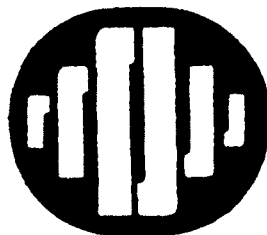


**25th
Annual Report
2010 - 2011**



JALPAC INDIA LTD.



CONTENTS

Notice	1-2
Graphical Representation -Key Performance Parameters	3-4
Directors' Report	5-8
<i>Management Discussion & Analysis</i>	9-12
Corporate Governance	13-20
Auditors' Report	21-24
Balance Sheet	25
Profit & Loss Account	26
Schedules to Balance Sheet & Profit and Loss Account	27-31
Notes on Accounts & Accounting Policies	32-40
Cash Flow Statement	41
Balance Sheet Abstract & Company's General Business Profile	42

**BOARD OF DIRECTORS**

Madhukar Jalan	-	Managing Director
R. R. Malhotra	-	Executive Director
Anil Sharma	-	Independent Director
K. K. Shukla	-	Independent 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

CORPORATE OFFICE

903/911, Tolstoy House
15 Tolstoy Marg
New Delhi - 110 001

BRANCHES

307, River Palace, Wing B
Opp. Bahumali (Old Court) Nanpura Building
Surat - 395 001

C/o. R.N. Enterprises
27 AB, Royd Street
Kolkata - 700 016

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 25th Annual General Meeting of the Company will be held on Friday, the 30 September, 2011 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, 2011 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.R. Maihotra 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 an Ordinary Resolution:

"RESOLVED THAT Mr. K. K. Shukla, who was appointed as an Additional Director by the Board of Directors and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby, appointed as a Director of the Company liable to retire by rotation."

By Order of the Board

New Delhi
24th August, 2011

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 20/09/2011 to 30/09/2011 (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**

Shri K.K. Shukla was appointed as the Additional Director of the Company by the Board on 12th August 2011 and holds office upto the date of this Annual General Meeting. A notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956 has been received to appoint him as independent Director at the ensuing Annual General Meeting, 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 Board recommends the resolution for your approval. Except Shri K.K. Shukla, no other Director is concerned or interested in the resolution.

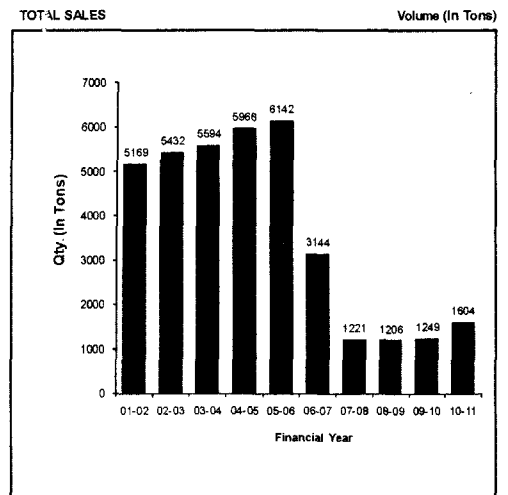
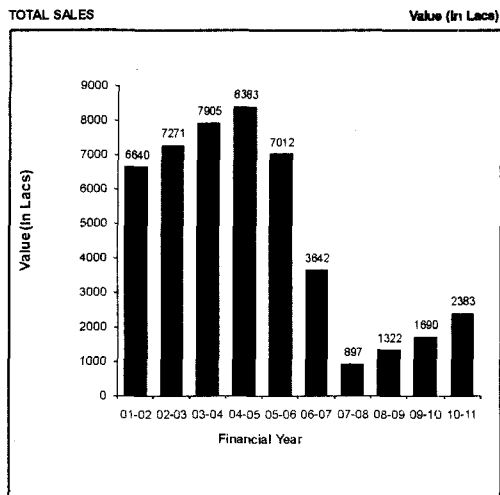
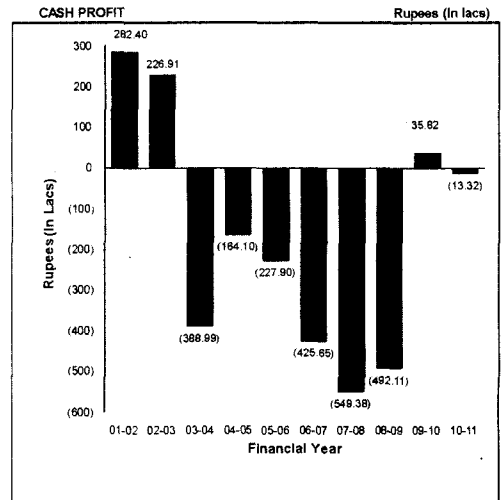
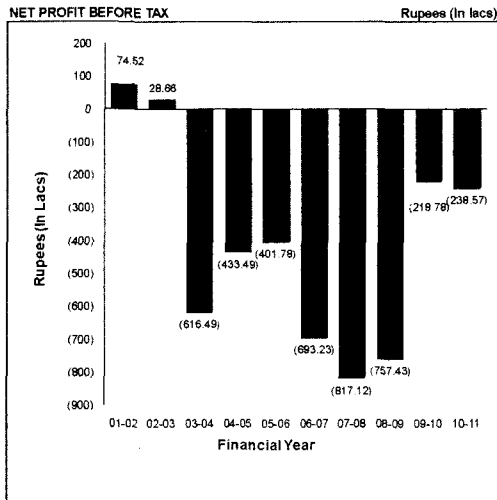
By Order of the Board

New Delhi
24th August, 2011

R. R. MALHOTRA
Executive Director



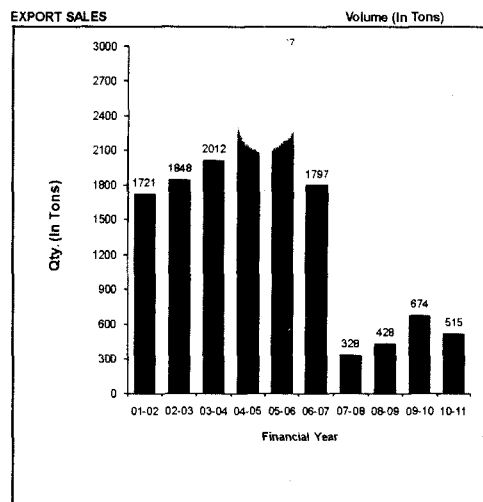
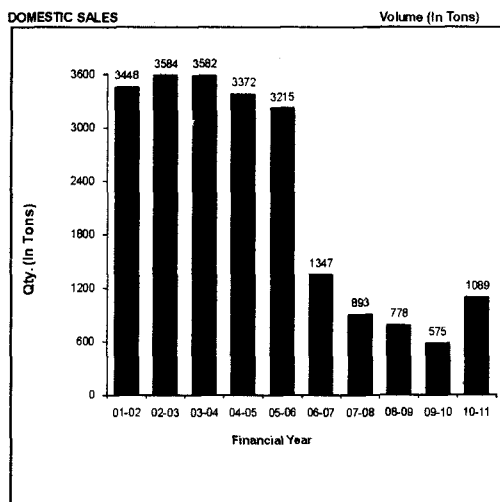
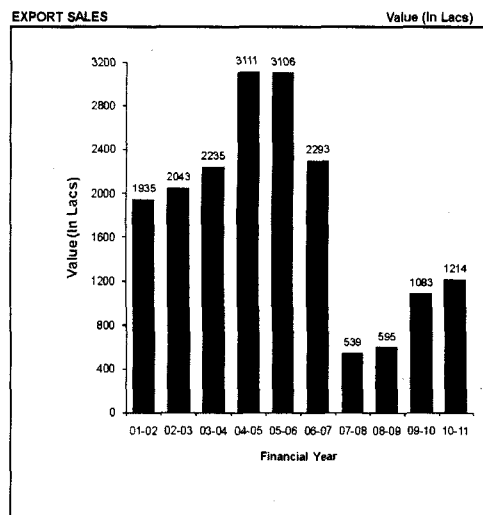
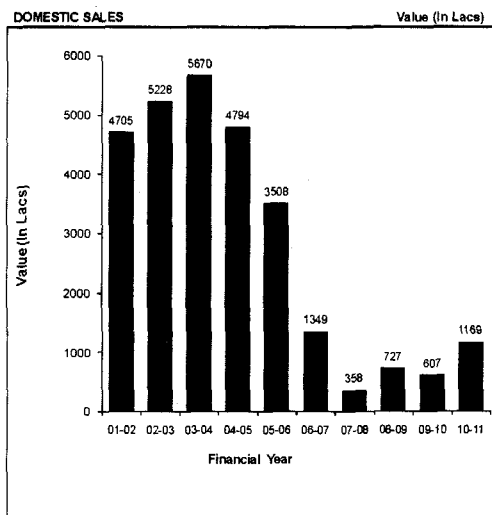
Key Performance Parameters at a Glance - Last 10 Years



- 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, 2011.

FINANCIAL RESULTS

(Rupees in thousands)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Net Sales & Other Income	231199	170951
Profit before		
Interest & Depreciation	(1171)	3883
Profit before Depreciation	(1332)	3582
Profit before Tax	(23857)	(21878)
Add : Exceptional Items	---	---
Less : Provision for FBT	---	---
Profit after Tax	(23857)	(21881)
Profit brought forward	(447217)	(425336)
Balance carried forward	(471074)	(447217)

DIVIDEND:

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

Operations :

As reported earlier, no bank support has been available after Sept 2008 and despite ongoing discussions with investors no financial infusion has yet taken place.

Despite these financial constraints and lack of working capital, the company has continued to operate on the strength of its goodwill and support from customers who have been making advance payments and financing purchase of rawmaterials. Some jobwork is also supporting the operations.

The company is conducting business with only those customers who can pay immediately. The company is refusing business from those customers wanting to avail credit.

With the focus on production of value added products, sales in quantity terms increased by 28% and in value terms by 41%. The increase in value has also been contributed because of the sharp increase in polyester film prices during the year. Domestic sales grew by 89% in quantity terms and 93% in value terms.

Despite a capacity utilization of 14% in the last financial, the company was EBIDTA positive last year. This year with a capacity utilization of only 18%, the company is marginally negative in EBIDTA terms (Rs. 11.71 lacs). However, the last two quarters were positive in EBIDTA terms - quarter ending 31.12.2010 with a positive EBIDTA of Rs. 22.40 lacs (capacity utilization 21%) and quarter ending 31.3.2011 with a positive EBIDTA of Rs. 45.18 lacs (capacity utilization 23%). This gives a

hope that with financial infusion and with a higher level of production of value added products, the company will be able to achieve a financial turnaround.

Your company has been manufacturing metallized paper right from its inception which was being used primarily in the beer label segment in India and gift wrap segment abroad.

Positive development:

In India, the preference has always remained for film based packaging products since the cost per square meter is lower in plastics than paper because of the film being thinner. We, generally, tend to ignore environmental issues.

There was a significant development towards the end of the last financial, with the Ministry of Environment and Forests banning the use of plastics for packaging of Pan Masala, Gutka and tobacco products effective 1st March 2011. The company was positively impacted because of this notification and sales of metallized paper increased significantly in the first quarter of the new financial year.

While this notification is now the 'Law of the Land', several petitions are pending before the Hon'ble Supreme Court and the future potential of this development will be known over a period of time. However, the company is focussing on various product developments on metallized paper since this product is bio-degradable and environmentally friendly and a boost in sales of this product can have a positive impact on the company's performance in future.

Rawmaterial prices:

Polyester film along with paper is one of the major rawmaterials. Polyester film prices increased from levels of around Rs. 100/-kg. basic in April 2010 and peaked at Rs. 229/- kg. basic in Oct 2010. By March 2011, the polyester film prices had declined to levels of around Rs. 117/kg. basic. However, the impact of this increase on the company was not significant because the company is not operating in any major way in the plain metallized film segment and only focussing on specialized coated film production in which segment the increase could be passed on.

Exports:

Since there was no L/C discounting facility available, only those export orders were taken where customers were able to make TT remittances.

Clubbed together, - exports (direct and deemed) decreased by 24% in quantity terms but increased by 12% in value terms.



Product development:

The company has been focussing on product development and with the ban on plastics for packaging of Pan Masala, Gutkha and Tobacco products, is trying to focus on developing a metallized paper with improved barrier properties as an environmentally friendly biodegradable packaging material.

Turn around strategy and outlook:

The company has been able to identify strategic investors from time to time who have been prepared to help the company's rehabilitation. However so far, the offers made in conjunction with such co-promoters have not been acceptable to the bankers. Efforts are ongoing.

The improved financial performance, despite a low capacity utilization because of severe working capital constraints, indicates that once a financial infusion and a One Time Settlement with the bankers is in place, the company would be in a position to stage a financial turnaround.

The company specializes in production of metallized paper and the ban on use of plastics for packaging of Pan Masala, Gutkha and Tobacco products has brightened the prospects of the company as the volumes of metallized paper can be increased if the ban on plastics remains in place and the end product is not banned. The only other alternatives available to plastic packaging are either an aluminium foil / paper / metallized paper laminate or metallized paper.

Status of reference to BIFR

As reported earlier, 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 in its order dated 5.9.2006 had declared the Company sick and appointed the State Bank of India as the operating agency.

A rehabilitation scheme was filed by the company in June 2009 based on a One Time Settlement with the secured lenders backed by a strategic investor. The OTS offer made by the company with backing from a strategic investor had not been acceptable to the lenders, as a result of which a fully tied up Debt Resolution Scheme could not be put in place.

The Hon'ble BIFR in its order dtd 22.4.2010 had directed the Operating Agency to issue an advertisement for Change of Management as per their guidelines and had directed the Operating

Agency to submit its report and a Draft Rehabilitation Scheme, if it emerges, within 4 months. As per the Hon'ble BIFR's guidelines, the existing promoters could also submit their fully tied up Draft Revival proposal with or without a co-promoter with proof of their financial resources for rehabilitation. As per their guidelines, other things being equal, the proposal from the existing promoters would still get a preference over others.

The company had made a bid within the stipulated period in July 2010 along with a co-promoter with proof of the financial resources of the co-promoter. The offer was not accepted by the lenders on 3.9.2010.

The Hon'ble BIFR in its order dtd 3.3.2011 had directed the Operating Agency to reissue another advertisement for Change of Management as per their guidelines and have directed the Operating Agency to submit its report and a Draft Rehabilitation Scheme, if it emerges, in 2 months from the date of closing of bid/offer. The Hon'ble BIFR also directed SBI (OA) to examine the proposal of the Japanese firm that had offered to raise funds for the company. Though an offer was received from the Japanese firm, their proposal was turned down by the lenders.

The company has submitted a Debt Revival Scheme (DRS) within the stipulated period along with the co-promoter.

Personnel:

As reported earlier, there has been a heavy exodus of management and supervisory personnel. We have been doing our best to keep the core team motivated. After 1st April 2005, an increment was granted to the management and supervisory staff in October 2009 after a gap of over 4 years.

No promotions were effected during this period. During the worst financial crisis in the company, some of the employees have taken extra responsibilities. Some of them have demonstrated fighting qualities and loyalty during the worst time in the company's history.

However, despite our best efforts, competitors are constantly trying to poach on the balance personnel also and we continue to lose some personnel.

Retention of the remaining employees is extremely critical for the company's operations.

Despite the financial limitations, considering that there has been only one increment for the last 6 years and run away inflation, it will be important to improve the compensation levels if we have to retain the balance employees in the managerial and staff cadre.



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 expianation 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 24.8.2011 to the members together with Annexure 'A' thereto containing information as per requirement under the Companies (Auditor's Report) Order, 2003 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 as under :

1. Regarding non maintenance of inventory and valuation thereof : Company is maintaining full itemwise details of finished goods, raw material, stores and spares and in the opinion of management, valuations are fair.

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 :

Trading in shares of the company has been

suspended at Bombay Stock Exchange w.e.f. 24.2.2011 due to certain non-compliances. Pursuant to special resolution passed at previous Annual General Meeting held on 28.9.2010 the company has filed application for voluntary delisting on 15.3.2011 with stock exchanges at Kanpur, Kolkata, Ahmedabad and Delhi. The same is pending at respective stock exchanges. The securities of the company shall continue to be listed on the stock exchange having nation wide trading terminal vis Bombay Stock Exchange, Mumbai and therefore as per the SEBI (Delisting of Equity Shares) Regulations 2009, issued by the Securities and Exchange Board of India, no exit opportunity needs to be given to the shareholders of the Company.

DIRECTORS

Shri R R Malhotra, Director retires by rotation as required under the Companies Act, 1956 and being eligible, offers himself for re-appointment.

Mr. K K Shukla appointed as additional director retires on the date of AGM and being eligible offers 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, 2011 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, commitment and loyalty of the employees who have stood by the company in its most difficult hour in embattled, warlike conditions despite having to face personal financial pressures.

The Directors also wish to record their appreciation of the support and understanding displayed by the Company's Bankers and Financial Institutions.

On Behalf of the Board of Directors

New Delhi	Sd/-	Sd/-
Dated 24.8.11	Madhukar Jalan	R.R. Malhotra
	Managing Director	Executive Director