

**24th  
Annual Report  
2009 - 2010**



**JALPAC INDIA LTD.**



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|                              |  |   |                    |
|------------------------------|--|---|--------------------|
| <b>BOARD OF DIRECTORS</b>    | K. K. Shukla                               | - | Nominee of PICUP   |
|                              | Anil Sharma                                |   |                    |
|                              | Madhukar Jalan                             | - | Managing Director  |
|                              | R. R. Malhotra                             | - | Executive Director |
| <b>AUDIT COMMITTEE</b>       | Anil Sharma                                | - | Chairman           |
|                              | 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                              |   |                    |
|                              |  |   |                    |
| <b>CORPORATE OFFICE</b>      | 903/911, Tolstoy House                     |   |                    |
|                              | 15 Tolstoy Marg                            |   |                    |
|                              | New Delhi - 110 001                        |   |                    |
|                              |  |   |                    |
| <b>BRANCHES</b>              | 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                          |   |                    |

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**NOTICE**

Notice is hereby given that the 24th Annual General Meeting of the Company will be held on Tuesday, the 28th September, 2010 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, 2010 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 K K Shukla who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

**Special Business:**

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

**As a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of sections 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 increase in remuneration 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 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."

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

**As a Special Resolution:**

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the rules framed thereunder, listing agreement, SEBI (Delisting of Equity Shares) Regulations, 2009 and such other applicable laws, rules, regulations and guidelines, and subject to such approvals, permission and sanctions, as may be necessary, the Board of directors of the company be and is hereby authorised to seek voluntarily delisting of its securities from Uttar Pradesh Stock Exchange, Delhi Stock Exchange, Kolkata Stock Exchange and Ahmedabad Stock Exchange.

RESOLVED FURTHER THAT the securities of the company shall continue to be listed on the stock exchange having nation wide trading terminals vis the Bombay stock exchange, Mumbai and therefore as per the said regulations issued by the Securities and Exchange Board of India, no exit opportunity need to be given to the shareholders of the company.

RESOLVED FURTHER THAT the Board of directors of the company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolution."

By Order of the Board

New Delhi

19<sup>th</sup> August, 2010

**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 20/09/2010 to 30/09/2010 (both days inclusive).
4. 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.
5. 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.
6. 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.
7. An explanatory note pursuant to section 173(2) on Special Business is annexed to this notice.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 4**

The Board of Directors has increased the remuneration of Shri R.R. Malhotra as Executive Director of the Company for a 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. Shri R.R. Malhotra's remuneration was last revised on 1st April 2003. His remuneration has remain unchanged for the last 6½ years. This increase, therefore, effectively covers an increase of remuneration over a period of 11½ years – 1st April, 2003 to 25th October, 2014. This translates to an average increase of 4.82 % per year.

The remuneration to be paid is as below:

**A. Salary:**

Rs.1,18,750/- (Rupees One Lac Eighteen Thousand Seven Hundred & Fifty only) per month.

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

Free furnished accommodation or house rent allowance in lieu thereof not exceeding 50% of the basic salary. 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 one month basic (Rs.1,18,750/-) 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 one month basic (Rs.1,18,750/-) 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. 23,750/- 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.

**Item No. 5**

The Securities & Exchange Board of India (SEBI) notified guidelines for voluntary delisting of securities from the stock exchanges. As per clause 6 of SEBI (Delisting of Equity Shares) Regulations, 2009 an exit opportunity to the shareholders need not be given where securities of the company remain listed on the stock exchange having nation wide trading terminal, i.e., The Stock Exchange, Mumbai, the National Stock Exchange of India and any other stock exchange that may be specified by SEBI in this regard.

At present the equity shares of the company are listed at Bombay stock exchange, Mumbai, Uttar Pradesh Stock Exchange, Delhi Stock Exchange, Kolkata Stock Exchange and Ahmedabad Stock Exchange.

Considering the negligible volume of trading and as a part of its cost reduction measure, the consent of members is sought for getting its securities delisted from Uttar Pradesh Stock Exchange, Delhi Stock Exchange, Kolkata Stock Exchange and Ahmedabad Stock Exchange as proposed in the special resolution. The securities of the company shall continue to be listed on the Bombay Stock Exchange, Mumbai.

The Board recommends the resolution for approval of members.

None of the directors is, in any way, concerned or interested in the said resolution.

By Order of the Board

New Delhi  
19h August, 2010

R. R. MALHOTRA  
Executive Director

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**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 K.K. Shukla PICUP nominees retire by rotation and being eligible, offer himself for re-appointment.

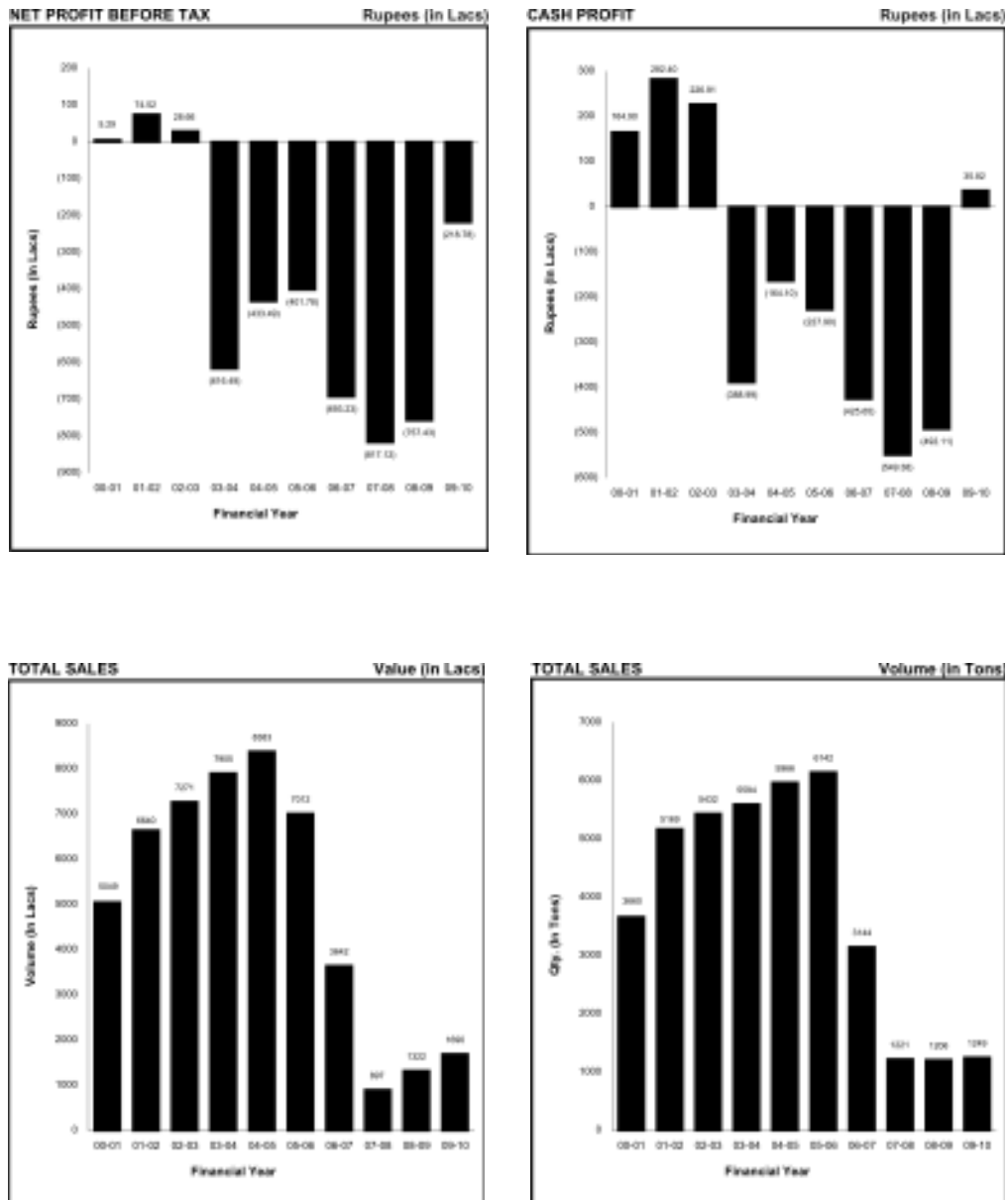
**Shri K.K. Shukla aged about 57 years, a Chemical Engineer from IIT Kanpur and an independent director, associated with the Company since 2002. Shri Shukla has a wide range of experience in areas of project appraisal, development banking, technical and project finance. He is also member of the Audit Committee and remuneration committee of the Company. The other directorship of Shri K.K. Shukla is as under:**

1. Mahaan Proteins Limited
2. Allahabad Fertilizers Ltd.

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



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

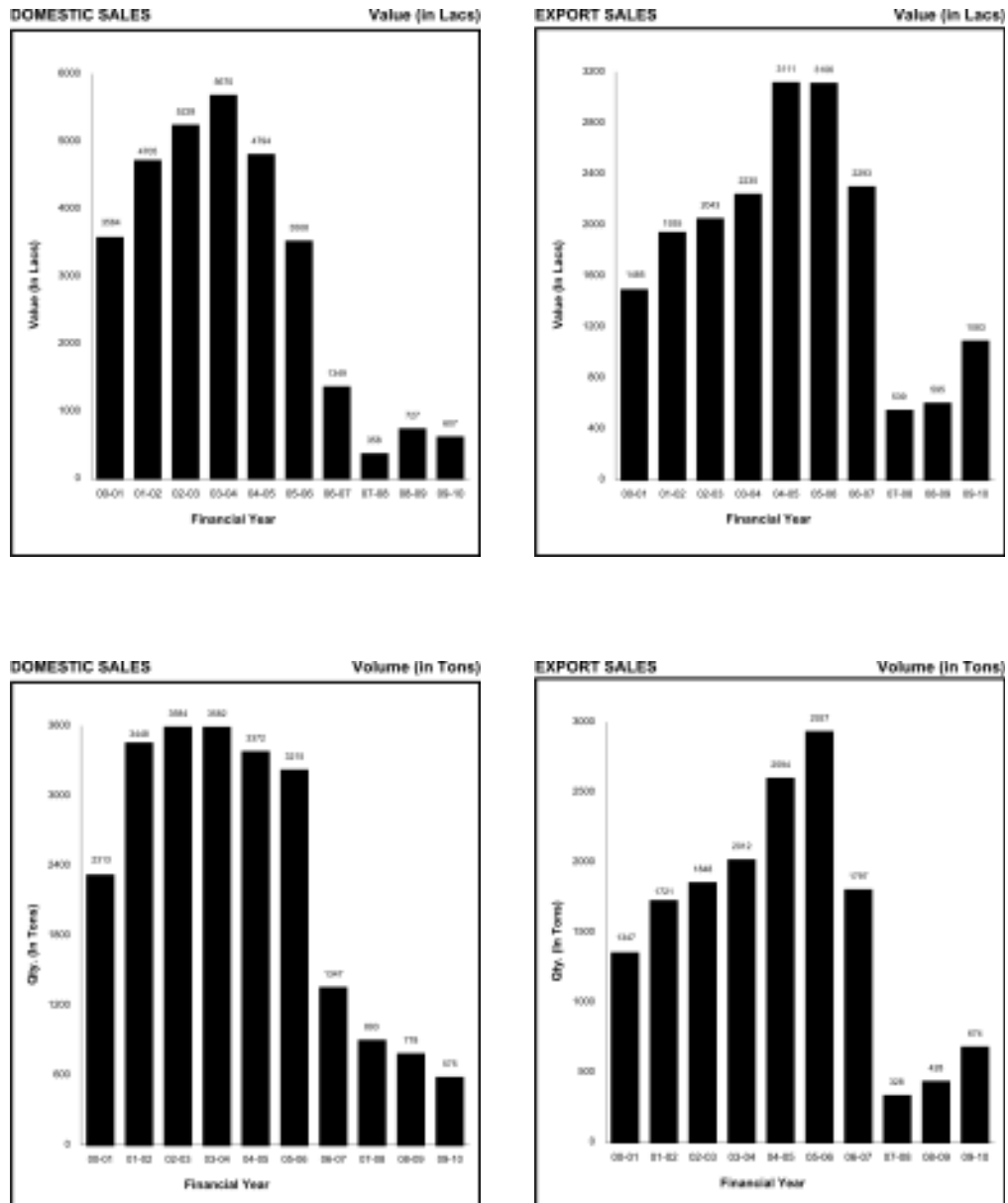


- Note :-
1. Though volume increased in the financial year 05-06, value declined because of a sharp compression in raw material prices.
  2. Trial run quantities and values are excluded.





## Sales Breakup - Domestic and Export



- Note :-
1. Trial run quantities and values are excluded.
  2. 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 2010.

## FINANCIAL RESULTS

|                            | (Rupees in lacs)               |                                |
|----------------------------|--------------------------------|--------------------------------|
|                            | Year Ended<br>31st March, 2010 | Year Ended<br>31st March, 2009 |
| Net Sales & Other Income   | 1709.68                        | 1268.72                        |
| Profit before              |                                |                                |
| Interest & Depreciation    | 38.82                          | (433.71)                       |
| Profit before Depreciation | 35.81                          | (492.10)                       |
| <b>Profit before Tax</b>   | <b>(218.78)</b>                | <b>(757.43)</b>                |
| Add: Exceptional Items     | ---                            | ---                            |
| Less: Provision for FBT    | 0.03                           | 2.76                           |
| Profit after Tax           | (218.81)                       | (760.19)                       |
| Profit brought forward     | (4253.36)                      | (3493.16)                      |
| Balance carried forward    | (4472.17)                      | (4253.35)                      |

## DIVIDEND:

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

## Operations:

A strategic investor has shown interest in investing in the company and a One Time Settlement offer was made by the company on the strength of backing from this investor. However, since this offer was not acceptable to the bankers, no financial infusion has taken place.

As reported last year, no bank support was available after September 2008. Despite these financial constraints and lack of working capital, on the strength of the company's good will and support from customers, we managed to continue a truncated operation. Customers have supported by making advance payments and financing or supplying the base substrates – film and paper. Orders were declined from customers wanting credit or those unable to support the base substrate purchase.

The major focus remained on production of value added products. As a result of this, while sales in quantity terms grew only by 4%, sales in value terms grew by 28%. Much cannot be read about this growth as sales had plummeted significantly from peak levels earlier.

Despite all odds and despite a capacity utilization of only 14%, we are pleased to report that there was a significant change in the financial performance as a result of focus on value added products and cost optimization.

We have been repeatedly reporting that the company had suffered a major setback because

of the major plain metallized film segment having become unremunerative. A significant development this year is that the metallizing value addition is again showing an upward trend and value additions have increased to levels of Rs. 16 to 20 per kg. in the current financial from Rs. 12 to 14 per kg. earlier. Your company could not take advantage of this because of severe working capital constraints, though some volumes were done for those customers who could finance the base film purchase. This is a positive sign for the future of the company.

Having said that we would hasten to add that the company has to continue its focus on value added products that film suppliers with metallizers cannot produce. The revival strategy has to be based on those products. Otherwise, the company will again suffer if film producers with metallizers again compress the value addition, if they are not able to sell their metallized film production. So while the plain metallized film segment at current levels of value addition cannot be ignored, it cannot be depended upon.

## Raw Material Prices:

Polyester film is one of the major rawmaterials. There is a worldwide shortage of 190000 tons according to some reports. Polyester film prices have escalated sharply from levels of Rs. 97/kg. basic in January 2010 to Rs. 170/kg. basic currently. This is having a negative impact on demand. We are trying to switch to an alternate substrate for one of our major coated product. Ofcourse, testing and approvals are time consuming even though there is a significant advantage in terms of the alternate substrate pricing.

## Exports:

Since there was no L/C discounting facility available, only those export orders were taken where customers were able to make TT remittances. Hence direct exports declined by 88% in quantity and 83% in value terms.

Deemed exports, however, increased significantly, registering a growth of 265% in both quantity and value terms.

Clubbed together - exports (direct and deemed) increased by 8% in quantity and 29% in value terms.

## Product development:

The company has survived on the strength of new product development. Efforts are on to develop some other products. As reported last year, an approval was gained from a major world