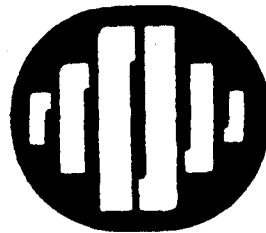


**17th
Annual Report
2002 - 2003**



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JALPAC INDIA LTD.

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**BOARD OF DIRECTORS**

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

AUDIT COMMITTEE

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

REGISTERED OFFICE

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

WORKS

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

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

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

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.
C-444, Bagree Market,
71, B.R.B.B. Road,
Kolkata - 700 001



NOTICE FOR THE SEVENTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Seventeenth Annual General Meeting of the Company will be held on Saturday the 30th August, 2003 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, 2003 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 a Director in place of Shri K.K. Shukla 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 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, 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, 2003 to 17th June, 2008 upon the same terms, conditions and stipulations as are existing before such re-appointment 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 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."

6. As an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of sections 198,268, 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, consent of the Company be and is hereby accorded to the revision in the remuneration of Shri R.R. Malhotra, Executive Director from Rs. 32000/- p.m. to Rs. 60840/- p.m. from 1st April, 2002 to 31st March, 2003 and Rs. 95000/- p.m. w.e.f. 1st April, 2003 till the end of his present term of appointment i.e. 26th October, 2004 on the terms and conditions as enumerated in the Explanatory Statement.

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
31st July, 2003

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 25/08 /2003 to 30/08 /2003 (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.

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.

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 expired on 17th June, 2003. The Company has made tremendous progress under the stewardship of Shri Madhukar Jalan. The Board of Directors has re-appointed Shri Madhukar Jalan as Managing Director for a further period of 5 years from 18th June, 2003 to 17th June, 2008 in their meeting held on 31st May, 2003 without any change in the terms and conditions of the current appointment in particular without remuneration.

The Directors recommend that 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 exercise of which shall be subject to the superintendence, control and direction of the Board.

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

Item No. 6

The remuneration payable to Shri R.R. Malhotra, Executive Director was approved by the shareholders at the Annual General Meeting held on 28th August, 2000. During the last few years, the metallizing industry has been passing through an extremely tough business environment. The entry of major film suppliers into the metallizing business has posed a serious threat to stand alone metallizers like us.

In these circumstances the responsibilities and challenges of managing the company within limited resources has become extremely difficult. Under these circumstances, Shri R.R. Malhotra has played a key role in turning around the Company. Under his leadership, the company has successfully managed to operate at over 100% capacity, stemmed the tide of losses and earned a small net profit during the last three years. In addition to the overall operations, exports are his direct responsibility and these have increased by 116% during the period April 2000 to March 2003.



The Board of Directors in their meeting held on 31st January, 2003 considered the recommendation of the Remuneration Committee to the revision in the remuneration of Shri R.R. Malhotra from Rs 32000/- to Rs. 60840/- per month w.e.f. 1st April, 2002 subject to the other terms and conditions, perquisites etc. remaining unchanged.

The prevailing market scenario has witnessed even more competition and volatility and the responsibilities of Shri Malhotra have, therefore increased.

The company has undertaken an expansion program to set up one more metallizer, slitter and a coating machine which will increase the metallizing capacity of the company by 60%. The company has targeted an annual sales of Rs 110 crores in the first year after the additional capacity is in place as against a sales of Rs 72 crores in 2002-03.

Considering the above factors and remuneration levels in the industry, the remuneration committee in their meeting on 31st July, 2003 recommended an increase in the remuneration of Shri R.R. Malhotra in view of the additional responsibilities entrusted on him to achieve higher targets after the current expansion.

The Board of Directors in their meeting held on 31st July, 2003 considered the recommendation of the remuneration committee for revision in the remuneration of Shri R.R. Malhotra from Rs. 60840/- p.m. to Rs. 95000/- p. m. w.e.f. 1st April, 2003 to 26th October, 2004 the date when his present tenure ends on the terms and conditions 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. Rs. 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
31st July, 2003

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 and Shri K.K. Shukla both PICUP nominees retire by rotation and being eligible, offer themselves for re-appointment. The term of appointment of Shri Madhukar Jalan, expired on 17th June, 2003 and he is to be re-appointed for 5 years. The particulars of the Directors are given below:

Shri Anil Sharma aged about 55 years, an Engineer by profession and an independent director, 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 and Chairman 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. Bhomika International Ltd.
3. Mansurpur Sugar Mills Ltd.
4. Phoenix Lamps India Ltd.
5. Shamken Spinners Ltd
6. Salora Floritech Ltd.
7. Pashupati Acrelon Ltd.
8. Webcon India Ltd.
9. Harig Crankshafts Ltd.

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 sub committee, Remuneration Committee |
| 2. Shamken Spinners Ltd. | - Audit sub committee |
| 3. Pashupati Acrelon Ltd. | - Remuneration Committee |
| 4. Harig Crankshafts Ltd. | - Audit sub committee |

Shri K.K. Shukla aged about 51 years, a Chemical Engineer from IIT Kanpur and an independent director, associated with the Company since 2002. Shri Shukla has a wide range of experience in areas of project appraisal, development banking, technical and project finance. He is also member of the Audit Committee and remuneration committee of the Company. The other directorship of Shri K.K. Shukla is as under:

1. Tikanla Sugar Mills Ltd.

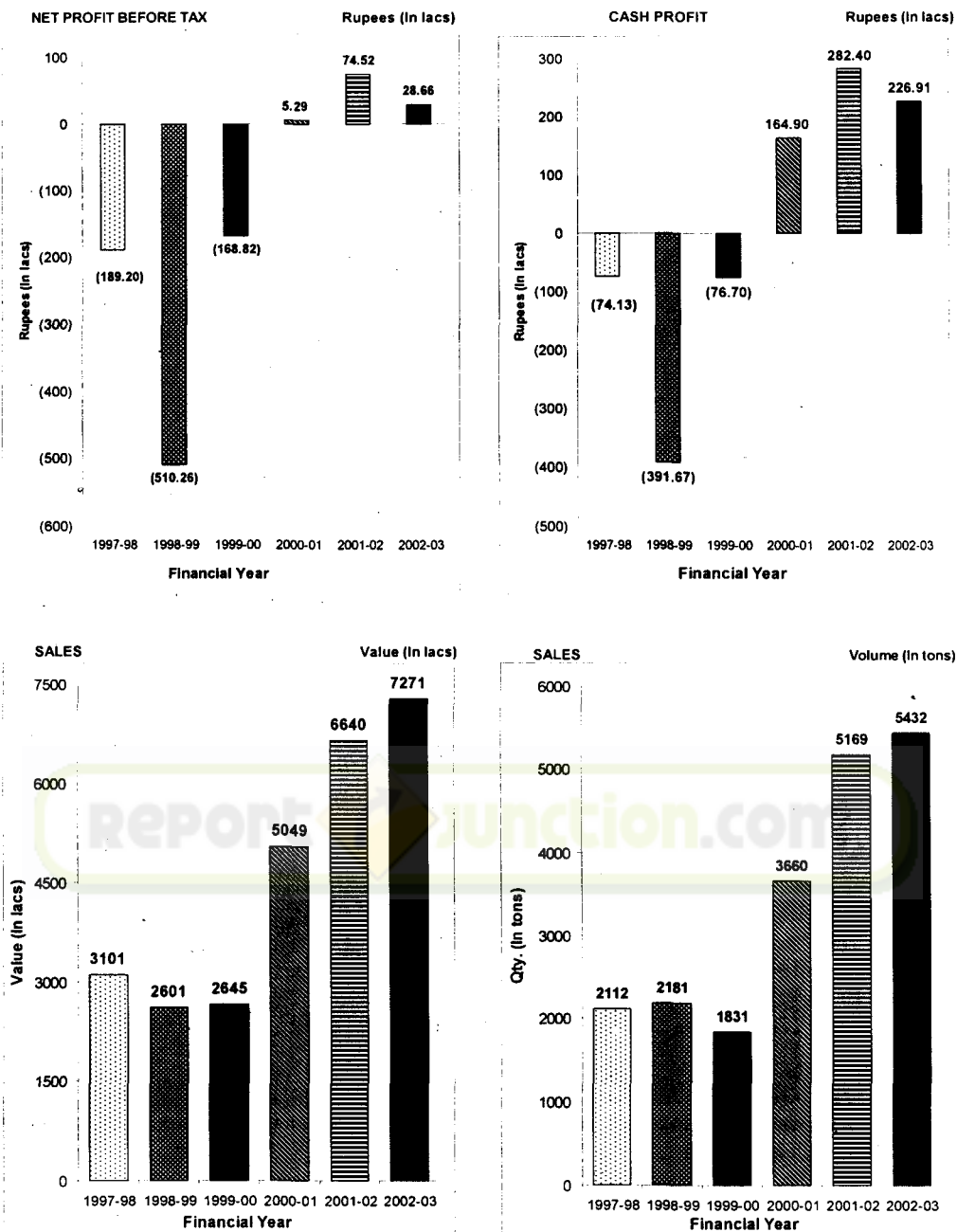
Shri K.K. Shukla does not hold committee positions in other companies.

Shri Madhukar Jalan aged 53 years, a Chemical Engineer from IIT Bombay and an MBA from the Massachusetts Institute of Technology, USA. Prior to founding JALPAC, he has worked both in the US and India in several industries that include banking, agro products, management consultancy and printing. His 28 years of business experience cuts across most functional areas- finance, marketing, information system, quality systems among others.

Shri Madhukar Jalan does not hold directorship or membership of committees in other Companies.



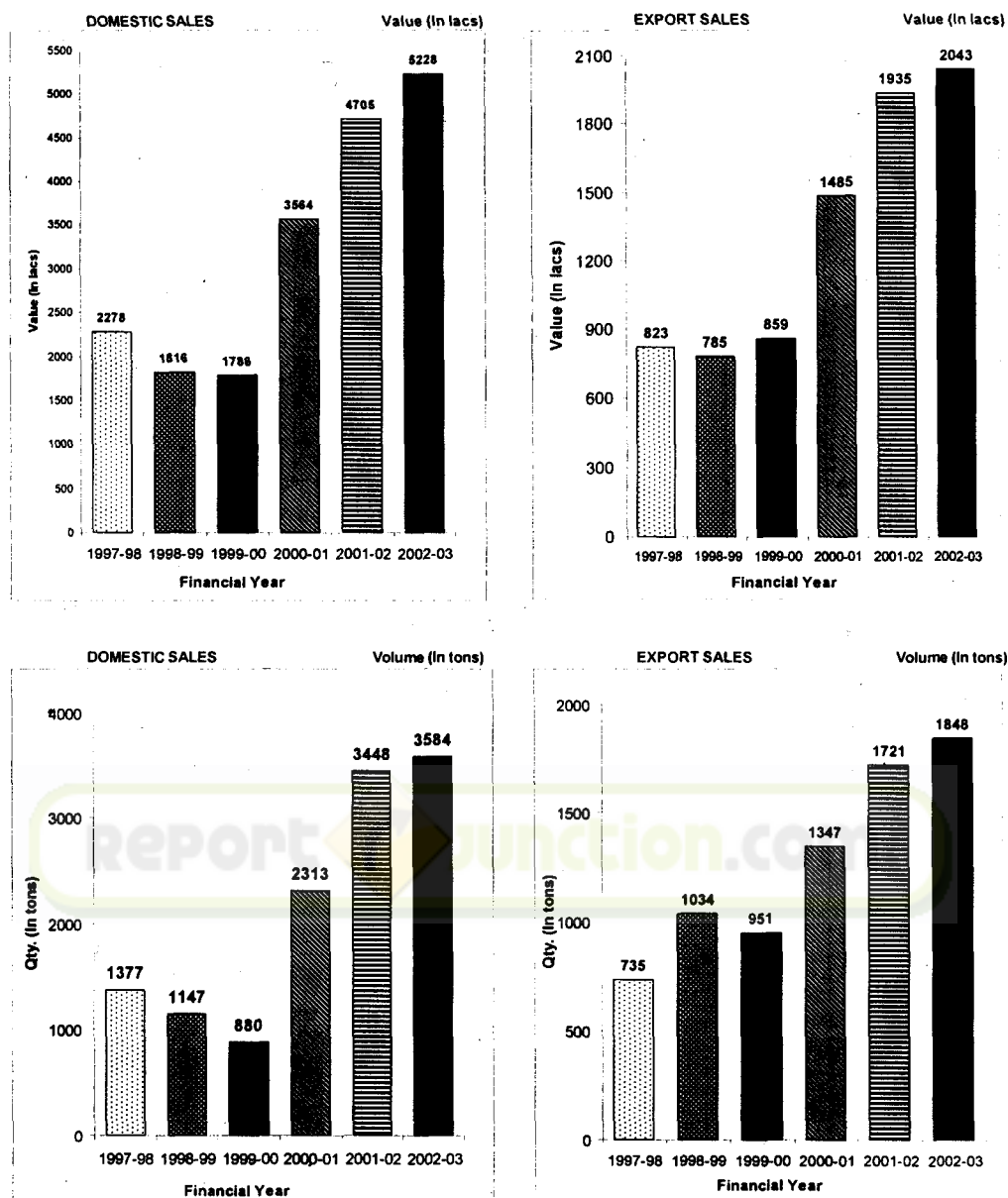
Key Performance Parameters at a Glance - Last 6 Years



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



Sales Breakup - Domestic and Export



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



DIRECTORS' REPORT

TO
THE MEMBERS,

The Directors have pleasure in presenting the Annual Report with Audited Accounts of the company for the year ended 31st March, 2003.

FINANCIAL RESULTS

	(Rs. in lacs)	
	Year Ended 31st March, 2003	Year Ended 31st March, 2002
Sales & Other Income	7293.72	6682.54
Profit before Interest & Depreciation	510.01	617.85
Profit before Depreciation	226.56	282.04
Profit before Tax	28.66	74.52
Provision for Deferred Tax	10.53	30.72
Profit after Tax	18.13	43.80
Profit brought forward	(407.98)	(623.27)
Proposed Dividend	-	-
Deferred Tax Credits for the Earlier years	-	171.49
Balance carried forward	(389.85)	(407.98)

DIVIDEND

In view of accumulated losses, the Directors do not recommend any dividend this year.

OPERATIONS

The growth in production and sales was 6% and 4% respectively in quantitative terms.

Sales value increased by 9%. The growth was limited by capacity constraints.

The focus on productivity and quality continued.

Even though there was a small net profit during the year, the financial performance was not up to expectations and the effect of the enhanced metallizing capacity in the country was visible in the form of much keener competition and a further squeeze in margins.

EXPORTS

After a 28% (quantity) and a 30% (value) growth last year, the export growth this year was subdued at 8%. This could in part be attributed to a limited capacity as also increased competition from the film suppliers who installed their metallizers during the financial year.

EXPANSION PROJECTS

The capacity enhancement plans of last year were implemented though the despatch of the new 2450mm metallizer was delayed because the supplier had failed to meet some of the acceptance test criteria.

The new metallizer has since, been despatched and against the goal of making the metallizer operational by March, 2003, the additional capacity is likely to operate by the end of August, 2003.

The 2450 mm Atlas slitter to complement this metallizer has already been installed and is under commissioning.

To enhance capacity for production of value added products, a 2500mm wide coater will also be installed by the end of August, 2003.

FUTURE OUTLOOK

As indicated in the last year's Directors' Report, the substantial metallizing capacity addition, mostly by film

manufacturers going in for forward integration has resulted in a situation of supplies exceeding demand and there will be a pressure on margins and keener competition during the financial year 2003-04.

The world capacity utilization of polyester film is also at a high level and polyester film prices may sustain at higher levels during the calendar year 2003. However with a polyester film capacity addition of almost 60000 tons in India towards the end of 2003 and 2004, capacity will once again exceed demand and polyester film prices will fall to lower levels. This should be an advantage to stand-alone metallizing companies like ourselves, especially, on the export front in the financial year 2004-05.

Though, it may be difficult to utilize the enhanced capacity fully in the current financial year but it will certainly lend the scale advantage and arm the company to face the extremely competitive situation. Export markets will be tapped more aggressively to utilize this additional capacity.

The company is confident of achieving the earlier stated goals of a production and sales volume of 9000 tons by March, 2005, at which volume the company should be able to have sustained and higher profitability.

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 28th June, 2003 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.

SUBSIDIARY COMPANY

The accounts of Americas JIL, INC. Subsidiary of the Company in USA are annexed with a statement pursuant to Section 212 of the Companies Act, 1956.

AUDITORS' REPORT

The 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