



NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Company will be held on Saturday, 29th September, 2012 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, 2012 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 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 fix the remuneration of Shri R. R. Malhotra as the Executive Director of the Company for the remaining period of his tenure i.e. from 26th October 2012 upto 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.

RSOLVED FURTHER THAT the remuneration payable as above shall be the minimum remuneration payable to Shri R. R. Malhotra in the event of inadequacy or loss in any year during the tenure of his appointment."

By Order of the Board

New Delhi
30th August, 2012

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 20/09/2012 to 29/09/2012 (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**

Mr. R R Malhotra is a non promoter professional Executive Director. He has led the company during a most turbulent time. Despite the difficult state of the standalone metallizing industry and no bank support since 2008, the company under his leadership, has managed to elicit support from customers in the form of advances as also suppliers to carry on operations. Despite a very low capacity utilization because of severe working capital constraints, the company has managed to turn in an EBIDTA positive financial result. Relentless efforts are being made to get an investor to support the rehabilitation of the company.

The Executive Director, Mr. R R Malhotra continues to draw the remuneration first approved by the Ministry of Corporate Affairs through the Ministry's letter no. 1/300/2004-CL-VII dtd 2.12.2004 as subsequently amended on 9.5.2005.

The Ministry of Corporate Affairs had approved the same remuneration as approved on 9.5.2005 again for the first 3 years of his appointment for the period - 26.10.2009 to 25.10.2012 through their letter dtd 12th August 2010, even though the Board of Directors and the AGM had proposed a revision in the remuneration of Shri R R Malhotra at the time of his reappointment on 26.10.2009. Despite several representations, the enhanced approval has not been received.

Now, the Board of Director's on the recommendation of the Remuneration Committee have recommended a revised remuneration for Mr. R R Malhotra's remaining tenure for the period 26.10.12 to 25.10.14 in the meeting held on 30th August 2012.

The proposed increase in salary will translate to an increase of 55.79% over a period of 9.08 years (1st October 2003 to 25th October 2012) or an average increase of 6.14% per year which does not even cover the cost of inflation. During the same period, the Management and Supervisory



staff gained an increment of 61.23 % - an average increase of 6.74 %.

The maximum ceiling for accommodation, electricity, water and maintenance expenses is also proposed to be revised keeping in view the spiralling rentals / costs.

The revised remuneration is as below :

A. Salary :

Rs.148000/- (Rupees One Lac Forty Eight Thousand only) per month.

B. Perquisites:

1. Accomodation

Free furnished accommodation or house rent allowance in lieu thereof not exceeding 100 % of the salary. Reimbursement of expenses in respect of Electricity, water, maintenance expenses subject to a ceiling of 50% of salary.

2. Medical Reimbursement

Reimbursement of all medical expenses incurred for self and family, subject to a limit of One Month Salary 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 Salary 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.

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.

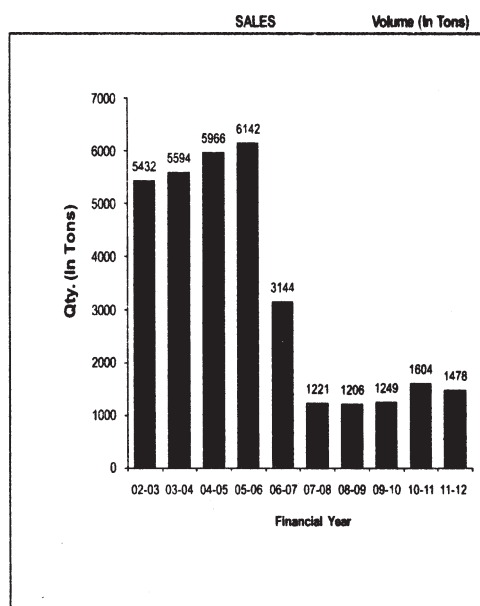
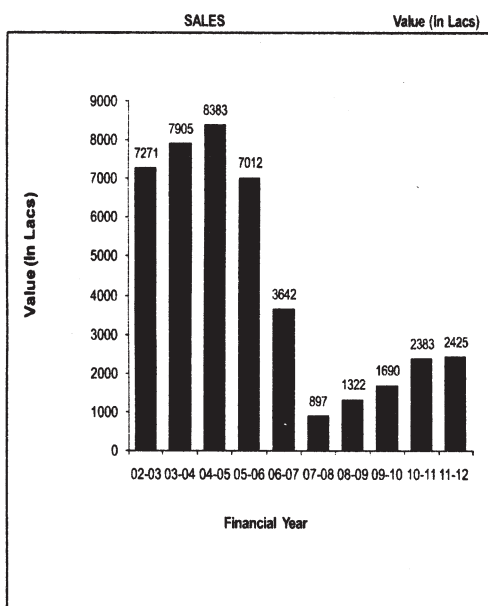
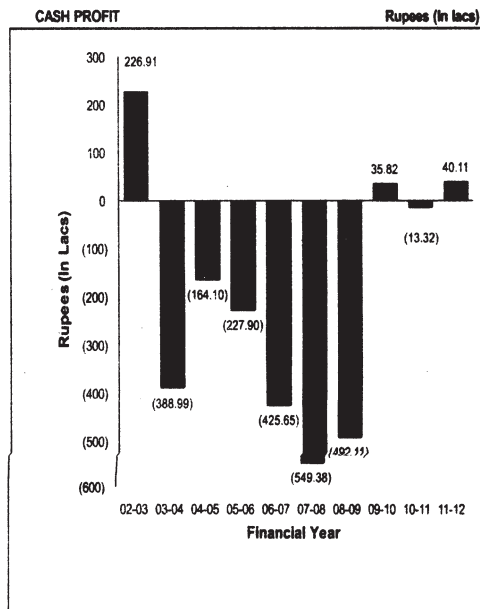
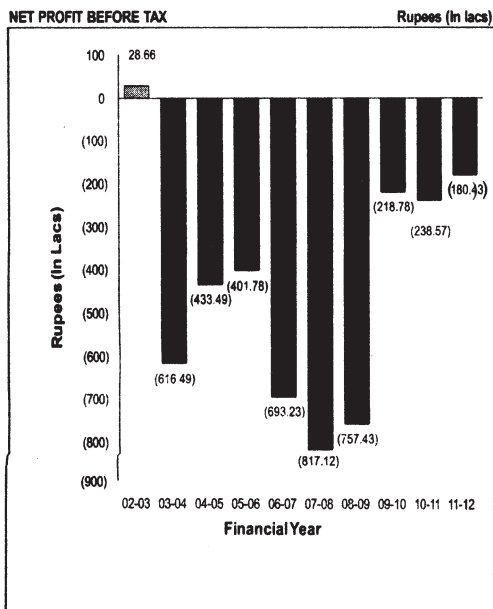
The above details may please be treated as an abstract of the terms of appointment of Shri R.R. Malhotra under section 302 of the Companies Act, 1956.

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
30th August, 2012

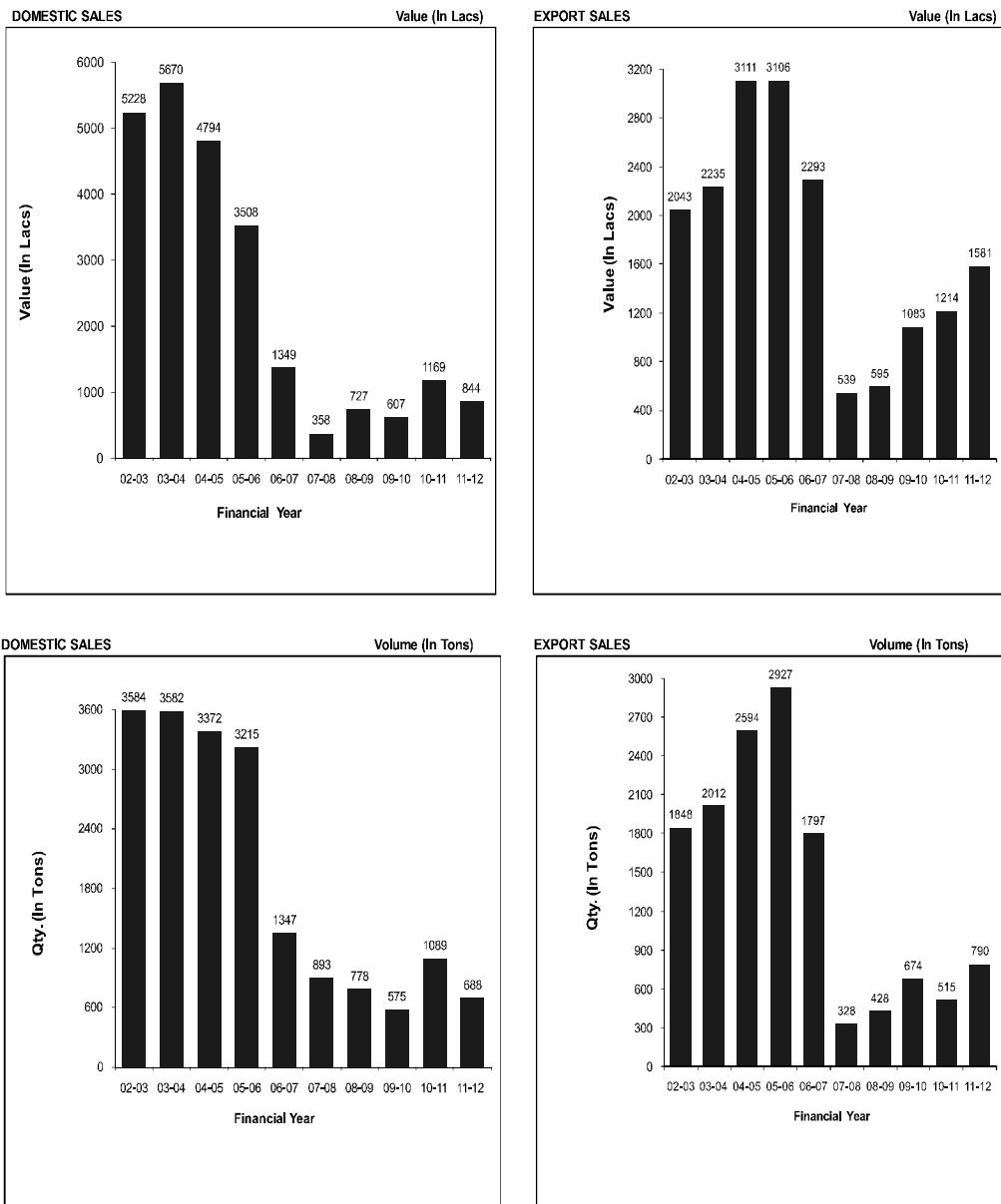
R. R .MALHOTRA
Executive Director

**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.
 3. Export Sales value reflects the FOB value of exports including deemed exports.



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 31 st March, 2012	Year Ended 31 st March, 2011
Net Sales & Other Income	241984	231199
Profit before		
Interest & Depreciation	4242	(1171)
Profit before Depreciation	4011	(1332)
Profit before Tax	(18043)	(23857)
Add : Exceptional Items	---	---
Less : Provision for FBT	---	---
Profit after Tax	(18043)	(23857)
Profit brought forward	(471074)	(447217)
Balance carried forward	(489117)	(471074)

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 the company having made an offer along with the co-promoter to the lenders, a settlement has not been arrived at. Hence no financial infusion has taken place in the company.

Despite no working capital and no bank support in terms of L/C discounting facilities etc., operations have continued on the strength of a very limited portfolio of customers who are willing to pay either 100% advance or fund the purchase of rawmaterials.

While sales in quantity terms decreased by 8%, value increased by 2%. Exports including deemed exports increased by 53% in quantity and 30% in value terms. Domestic sales including jobwork declined by 37% in quantity terms and 28% in value terms.

Despite a low capacity utilization of 16%, on account of no working capital and no bank support, there was a positive EBIDTA OF Rs. 42.42 lacs despite a negative foreign exchange fluctuation of Rs. 68.37 lacs as a result of a weakening rupee.

EBIDTA and capacity utilization comparison for the last 3 years is:

Year	Capacity Utilisation	EBIDTA (Rs. in lacs)
2009-10	14%	38.82
2010-11	18%	(11.71)
2011-12	16%	42.42

The above shows that after a Debt Rehabilitation Scheme based on an OTS with the bankers is in place, the company would be able to achieve a financial turnaround.

As reported earlier, the focus has been only on the production of value added products. More value added products can be developed once there are no financial constraints which can take the company into a positive direction.

Metallized paper with improved barriers can be a product for the future.

Metallized paper – a promising product for the future:

As reported last year, the Ministry of Environment and Forests banned the use of plastics for packaging of Pan Masala, Gutka and tobacco products effective 1st March 2011. This positively impacted the company in the first quarter of this financial year as metallized paper sales increased significantly during this period.

Subsequently, however, aluminium foil was imported from China and that became the major product of usage in that segment since it has a better barrier than metallized paper.

Despite this, as the world and India get more environmentally conscious, metallized paper with improved barriers can be an environmentally friendly packaging material for the future.

Some more developments will have to be carried out in terms of the improvement of the moisture and oxygen barriers which are critical for packaging. If success is achieved on the barrier front, metallized paper could be a promising product for the company in future.

Rawmaterial prices:

Polyester film along with paper is one of the major rawmaterials. Polyester film prices which were at skyrocketing levels of Rs. 229/kg. in October 2010, dropped to levels of Rs. 117/kg. in April 2011 and remained at a price of around Rs. 100 till March 2012.

Exports:

With no bank support and no L/C discounting facility available, only limited selective export orders were taken from customers who are able to pay in advance.

Clubbed together, - exports (direct and deemed) increased by 53% in quantity terms and 30% in value terms. There was a compression in value because of a sharp decline in the rawmaterial – polyester film price during the year as against the previous year.

Product development:

The company has been working on improving the barriers of metallized paper as also working on some value added coated products as the future of the company depends on high value niche products.

**Turn around strategy and outlook:**

The company has been able to convince one of its major customers to invest and participate in the rehabilitation of the company. However, the offer made by the company along with this co-promoter has not been acceptable to the bankers as they are looking at a higher offer.

The EBIDTA positive financial performance not withstanding a low capacity utilization because of severe working capital constraints is an indicator that with a financial infusion and a Debt Rehabilitation Scheme based on an OTS being in place, the company would be in a position to turn around financially.

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 new guidelines and had 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 had again submitted a Debt Revival Scheme (DRS) within the stipulated period along with a co-promoter. This offer was also not accepted by the lenders.

The Hon'ble BIFR in its order dtd 17.8.2011 had indicated that the company is working and the products that they are manufacturing are now having a good market potential and that the company employs about 151 workers, whose livelihood is dependant on the company's survival. Hence the bench gave one more opportunity to the company to settle its secured debts.

The company was also asked to show cause as to why the company should not be wound up keeping in view that the dues of the secured lenders had not been settled and the proposals submitted by the company had not been accepted by the secured lenders. The company had submitted its reply to the show cause notice for winding up on 27.10.2011.

The Hon'ble BIFR in its order dtd 29.12.2011 after considering the material on records and the submissions made, observed that the bench was convinced that the company was making sincere efforts for its revival. The board observed that the company was employing about 151 workers whose livelihood depended on the company's survival. Hence, the Bench gave one more opportunity to the company to settle its secured creditors and kept the SCN for winding up of the company in abeyance till the next date of hearing.

The company had already informed the Hon'ble Board that the strategic financial investors identified by the company earlier, who were willing to support the efforts of the company had withdrawn as the OTS settlement offers made with their support were not acceptable to the secured lenders. The company therefore, made renewed efforts to identify a new strategic / financial investor and made an offer along with a co-promoter, who is also a major customer of the company on 1.3.12 which the lenders again turned down in the hearing held on 6.3.12.

Despite having identified a co-promoter who is willing to participate in the Rehabilitation of the company, as a result of no settlement with the lenders, the Hon'ble BIFR has formed an opinion about the winding up of the company under Section 20(1) of SICA vide their order dtd 20.7.2012.



Since the Hon'ble BIFR does not have the power to wind up, they would be communicating their opinion to the Hon'ble High Court of Uttarakhand in which State our plant facility is located.

Being an operating company with a reasonable turnover despite no bank support and no working capital, the company is in the process of filing an appeal before the Hon'ble AAIFR against the order of the Hon'ble BIFR.

Personnel:

As reported earlier, during the period of sickness of the company, there has been a heavy exodus of management and supervisory personnel. We have been doing our best to retain the core team. After 1st April 2005, till date - a period of over 7 years, only two increments were granted to the management and supervisory staff. Despite this, some of the employees have demonstrated great determination and loyalty during this very very turbulent period in the history of the company.

Retention of the core management and supervisory team is critical for the company's operations.

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 such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period;
- 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 30.08.2012 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 under Companies Auditors' Report Order, 2003 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. 24.02.2011 due to certain non-compliances. Pursuant to special resolution passed at previous Annual General Meeting held on 28.09.2010 the company has filed application for voluntary delisting on 15.3.2011 with stock exchanges at Uttar Pradesh, 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 need to be given to the shareholders of the Company.

DIRECTORS

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

PICUP appointed Mr. D K Sharma as Nominee Director on the Board of Directors vide their letter



no. Sec/Board/3795 dtd 15.12.2011. Formalities of his appointment are in process.

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, 2012 is given in Annexure A to this Report.

COST AUDIT COMPLIANCE

The company is in the process of appointing Cost Auditors.

PERSONNEL:

There was no employee in the Company drawing remuneration more than the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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

sd/- sd/-

New Delhi Madhukar Jalan R.R. Malhotra
Dated 30.8.12 Managing Director Executive Director

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

A. CONSERVATION OF ENERGY :

Both the chiller units of two Metalizing plants are not being operated when chamber is open to save on energy costs.

B. TECHNOLOGY ABSORPTION:

Success in improvement of the moisture barrier in metallized paper.

New Delhi
30th August, 2012

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

C. FOREIGN EXCHANGE EARNING & OUTGO:

i. Total Foreign Exchange used & earned	(Rs. in Thousands)
(a) Foreign Exchange Earned	9657
(FOB Value of Exports)	
Claim received	-
(b) Foreign Exchange Used	
(CIF Value of Imports)	
(i) Capital Goods	-
(ii) Raw Materials	-
(iii) Stores & Spares	159
(iv) Others	-

On Behalf of the Board of Directors

sd/-

Madhukar Jalan
Managing Director

sd/-

R.R. Malhotra
Executive Director



MANAGEMENT DISCUSSION AND ANALYSIS

1. INTRODUCTION

Your Company is engaged in the manufacture of Metallized Paper/Board, Metallized and Coated Films, Metallic yarn and Metallized films with an installed capacity of 8900 tons per annum at its plant located at Haldwani, Distt. Nainital, Uttaranchal.

The metallized paper is used mainly in the labels and the gift-wrap segment. Effective 1st March 2011, there was a ban on use of plastics for packaging of Pan Masala, Gutkha and Tobacco products. This led to usage of metallized paper in the packaging segment also. This demand subsequently waned because of import of aluminium foil from China which has a better barrier than metallized paper. Metallized and coated films are used in flexible packaging, insulation, glitter powder and metallic yarn/zari applications. Metallized films are used in the packaging segment.

2. INDUSTRY STRUCTURE, DEVELOPMENTS AND BACKGROUND

Traditionally, the industry had a distinct three tier structure with no backward or forward linkages:

- a. Film manufacturers
- b. Metallizers
- c. Printing Convertors

Initially, large printing convertors had backward integrated into the metallizing arena which had an impact on a reduced market size for standalone metallizers like us. This threat, at that time, was successfully countered by increasing exports of metallized film.

As reported earlier, polyester film manufacturers who forward integrated into the metallizing business around the year 2002/2003 have continued to expand capacity continuously and now completely dominate the plain metallized film packaging segment - both domestic and exports.

This has virtually rendered the plain metallizing packaging segment unremunerative for standalone metallizers since film manufacturers price the metallized film at variable cost plus levels as they view the value chain, right from DMT/PTA/chips to the metallized film realization pushing standalone metallizing companies out of the packaging segment. As a result of this phenomenon, standalone metallizers and players in the unorganized yarn segment made a foray into the coated product segment (film for metallic yarn) as a result of which margins eroded significantly in the coated film segment also.

Both these – backward integration by our customers and forward integration by our suppliers hit our plain metallized film business hard which segment was given up because it became unremunerative at prices from the integrated metallizers. The only way to ward off this challenge is to either backward integrate into film making which entails a very huge investment, forward integrate into printing and flexible packaging or focus on specialty niche products. Your company has chosen the latter option as production of such products does not require any major capital investment and such products can be produced on the current equipment.

2.1 Recent Developments:

After the ban on plastics for the packaging of pan masala, gutkha and tobacco products, there was a heavy demand for metallized paper in this packaging segment during the first quarter of the financial year - April to June 2011. Subsequently with the import of aluminium foil from China, packaging in this segment shifted to an aluminium foil paper laminate, since the barrier properties of aluminium foil are better than metallized paper.

Despite this negative development, as the world and India become more environmentally conscious, metallized paper with improved moisture and oxygen barrier which will need development can be an environmentally friendly, plastic free packaging material for the future.

The focus should be on developing this product for packaging segments other than gutkha and pan masala because many states have started banning these products.

2.2 Advantages to integrated polyester film producers with metallizers against standalone metallizers like us:

- A. As a consequence of their integration, have the ability to price plain metallized films at variable cost levels and use metallization as a means of selling their film.
- B. In the export segment, Indian polyester film producers with metallizing plants have a distinct advantage in