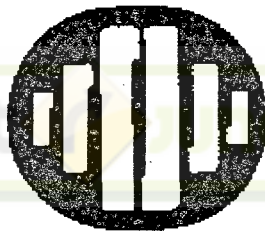


21st Annual Report 2006 - 2007



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JALPAC INDIA LTD.



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**BOARD OF DIRECTORS**

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

AUDIT COMMITTEE

Anil Sharma	-	Chairman
S. S. Jain		
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)

A-112, Sector 63
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. 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 21st Annual General Meeting of the Company will be held on Saturday, the 29th September, 2007 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, 2007 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 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 relevant provision of the Companies Act 1956 and all other applicable provisions if any, the consent of the Company be and is here by accorded to the Board of Directors for offering, issuing and allotting, any securities including instruments convertible into Equity Shares whether optionally or otherwise , Global Depository Receipts (GDRs) , American Depository Receipts (ADRs) , Foreign Currency Convertible Bonds (FCCBs) , ("Securities") as also through External Commercial Borrowings all or any of these upto an amount not exceeding US \$ 20 million or equivalent in Indian currency and /or any other currency(ies) to such investors (including Qualified Institutional Buyers or any of their eligible nominees or affiliates) as may be acceptable to the Company, at a price and premium as may be decided by the board in accordance with the guidelines of the Ministry of Finance / SEBI / such other authorities .

By Order of the Board

New Delhi
30th July, 2007

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 19/09/2007 to 29/09/2007 (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.
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, 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.
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.
9. 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 company is contemplating raising of funds for payment of existing debts and investment in equipments for which mandates have been given to investment bankers for identifying investors /strategic partners for the purpose. The Board of Directors has, therefore, thought it desirable to look into various options/opportunities of raising money by any of the ways or in a combination of foreign direct investment/External Commercial Borrowing , GDR,ADR etc. upto USD 20.00 millions.

The directors recommend the special 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
30th July, 2007

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 PICUP nominees retire by rotation and being eligible, offer themselves for re-appointment.

Shri Anil Sharma aged about 59 years, an Engineer by profession and an independent director, is 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 a member of the Audit Committee and Remuneration Committee of the Company. The other directorships of Shri Anil Sharma are 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 |

Shri K.K. Shukla aged about 54 years, a Chemical Engineer from IIT Kanpur and an independent director, is 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 a member of the Audit Committee and Remuneration committee of the Company. The other directorship of Shri K.K. Shukla are as under:

1. Mahaan Proteins Limited
2. Allahabad Fertilizers Ltd.

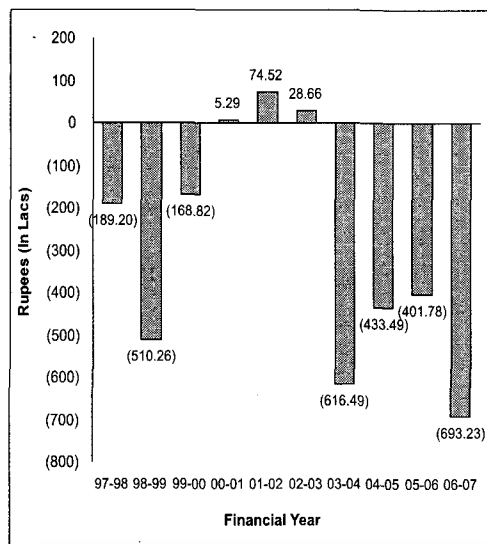
Shri K.K. Shukla does not hold committee positions in any other company.



Key Performance Parameters at a Glance - Last 9 Years

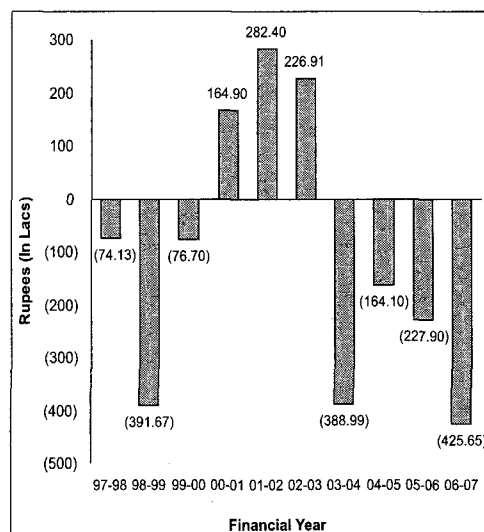
NET PROFIT BEFORE TAX

Rupees (In lacs)



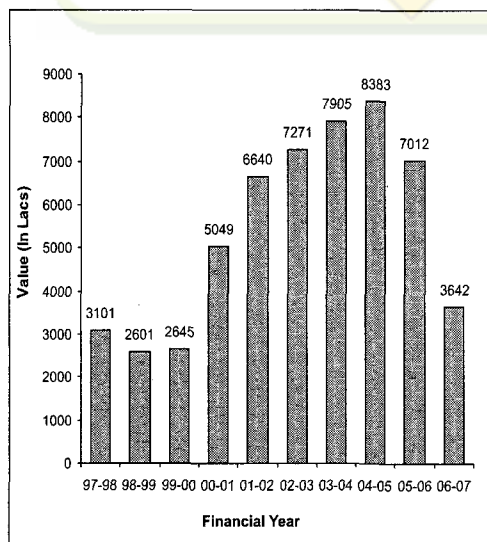
CASH PROFIT

Rupees (In lacs)



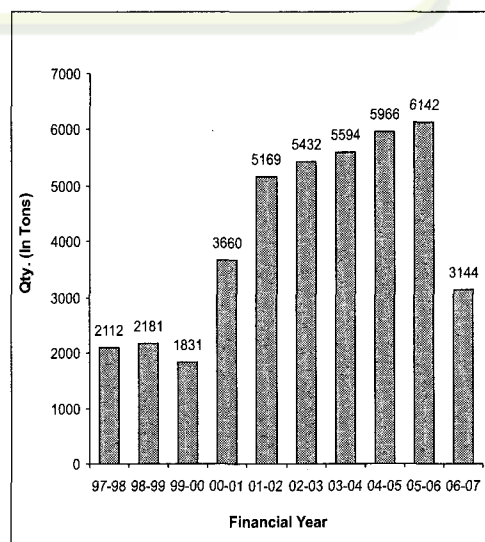
SALES

Value (In lacs)



SALES

Volume (In tons)



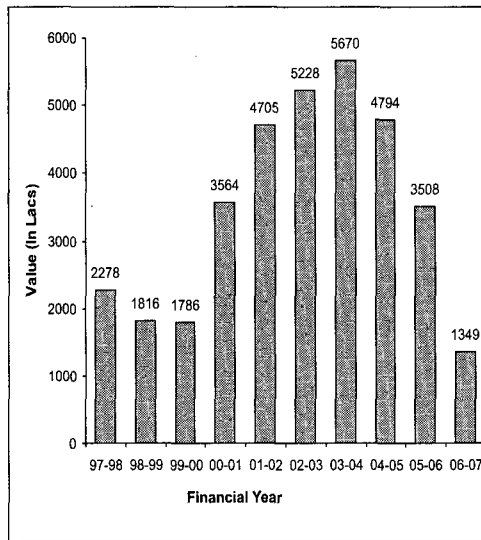
- Note :-
1. Though volume increased in the financial year 05-06, value declined because of a sharp compression in raw material prices.
 2. Trial run quantities and values are excluded.
 3. The financial year 1999-00 covers a period of 9 months.



Sales Breakup - Domestic and Export

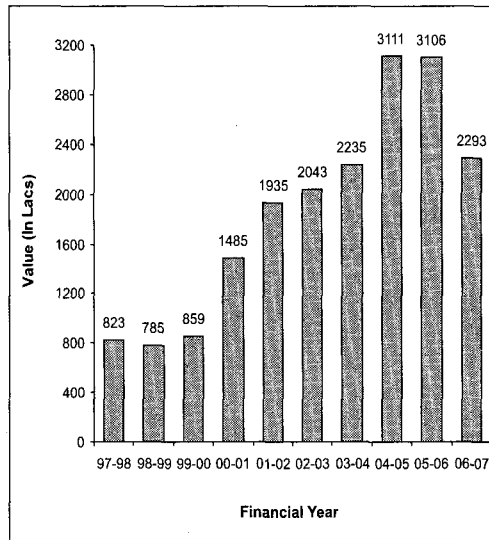
DOMESTIC SALES

Value (In lacs)



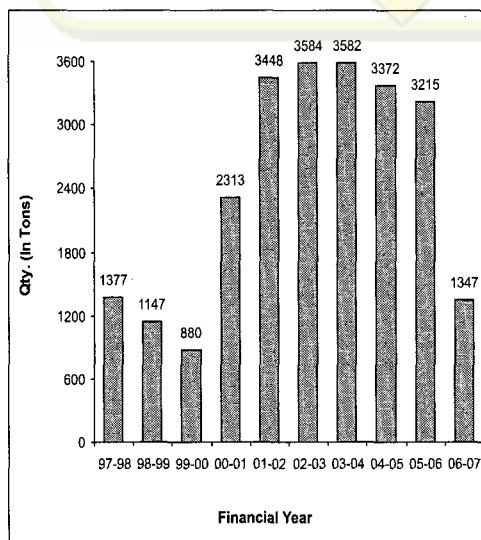
EXPORT SALES

Value (In lacs)



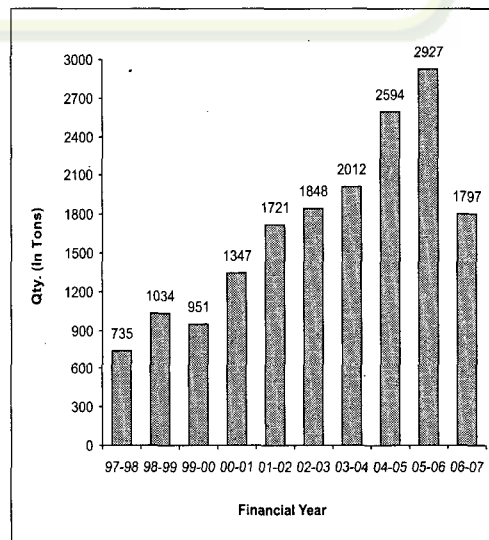
DOMESTIC SALES

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, 2007.

FINANCIAL RESULTS

	(Rupees in lacs)	
	Year Ended 31st March, 2007	Year Ended 31st March, 2006
Net Sales & Other Income	3478.36	6592.16
Profit before		
Interest & Depreciation	(243.91)	127.18
Profit before Depreciation	(425.65)	(227.90)
Profit before Tax	(693.24)	(496.25)
Add: Exceptional Items	---	94.47
Less: Provision for FBT	4.05	4.88
Profit after Tax	(697.29)	(406.66)
Profit brought forward	(1976.17)	(1569.51)
Balance carried forward	(2673.46)	(1976.17)

DIVIDEND

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

OPERATIONS

As reported last year, the entry of polyester film manufacturers into the metallizing business had rendered the plain metallized film business unviable. Because of the plain metallized film becoming unremunerative, there was a mushrooming of coating machines with the aim of converting the plain metallized film into a coated product. Standalone metallizers and other players in the unorganized /SSI sector (having an excise advantage) made a foray into the coated product segment (film for metallic yarn) as a result of which margins eroded significantly in this segment also.

Right from the first quarter of this financial year, a decision was taken to withdraw from these unremunerative segments.

The two major affected segments are:

Plain metallized film for packaging (both domestic and exports) sales of which declined from 3838 tons in 2005-06 to 1073 tons in 2006-07 - a decline of 72% in quantity terms.

The metallized and coated film (DG for textile - domestic segment) sales of which declined from 824 tons in 2005-06 to 138 tons in 2006-07 - a decline of 83% in quantity terms.

As a result of this, the overall sales declined by 49% in quantity and 48% in value terms.

Since these segments will remain unremunerative in the foreseeable future, a radical shift in the product mix is called for. A decision was taken to focus on alternate products.

Metallized paper, especially, developed for the beer label application was launched both in the domestic and export markets. Sales of metallized paper increased by 44% in quantity and 51% in value terms.

Though there has been a significant growth in the metallized paper business, the base being small, the

volumes are not yet enough to have a significant impact on the business.

EXPORTS

Since plain metallized film constituted a very large chunk of our metallized/coated film exports, exports were also hit, resulting in a decline of 39% in quantity and 35% in value terms. Exports constituted 57% of sales in quantity and 63% in value terms.

It is ironic that in a year when one was forced to withdraw from the export packaging segment, we were again awarded the 'Top Exporter award' in the Metallized Polyester Film category for the years 2004-05 and 2005-06 by the Plastics Export Promotion Council of India, the apex body, co-ordinating plastics exports from India.

PRODUCT DEVELOPMENT:

1. A new product relating to an intelligent labelling system has been developed which is in the final stages of approval. This product if successful, is expected to be a high value, high volume product and is in an infant stage of the product life cycle even in the world markets.
2. Metallized paper tailored to meet the requirements of the breweries was perfected and approval has been gained from one of the largest beer producers in the world.
3. Another metallized paper based product is being developed for a large FMCG application.

Some new product ideas, entailing a high input cost for developmental trials, are not being taken up because of paucity of resources.

TURN AROUND STRATEGY:

This will be based on the penetration and success of the above products as also some forward integration initiatives.

- a. **Conversion of metallized and coated film into metallic yarn:** It is a niche segment with reasonably good value addition.
- b. **Entry into flexible packaging:** Since, the company has sufficient experience in high barrier metallization and lamination, with the impending retail boom, this sector is likely to witness a tremendous growth in the coming years.

These initiatives will require financial investment. A merchant banker has been given the mandate to locate a financial/strategic investor and the search is ongoing.

OUTLOOK

Market penetration and success of the newly developed products will be critical for replacing the unviable products. While one of the products has already been successfully launched, the final approval of the product developed for the intelligent labelling system will be a significant step. Success in this area will be crucial for turning around the financial performance.

In addition, it will be important to bring in a financial/strategic investor so that the other initiatives which entail capital expenditure can be put into place.

The metallized paper developed for beer labels could be a significant product for the future as this has a substantial worldwide demand. This product could also find a growing



market in India as all the major brewing companies of the world have entered the country and the beer growth is galloping at 30%. The demand for this product, therefore, could pick up significantly even within the country. Initial signs are visible.

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 5.9.06 has declared the Company sick and appointed State Bank of India as the operating agency.

The Hon'ble BIFR Court has also given directions for conducting a 'Techno Economic Viability (TEV) study and prepare a revival scheme for the company.

SBI has since appointed a consultant for preparing the TEV. The consultant has submitted a TEV report which is currently under consideration by the Hon'ble BIFR.

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 June'07 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. Repayments have been made to the extent of Rs. 102.43 lacs and essential capex of Rs. 23.11 lacs is made out of short term funds. 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 2007-2008 to all Stock Exchanges.

DIRECTORS

Shri Yogesh Rastogi, nominee of ICICI Bank has resigned from the Board of Directors of the Company w.e.f. 03.05.2007. The Board places on record its deep appreciation of the valuable guidance provided by Shri Rastogi during his tenure.

Shri K.K.Shukla and Shri Anil Sharma 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, 2006 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.