

# **23rd Annual Report 2008 - 2009**



## **JALPAC INDIA LTD.**



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**JALPAC INDIA LIMITED****BOARD OF DIRECTORS**

Anil Sharma	-	Nominee of PICUP
K. K. Shukla	-	Nominee of PICUP
R.K. Gupta	-	Managing Director
Madhukar Jalan	-	Executive Director

**AUDIT COMMITTEE**

Anil Sharma	-	Chairman
K.K. Shukla		
Madhukar Jalan		

**REGISTERED OFFICE**

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

**WORKS**

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)

Report  Junction.com

**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. Enterprises  
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 **23rd** Annual General Meeting of the Company will be held on Monday, the 30th November, 2009 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 31<sup>st</sup> March, 2009 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 Anil Sharma who retires by rotation and being eligible, offers himself for re-appointment.
3. 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:

#### 4. As an 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-enactments 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, 2009 to 25th October, 2014 upon the same terms, conditions and stipulations as are existing before such re- appointment and remuneration as enumerated 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 for payment of managerial remuneration as may be admissible within the overall limits specified in 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  
9<sup>th</sup> October, 2009

**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 20/11/2009 to 30/11/2009 (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. & Uttranchal, 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 R.R. Malhotra as the Executive Director will expire on 25th October, 2009. Shri Malhotra has played a key role in the management of the affairs of the Company. During his tenure as Executive Director of the Company, the company has achieved many milestones in export and domestic sales.

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, 2009 to 25th October, 2014 in their meeting held on 9th October, 2009 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. Accommodation**

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:

5 a. 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.

5 b. 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 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.

By Order of the Board

New Delhi  
9th October, 2009

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 Anil Sharma retire by rotation and being eligible, offer himself for re-appointment.

Shri Anil Sharma aged about 61 years, an Engineer by profession and an independent director, has been associated with the Company since 2001. Shri Sharma has a wide range of experience in areas of technical, administration and project finance/appraisal. He is also member of the Audit Committee and Remuneration Committee of the Company. The other directorship of Shri Anil Sharma is as under:

1. Raunaq Automotive Components Ltd.
2. Harig Crankshafts Ltd
3. Saladino Continental Limited

The membership/Chairmanship of Shri Anil Sharma in the committees of the Board of other Companies is as under:

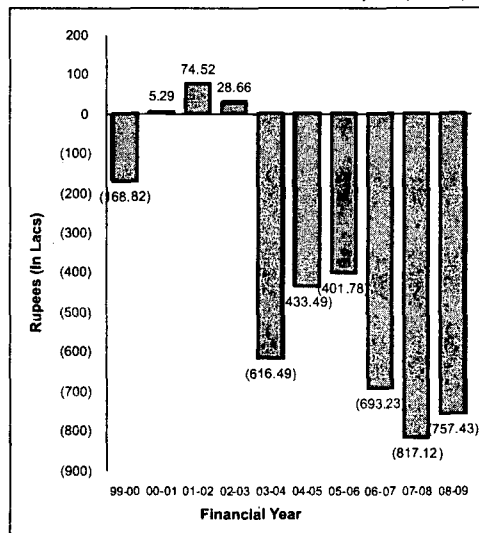
- |                                      |                   |
|--------------------------------------|-------------------|
| 1. Raunaq Automotive Components Ltd. | - Audit committee |
| 2. Harig Crankshafts Ltd.            | - Audit committee |
| 3. Saladino Continental Limited      | - Audit committee |



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

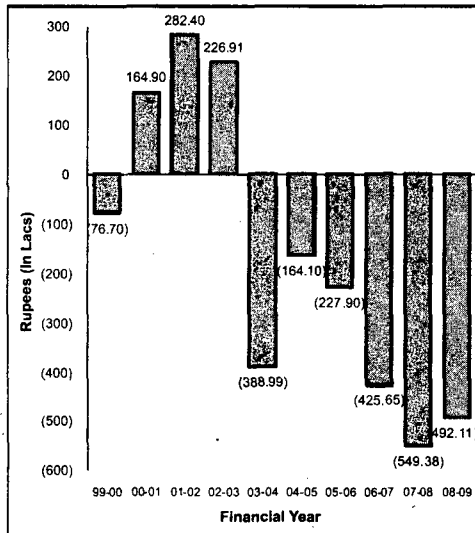
NET PROFIT BEFORE TAX

Rupees (In lacs)



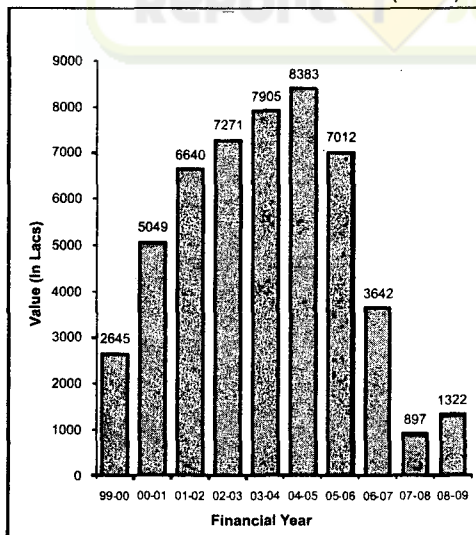
CASH PROFIT

Rupees (In lacs)



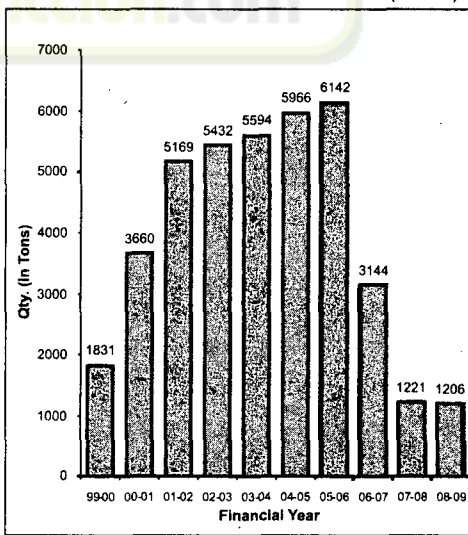
SALES

Value (In Lacs)



SALES

Volume (In Tons)



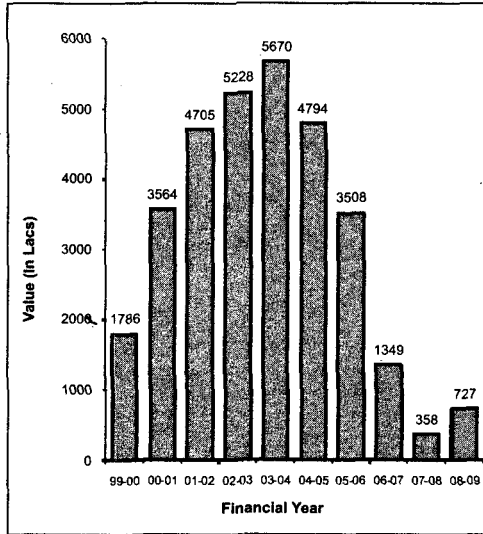
- Note :-
1. Though volume increased in the financial year 05-06, value declined because of a sharp compression in raw material prices.
  2. Trial run quantities and values are excluded.
  3. The financial year 1999-00 covers a period of 9 months.



## Sales Breakup - Domestic and Export

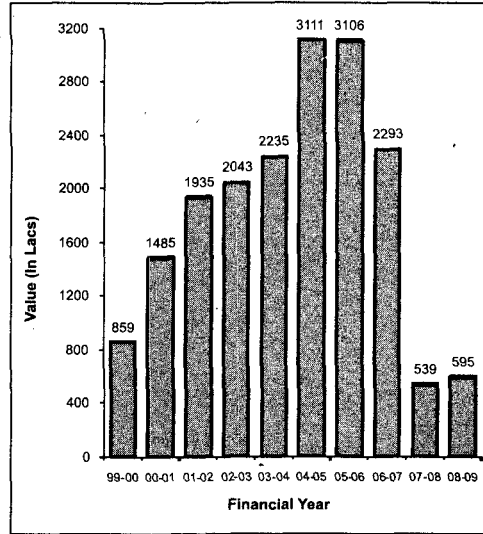
DOMESTIC SALES

Value (In Lacs)



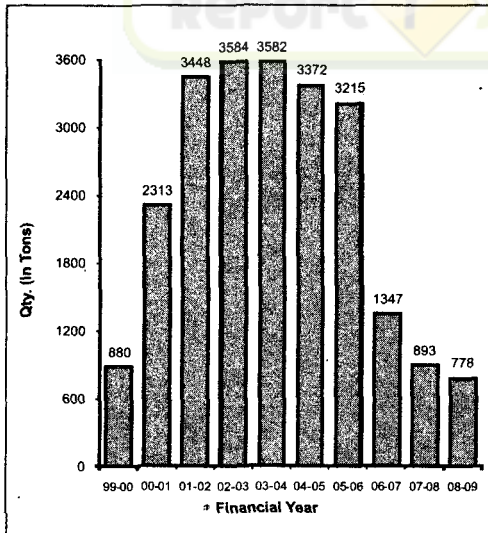
EXPORT SALES

Value (In Lacs)



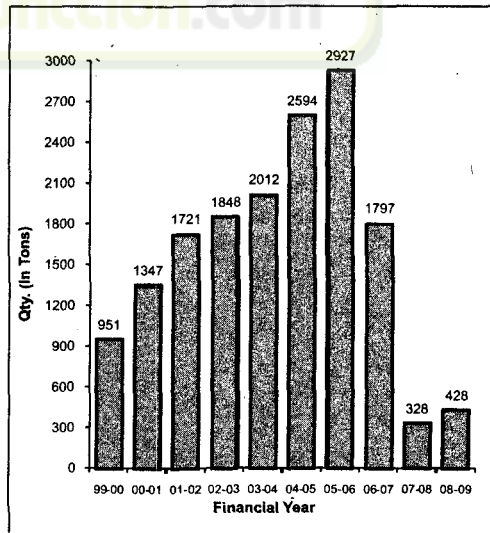
DOMESTIC SALES

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

Your Members,

Your Directors present the Audited Accounts of the company for the year ended 31st March 2009.

## FINANCIAL RESULTS

	(Rupees in lacs)	
	Year Ended 31st March, 2009	Year Ended 31st March, 2008
Net Sales & Other Income	1272.32	906.69
Profit before		
Interest & Depreciation	(433.71)	(511.58)
Profit before Depreciation	(492.10)	(549.37)
Profit before Tax	(757.43)	(817.12)
Add: Exceptional Items	---	---
Less: Provision for FBT	2.76	2.57
Profit after Tax	(760.19)	(819.69)
Profit brought forward	(3493.15)	(2673.46)
Balance carried forward	(4253.35)	(3493.16)

## DIVIDEND

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

## OPERATIONS

Since strategic and financial initiatives have not yet fructified and no bank support was available after September 2008, we managed to continue a truncated, selective operation. Only those orders were taken up where customers were ready to give advances and final payments at the time of despatch.

Some customers gave support by financing the base substrates - film and paper. Owing to working capital constraints, orders were declined from those customers wanting credit. As a result of this, sales in both the export and domestic segments were significantly affected.

The focus was only to produce value added products which constituted 79% of total sales. While sales in quantity terms registered a negative growth of 1%, sales in value terms increased by 47%. Of course one cannot read much into this increase as sales in the previous year had plummeted to abysmally low levels as compared to the earlier years.

The aim was to sustain the operation, develop new alternate products and parallelly search for a long term financial solution.

The metallic yarn unit which was located in a rented premises at Noida has been relocated at the plant at Haldwani. This will result in integration of the operations, savings in cost of transportation of materials as also more optimum use of the existing work force at the plant.

## EXPORTS

There was a marginal growth of 10% in value terms.

As reported earlier, the major business segment of plain metallized polyester film is unremunerative because integrated film producers with metallizers have captured that segment at prices at which stand alone metallizing companies cannot compete.

However a new product was developed which generated a business of Rs. 268 lacs in value terms. This has a good potential for the future.

## PRODUCT DEVELOPMENT:

Despite a stringent financial situation, efforts at alternate product development continued. An approval was gained from a major world brewer for supply of metallized paper for the beer label application. However, advantage could not be taken of this, because of working capital constraints.

The quality of the new coated film product was well received and some new product developments around this product are also under way.

## TURN AROUND STRATEGY:

The first step is to tie up with a strategic investor for infusing funds. The next step would be to increase the volume of sales in the value added and the new products developed. It is expected that the company will be able to stage a financial turn around even with a lower volume of value added, niche specialty products while trimming the fixed cost which has come down substantially.

## OUTLOOK

The company can turn around on the strength of production and sales of value added specialty niche products. However, for progress to be made in this direction, the working capital constraints must be removed through the strategic investment route, one time settlement with the banks and finalization of the Rehabilitation Scheme.

## 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 7th June, 2004 and registered by BIFR on 21st 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. The Hon'ble BIFR Court had given directions for conducting a 'Techno Economic Viability (TEV)' study which was done and submitted to the Hon'ble BIFR.

The TEV study had commented favourably about the experience of the promoters and the modern facilities of the unit. The study had also commented that the technical expertise of the unit and the quality of the products was well established. The major concern was the high debt burden which we propose to settle with an OTS.

A rehabilitation scheme was filed with Hon'ble BIFR on 16th June 2009, the salient feature of which is an OTS proposal to settle the debt of the secured lenders. This was possible as some small investors have evinced interest in investing in the company. Discussions are also ongoing with some other strategic investors who have shown preliminary interest.

Under the Hon'ble BIFR's directions, a joint meeting was conducted on 13th July 2009.

The settlement offer is currently under negotiation.

## 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 9th October 2009 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 sick company and incurred cash losses during the year. Hence 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.

**ANNEXURE A**
**REPORT ON CONSERVATION OF ENERGY ETC. FORMING PART OF THE DIRECTORS' REPORT**
**A. CONSERVATION OF ENERGY :**

While running Metalliser 04, one rotary pump is kept off after the metallising start up.

**B. TECHNOLOGY ABSORPTION:**

New product development on the basis of specialty coatings and lamination.

**C. FOREIGN EXCHANGE EARNING & OUTGO:**

- i. Since the company has withdrawn from the large volume plain metallized film business because of hardly any variable margin, exports were hit hard.

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 2009-2010 to all Stock Exchanges.

**DIRECTORS**

Shri Anil Sharma, director retire by rotation as required under the Companies Act, 1956 and being eligible, offer himself 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, 2009 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.

**ii. Total Foreign Exchange used & earned:**

	(Rs. in lacs)
(a) Foreign Exchange Earned (FOB Value of Exports)	497.40
Claim received	-
(b) Foreign Exchange Used (CIF Value of Imports)	-
(i) Capital Goods	-
(ii) Raw Materials	-
(iii) Stores & Spares	-
(iv) Others	0.99

New Delhi  
9th October, 2009

Registered Office:  
Jalpac India Limited  
Mota Haldu, Haldwani,  
Nainital, Uttarakhand.

On Behalf of the Board of Directors

sd/-  
R.R. Malhotra  
Executive Director

sd/-  
Madhukar Jalan  
Managing Director