

**27th
Annual Report
2012 - 2013**



JALPAC INDIA LTD.



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**BOARD OF DIRECTORS**

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

* See directors' report



NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on 28th September 2013, at 11 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, 2013 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 198, 269, 309 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 consent of the shareholders in the general meeting, Shri Madhukar Jalan be and is hereby re-appointed as the Managing Director of the Company for a period of 5 years from 18th June, 2013 to 17th June, 2018 upon the terms, conditions and stipulations existing before such re-appointment with liberty to the Directors to alter and vary such terms and conditions in such manner as may be agreed upon the Directors and acceptable to Shri Madhukar Jalan.

By Order of the Board

New Delhi
24th July, 2013

R. R. MALHOTRA
Executive Director

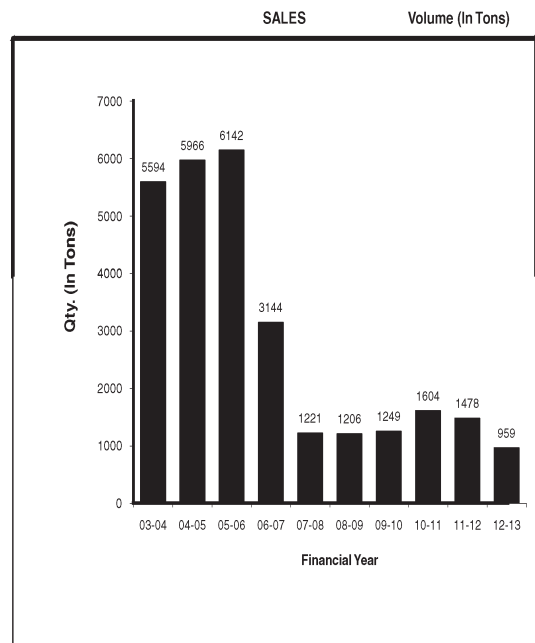
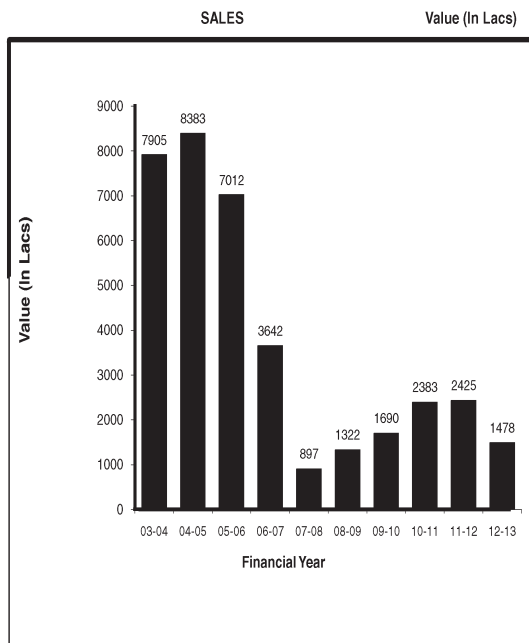
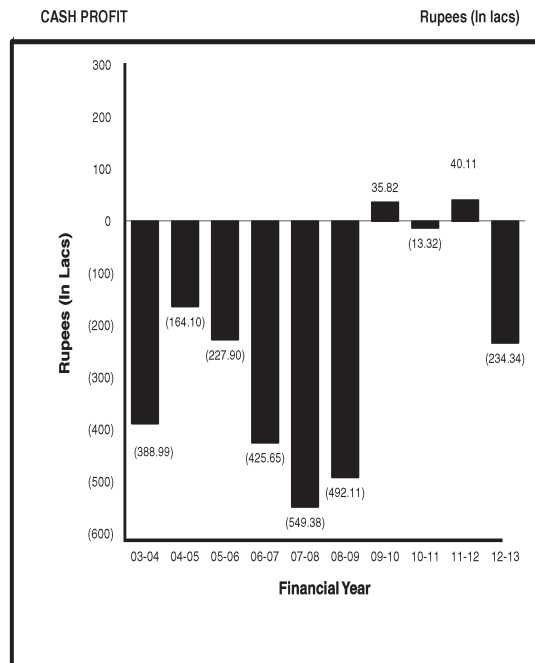
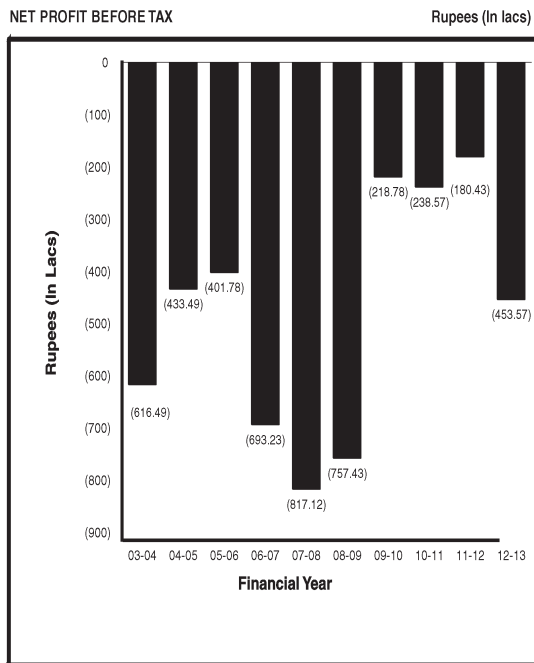


Notes:

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 19/09/2013 to 28/09/2013 (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.
6. Members who hold shares in physical form are requested to advise the Company or M/s Niche Technologies Pvt. Ltd. (Registrar & Transfer Agents of the company) immediately of any change in their addresses.
7. Members who hold shares in dematerialised form are requested to intimate details regarding change of address, etc. to the Depository Participants where they have their depository accounts.
8. An explanatory note pursuant to section 173(2) on Special Business is annexed to this notice.



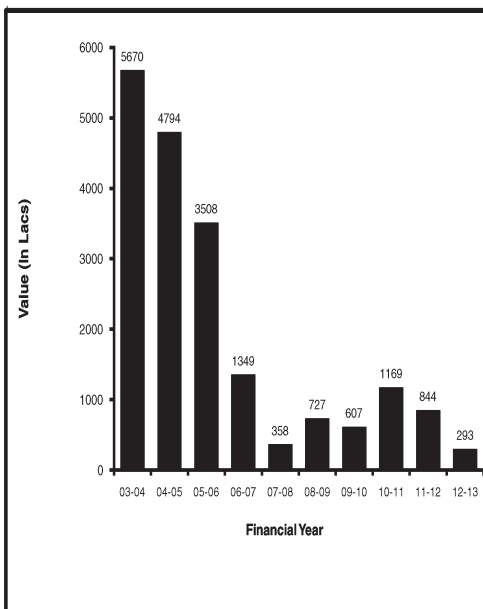
Key Performance Parameters at a Glance - Last 10 Years



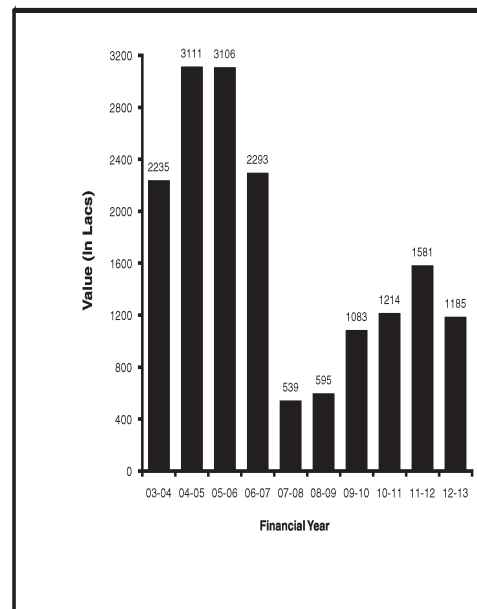
- Note :-
1. Though volume increased in the financial year 05-06, value declined because of a sharp compression in raw material prices.
 2. Trial run quantities and values are excluded.
 3. Export Sales value reflects the FOB value of exports including deemed exports.

**Sales Breakup - Domestic and Export****DOMESTIC SALES**

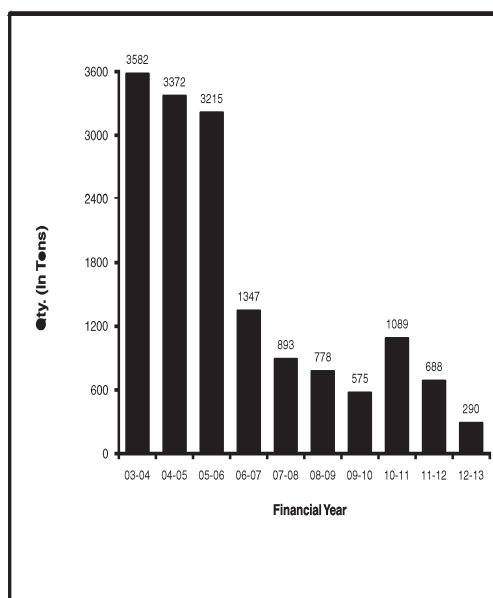
Value (In Lacs)

**EXPORT SALES**

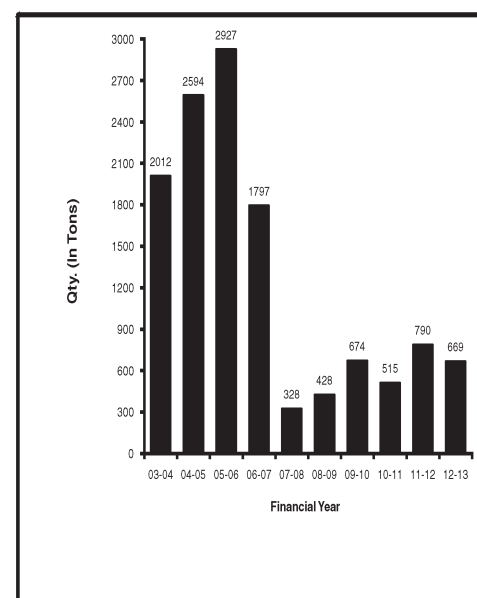
Value (In Lacs)

**DOMESTIC SALES**

Volume (In Tons)

**EXPORT SALES**

Volume (In Tons)



Note :- 1. Trial run quantities and values are excluded.
2. 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, 2013.

FINANCIAL RESULTS

(Rupees in thousands)

	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Net Sales & Other Income	148984	241984
Profit before		
Interest & Depreciation	(23306)	4242
Profit before Depreciation	(23434)	4011
Profit before Tax	(45357)	(18043)
Add : Exceptional Items	---	---
Less : Provision for FBT	---	---
Profit after Tax	(45357)	(18043)
Profit brought forward	(489117)	(471074)
Balance carried forward	(534474)	(489117)

DIVIDEND:

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

Operations:

The company was declared sick on 5th September 2006 and despite several offers to the lenders made in conjunction with co-promoters, no settlement has been arrived at as yet. Our latest offer dtd 3rd May 2013 is under consideration by the lenders. Hence the company is operating without any financial infusion and without any bank support and working capital.

As reported earlier, despite no bank support in terms of working capital or L/C discounting facility, a truncated operation is continuing with the support of select customers who either fund the purchase of rawmaterials or pay 100% advance. However, because of lack of working capital, our business terms are too stringent for most customers which has led to further shrinking of business.

There was a substantial decrease in the sales value compared to last year, largely because of the loss of the substantial metallized paper business generated in the first quarter of last year. That sudden demand for metallized paper for packaging of pan masala and gutkha, following the ban on use of plastics in the first quarter of the last financial, vanished as aluminium foil imported from China, replaced metallized paper in this packaging segment.

Since metallized paper sales in the first quarter of the last financial had also generated remunerative margins because of the demand and supply mismatch, the loss of this business in this financial had a very negative impact on the financial performance during this year, generating a substantially negative EBIDTA.

On account of factors explained above, the capacity utilization dropped to 11%.

Sales in quantity and value terms declined by 35% and 39% respectively. Exports, including deemed exports, decreased by 15% in quantity and 25% in value terms.

Domestic sales including jobwork declined by 58% in quantity terms and 65% in value terms.

The loss of the metallized paper business had a very negative impact on the financial performance and this was the worst financial performance in the last 4 years considering the fact that in the 3 preceding years i.e. 2009-10 till 2011-12, despite a capacity utilization of between 14 to 18%, we could generate either a positive EBIDTA or a marginally negative EBIDTA.

The EBIDTA and capacity utilization for the last four financial years is summarized below:

Year	EBIDTA Rs. in lacs	Capacity utilization % (rounded off)
2009-10	38.82	14
2010-11	(11.71)	18
2011-12	42.42	16
2012-13	(233)	11

The major factors for the poor performance this year are:

1. A further drop in capacity utilization because of no working capital.
2. With the customer portfolio being very limited because of the stringent advance terms, some of the increase in input prices other than film, could not be passed on to the customers as we could not risk losing them.
3. No business in the metallized paper packaging segment because of a total replacement of metallized paper with aluminium foil in the packaging segment that it was used in earlier.
4. Select customers are willing to support with 100% advance for a short period of time but not over a prolonged period.

Future potential – As the World and India becomes more environmentally conscious, metallized paper and metallized board which are environmentally friendly could be the turn around products for the company in the future:

Moves by the Government showing concerns for the environment by passing some legislation banning the use of plastics and encouraging the use of bio-degradable products:

- a. The first move was by the Ministry of Environment and Forests, banning the use of plastics for packaging of Pan Masala, Gutkha and Tobacco products effective 1st March 2011 through a Notification No. S.O.2400(E) dtd 4.2.2011.
- b. This was followed by the Government of the National Capital Territory of Delhi, Department of Environment, banning the use of plastic including non wovens for carry bag applications in Delhi through a Notification No. F.8(86)/EA/Env/2008 dtd 23rd October 2012.
- c. More recently, the Himachal Government has banned the entry of consumer durables packed in non biodegradable material effective 1st July 2013.

Many corporates are also planning to "go green" in the future.



There is, therefore, a clear evidence that the company should focus on improving the barriers of metallized paper with the aim of introducing this into some packaging applications where business volumes would be consistent with a good long term potential. Being environmentally friendly and bio-degradable, metallized paper with improved barriers, has a huge potential in the large volume packaging segment.

Further, if plastic is eliminated from laminated whisky and liquor cartons, a huge market will open up for metallized plastic free board.

However, to stage a turn around, it is imperative that a one time settlement is achieved with the secured lenders with the help of an investor, so that fund infusion takes place and working capital constraints are removed.

Rawmaterial prices:

Polyester film along with paper is one of the major rawmaterials. Polyester film prices rose from a level of around Rs. 100/kg. basic in March 2012 to a level of Rs. 115/kg. basic in August 2012. After remaining steady for a couple of months, the prices declined to a level of around Rs. 95/kg. basic in Nov/Dec. 2012. Despite the demand of polyester film being low, the prices once again increased from a level of around Rs. 95/kg. in Nov./Dec 2012 to a level of around Rs. 115/kg. in March 2013 as a result of polyester film producers curtailing production.

Exports:

As a result of limitations of no L/C discounting facility because of no bank support, very limited business from select clients was possible, since the only payment terms that we could operate on was 100% advance on which terms very few customers, worldwide, are prepared to work.

Clubbed together, - exports (direct and deemed) decreased by 15% in quantity terms and 25% in value terms.

Product development:

The company continues to focus on enhancing the barrier of metallized paper which it views as a product with good potential because of the product being plastic free, bio-degradable and environmentally friendly

Turn around strategy and outlook:

The company's offer to the secured lenders for a one time settlement, backed by an investor is currently pending for consideration by the lenders. It is obvious that while the company has been able to continue operations right through the prolonged period of sickness for over 7 years, without any bank support or working capital, this cannot go on indefinitely.

It is imperative that a one time settlement is achieved with the secured lenders and financial infusion made to rehabilitate the company. The company depends on the investor and the lenders in this crucial area.

On the business front, the company is still confident that because of its strength in coating and capability

to produce specialty coated film and metallized paper, it can stage a financial turnaround after the financial restructuring is in place.

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 in a positive direction.

Status of reference to BIFR/AAIFR

As reported earlier, the company is a Sick Industrial Company within 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 as case no. 217/2004. 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 was not 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. This offer was turned down 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 the 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.

Against this advertisement, 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. Though an offer for raising funds was also received from the Japanese firm, their proposal was also turned down by the lenders.

The Hon'ble BIFR in its order dtd 17.8.2011 had observed 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 various 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 this new investor, 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/investor who was willing to participate in the Rehabilitation of the company, as a result of no settlement with the lenders, the Hon'ble BIFR had formed an opinion about the winding up of the company under Section 20(1) of SICA vide their order dtd 20.7.2012.

The Hon'ble BIFR's opinion was sent to the Hon'ble High Court of Uttarakhand.

Parallely, the company had filed an appeal against the Hon'ble BIFR's order dtd 20.7.2012 before the Hon'ble AAIFR on 21.9.12. The Hon'ble High Court of Uttarakhand adjourned the hearings keeping in view that the appeal was still pending with the Hon'ble AAIFR.

In between the bench at AAIFR was not operative. After the bench at AAIFR becoming operative, our appeal came up for its first hearing on 13.3.13.

Since a revised, enhanced offer for a One Time Settlement, backed by the investor had already been made to the lenders on 7th March 2013, the Hon'ble AAIFR adjourned the admission hearings on 13th March 13 and 3rd May 2013 to 18th July 2013. On 18th July 2013, the Hon'ble bench noted that the company was operational. Since the State Bank of India, one of the two major lenders, made a written submission conveying that the offer was under consideration, the Hon'ble AAIFR adjourned the

hearing till 4th October 2013, giving an opportunity to the company to try and achieve a settlement with the lenders.

Personnel:

After the heavy exodus of management and supervisory personnel in the earlier years, only a core management and supervisory team remains in the company. It is because of this core team that we have been able to manage operations in very adverse conditions. Because of a very difficult financial situation, all employees have been facing stressful times, especially because salary payments have been delayed, generally by around 2 months.

There was also a workers agitation from 29th November 2012 till 2nd January 2013 on account of late salaries. Finally, workers were made to understand that this delay was occurring entirely because of factors absolutely beyond the control of the management and the issue was resolved amicably.

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 24.7.2013 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.