemed exports.