

# **22nd Annual Report 2007 - 2008**



**JALPAC INDIA LTD.**



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<b>BOARD OF DIRECTORS</b>	R.K. Gupta	-	Nominee of PICUP
	K. K. Shukla	-	Nominee of PICUP
	S.S. Jain		
	Anil Sharma		
	Madhukar Jalan	-	Managing Director
	R. R. Malhotra	-	Executive Director
<b>AUDIT COMMITTEE</b>	Anil Sharma	-	Chairman
	S. S. Jain		
	K.K. Shukla		
	Madhukar Jalan		
<b>REGISTERED OFFICE</b>	Village Tularampur		
	P.O. Mota Haldu		
	Tehsil Haldwani		
	Dist. Nainital (Uttarakhand)		
	Pin : 262 402		
<b>WORKS</b>	Village Tularampur		
	P.O. Mota Haldu		
	Tehsil Haldwani		
	Dist. Nainital (Uttarakhand)		
	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>CORPORATE OFFICE</b>	A-112, Sector 63		
	Noida - 201 301 (U.P.)		
	903/911, Tolstoy House		
	15 Tolstoy Marg		
	New Delhi - 110 001		
<b>BRANCHES</b>	C/o. Jalan Chemical Industries Pvt. Ltd.		
	Malhotra House (1st Floor)		
	Opposite G.P.O.		
	Mumbai - 400 001		
	C/o. R. N. Enterprises		
	27 AB, Royd Street		
	Kolkata-700 016		
	307, River Palace, Wing B		
	Opp. Bahumali (Old Court) Nanpura Building		
	Surat - 395 001		
<b>BANKERS</b>	State Bank of India		
	State Bank of Bikaner & Jaipur		
<b>AUDITORS</b>	Lodha & Co.		
	Chartered Accountants		
<b>SHARE TRANSFER AGENTS</b>	Niche Technologies Pvt. Ltd.		
	D-511, Bagree Market,		
	71, B.R.B.B. Road,		
	Kolkata - 700 001		



## NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held on Friday, the 28th November, 2008 at 11.00 a.m. at the Registered Office of the company at Village : Tularampur, P.O. Mota Haldu, Tehsil Haldwani, Distt. Nainital (Uttarakhand) to transact the following business.

### Ordinary Business:

1. To receive, consider, and adopt the Audited Balance Sheet as at 31st March, 2008 and Profit & Loss account as on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri R.K. Gupta 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 an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of the section 198, 269, 309, 310 and all applicable provision, if any, of the Companies Act 1956 including any statutory modifications or re-enactments thereof and all other statutory provisions, if any, consent of the Company be and is hereby accorded to the re-appointment of Shri Madhukar Jalan as the Managing Director of the Company for a period of 5 years from 18th June 2008 to 17th June 2013 upon the same terms, conditions and stipulations as are existing before such reappointment 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 Madhukar Jalan.

**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 Madhukar Jalan including remuneration provided that such remuneration should not exceed the maximum limits for payment of managerial remuneration as may be admissible within the overall limits specified in the Schedule XIII of the Companies Act, 1956, as existing or as amended, modified or re-enactment from time to time as the Board may deem fit. "

By Order of the Board

New Delhi  
29th September, 2008

R. R. MALHOTRA  
Executive 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 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 18/11/2008 to 28/11/2008 (both days inclusive).
4. The Company has transferred to the Central Government as required by Companies Unpaid Dividend (transfer to the General Reserve 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. & Uttarakhand, West Cott Building, The Mall, Kanpur.  
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, 1995 onwards which remain unpaid / unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund set up by the Central Government. The Company has transferred the unclaimed dividend for the year 1995-96 (@ 5% Final Dividend for which record date was 8.11.96) to the said fund.  
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.
5. 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.
6. 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.
7. 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.
8. An explanatory note pursuant to section 173(2) on Special Business

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

The current term of appointment of Shri Madhukar Jalan as the Managing Director completed on 17th June 2008. The Board of Directors has re-appointed Shri Madhukar Jalan as Managing Director for a further period of 5 years from 18th June 2008 to 17th June 2013, in their meeting held on 5th May 2008, without any change in the terms and conditions of the current appointment in particular without remuneration.

The directors recommend the resolution for re-appointment of Shri Madhukar Jalan as Managing Director of the Company be adopted.

*Shri Madhukar Jalan is entrusted with power of management of the affairs of the Company, the expertise of which shall be subject to the superintendence, control and directions of the Board.*

Save and except Shri Madhukar Jalan, no other Director is concerned or interested in the resolution

By Order of the Board

New Delhi  
 29th September, 2008

R. R. MALHOTRA  
 Executive Director

**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 R.R. .Malhotra and Shri R.K. Gupta PICUP nominees retire by rotation and being eligible, offer themselves for re-appointment.

**Shri R.R. Malhotra** aged about 55 years, a Postgraduate and Executive Director, has been 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 position in other companies.

**Shri R.K. Gupta** aged about 47 years, an Engineer by profession and independent director, associated with the Company since 2006. Shri Gupta has a wide range of experience in areas of technical, administration and project finance/appraisal. The other directorship of Shri Gupta is as under:

1. Soorya Soltech Pvt. Ltd.
2. Mahan Proteins Limited
3. Vegepro Foods & Feeds Limited
4. Hind Agro Industries Limited
5. UP Drugs & Pharmaceuticals Ltd.

Shri R.K. Gupta does not hold any membership of committees in other companies.

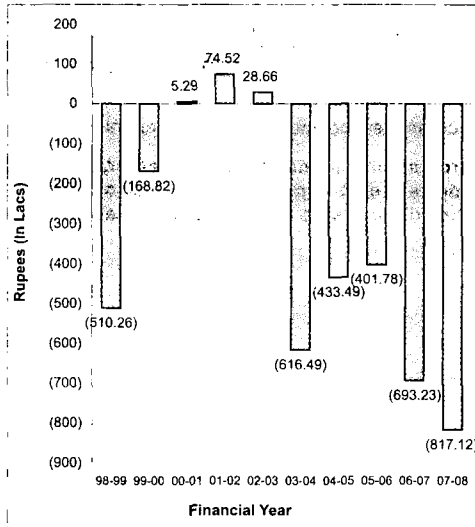
Report  junction.com



## Key Performance Parameters at a Glance - Last 10 Years

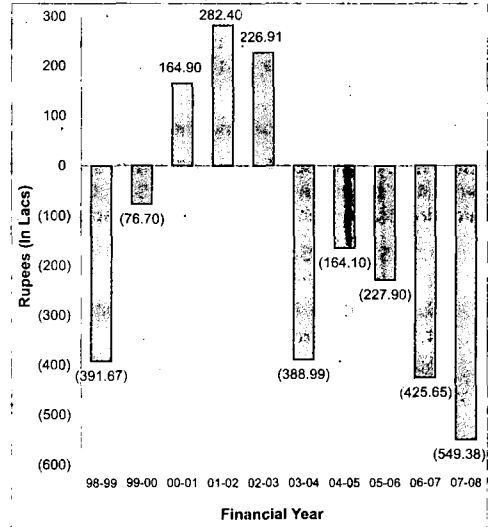
NET PROFIT BEFORE TAX

Rupees (In lacs)



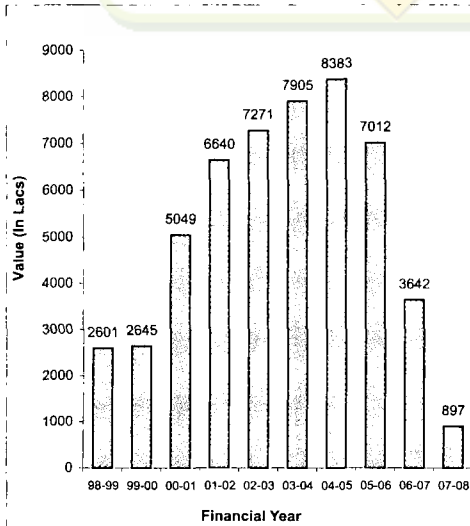
CASH PROFIT

Rupees (In lacs)



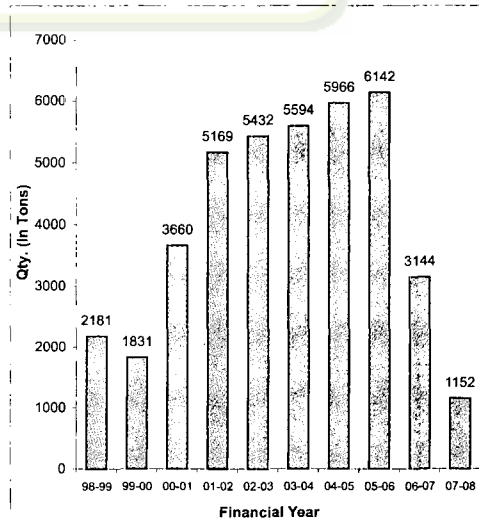
SALES

Value (In Lacs)



SALES

Volume (In Tons)



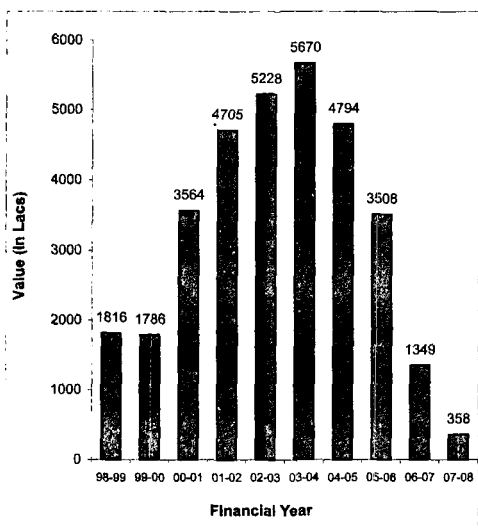
- Note :-
1. Though volume increased in the financial year 05-06, value declined because of a sharp compression in raw material prices.
  2. Trial run quantities and values are excluded.
  3. The financial year 1999-00 covers a period of 9 months.



## Sales Breakup - Domestic and Export

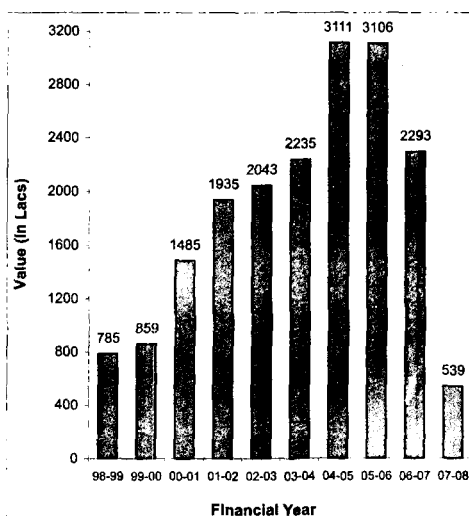
## DOMESTIC SALES

Value (In Lacs)



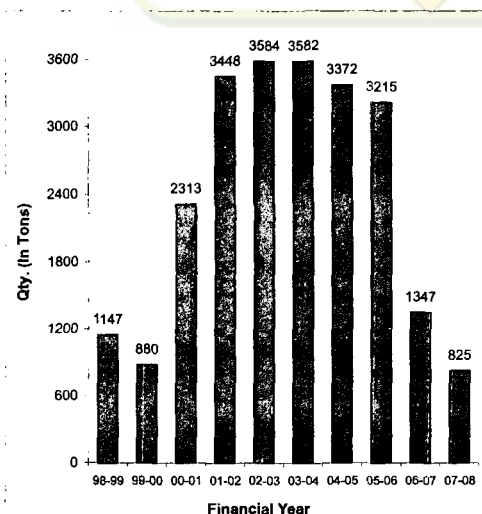
## EXPORT SALES

Value (In Lacs)



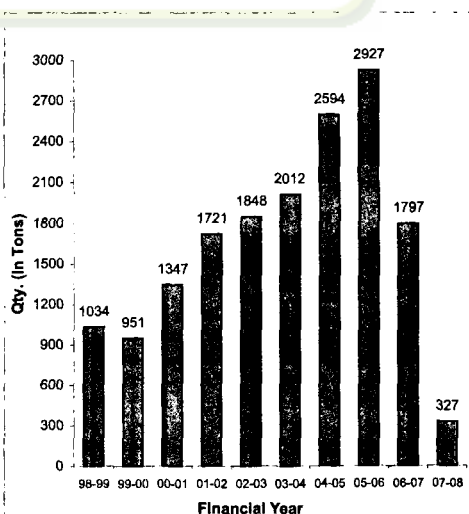
## DOMESTIC SALES

Volume (In Tons)



## EXPORT SALES

Volume (In Tons)



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





## DIRECTORS' REPORT

To

The Members,

Your Directors present the Audited Accounts of the company for the year ended 31st March, 2008.

## FINANCIAL RESULTS

	(Rupees in lacs)	
	Year Ended 31st March, 2008	Year Ended 31st March, 2007
Net Sales & Other Income	906.69	3478.36
Profit before		
Interest & Depreciation	(511.58)	(243.91)
Profit before Depreciation	(549.37)	(425.65)
Profit before Tax	(817.12)	(693.24)
Add: Exceptional Items	---	---
Less: Provision for FBT	2.57	4.05
Profit after Tax	(819.69)	(697.29)
Profit brought forward	(2673.46)	(1976.17)
Balance carried forward	(3493.16)	(2673.46)

## DIVIDEND

In view of the company being sick, the Directors do not recommend any dividend.

## OPERATIONS

As reported last year, the company had withdrawn from those market segments which had become unremunerative for standalone metallizing companies like us in the face of very aggressive pricing by polyester film producers who had forward integrated into metallization. Thus almost 75% of the business was hit.

Considering the substantial financial losses incurred and no fresh financial infusion, even production of alternate products was seriously hampered. As a result of this, sales shrunk by 75% in value terms.

Because of the working capital constraints, a large chunk of orders were declined because of our inability to deliver in the time schedules required by the customers.

Both the domestic and exports segments were significantly affected.

The strategy was to execute only those orders for which financial support was available in terms of back to back L/C or advances from customers.

Because of financial constraints, a substantial volume of plain metallized film jobwork which is essentially a low variable margin business, was undertaken because all inputs were provided by the customer. This business constituted around 48% of production in quantitative terms. This was done only as a stop gap measure as this product no longer figures in the company's turnaround plans because of severely eroded margins in this segment, as reported earlier.

The aim was to continue with the operations and parallelly look for a long term solution either in the form of financial infusion or a strategic investor.

## EXPORTS

As explained above, the major export business segment of metallized polyester film was hit hard and exports were a fraction of what was achieved in earlier years.

Exports declined by 76% in value terms to Rs. 539 lacs. Exports constituted 61% of total sales value.

The major export business of plain metallized film was hit hard.

## PRODUCT DEVELOPMENT:

Despite a difficult financial situation, efforts at alternate product development continued.

Metallized paper suitable for the beer label application that was developed was launched and was successfully sold mainly in the domestic market.

A new coated film product for the insulation application was successfully developed for the export markets. This product has a good potential for the future.

## TURN AROUND STRATEGY:

While the company has the potential to turn around on the basis of the strength of alternate niche rather than large volume products, first success has to be achieved on one of the two fronts:

- Identification of a strategic investor: Efforts in this direction were made through investment bankers but unfortunately nothing fructified during the year. Alternate options are being explored.
- In the absence of the above, funds will have to be raised to revive the company.

In this connection, one foreign fund had expressed confidence in being able to raise investment but the assignment could not be finalized because of a disagreement on the terms of the engagement.

We are currently in touch with another fund that has shown interest.

Success on this front is critical for the revival and turn around of the company.

## OUTLOOK

The company has an excellent plant facility and has the capability to turnaround on the basis of alternate speciality coated products and metallized paper including niche products like metallic yarn in which the company has an integration advantage with inhouse production of coated film.

The company has also signed an MOU for export of one of the newly developed product.

Despite the adverse financial situation the company bagged a Rs. 5 crore L/C backed order for metallized paper from Europe for execution in the second quarter of 2008-09.

The aim now will be to concentrate on value added niche products.

However, as indicated above, the first step has to be financial restructuring either through the strategic investor route or through raising of investment.

## STATUS OF REFERENCE TO BIFR

As reported last year, the company is a Sick Industrial Company within the section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985. A reference was filed with BIFR under Section 15(1) of the said Act by the company on 7<sup>th</sup> June 2004 and registered by BIFR on 21<sup>st</sup> June 2004.

The Hon'ble BIFR court in its order dated 5.9.2006 has declared the Company sick and appointed State Bank of India as the operating agency.

A techno-economic viability study was prepared and submitted to the Hon'ble BIFR. However to implement the revival the company has to first identify a suitable strategic investor or raise investment.



## FIXED DEPOSITS

The company has not accepted/renewed any deposits during the year.

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

As required under Section 217(2AA), which was introduced by the Companies (Amendment) Act, 2000 your Directors confirm that :

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- II. The Directors have selected prudent accounting policies;
- III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. The Directors have prepared the annual accounts 'on going concern basis'.
- V. These financial results of the company have been audited by M/s Lodha & Co. Chartered Accountants. A reference may be made to their report dated 29th September, 2008 to the members together with Annexure 'A' thereto containing information as per requirement under the Manufacturing and Other Companies (Auditor's Report) Order, 1988 attached with these annual accounts.

## CORPORATE GOVERNANCE

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is included as a part of the annual report alongwith the Auditors' Report on this compliance.

## AUDITORS' REPORT

Your directors wish to comment on the following remarks made by the auditors in their report under Companies Auditors' Report Order, 2003 as under:

### 1. Default to Banks & Institutions

The company is a sick company and has incurred cash losses during the year. Hence the company could not make payments to Banks and FI. Please also refer to Note No 14 & 15 of Schedule 19 for the status with BIFR.

Other comments of the auditors in their report have suitably been explained in the relevant notes on accounts, which are self explanatory and do not call for any further comments from the Directors.

## LISTING OF SECURITIES

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

The company will pay listing fees for the financial year 2008-2009 to all Stock Exchanges.

## DIRECTORS

Shri R.R. Malhotra and Shri R.K. Gupta directors retire by rotation as required under the Companies Act, 1956 and being eligible, offer themselves for re-appointment.

## AUDITORS

M/s Lodha & Co. Chartered Accountants, auditors of the Company, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

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

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 year ended 31st March, 2008 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.