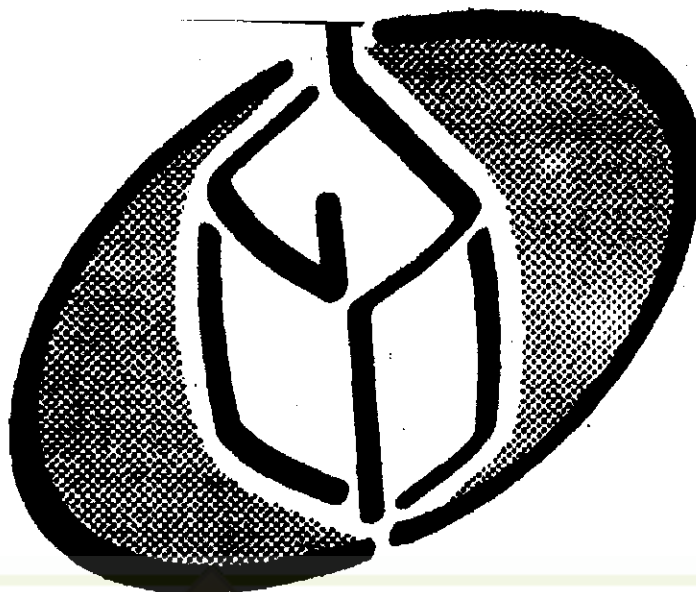


CERTIFIED TRUE-COPY

For Gilt Pack Ltd.,

P. Khan
Company Secretary.



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GILT PACK LIMITED

FIFTEENTH ANNUAL REPORT 1999-2000

**BOARD OF DIRECTORS :**

| | |
|---------------------------|------------------------------|
| Shri P.S. Kalani | Chairman & Managing Director |
| Shri Saurabh Kalani | Managing Director |
| Shri C. Khushal Das | |
| Shri S.K. Pandit | |
| Shri W.S. Tambe | |
| Shri A.K. Goel | |
| Shri Shankar Balan | |
| Shri C.S. Balsubbramaniam | |
| Shri S.D. Agrawal | (Nominee of MPSIDC Ltd.) |
| Dr. M.K. Sinha | |

COMPANY SECRETARY

Mrs. Priti Alkari

AUDITORS :

Adeshwar C. Jain & Co.
Chartered Accountants
INDORE

BANKERS :

State Bank of India
Industrial Finance Branch
INDORE

IDBI Bank Ltd. INDORE

TABLE OF CONTENTS**REGISTERED OFFICE & WORKS :**

95, Industrial Area No. 1
PITHAMPUR - 454 775
Dist. DHAR (M.P.)

HEAD OFFICE :

"KALANI HOUSE"
11, Tukoganj Main Road,
INDORE - 452 001 (M.P.)
URL : www.giltpack.com
e-mail : mail@giltpack.com

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NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the members of Gilt Pack Limited will be held at 5.00 p.m. on 30th September, 2000 at the Company's Registered Office at 95, Industrial Area No. 1, Pithampur 454 775, Dist. Dhar (M.P.) to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit & Loss Account for the Financial Year ended on that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. S.K. Pandit who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. C. Khushaldas who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Dr. M.K. Sinha be and is hereby appointed as a Director of the Company, who is liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution :

"RESOLVED THAT the Revised Audited Balance Sheet as at 31st March, 1999 and the Revised Profit & Loss Account for the year ended on that date together with necessary Schedules and Notes, as placed before the meeting, be and are hereby received, approved and adopted."

"FURTHER RESOLVED THAT for the purpose of giving effect to this resolution the Board of Directors be and is hereby authorised to do all such acts, matters and things, as it may deem necessary and proper."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution :

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval(s) of the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and such other consents and approval as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution) or as may be prescribed or made in granting such consents and approvals and which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot, at such time and on such conditions as they deem fit, equity shares of Rs.10/- each and/or fully or partly convertible debentures (hereinafter referred to as "Securities"), by private placement on preferential basis, in one or more tranches to Promoters, their friends & relatives, Companies, Corporate Bodies, Non-resident Indians (NRIs), Overseas Corporate Bodies (OCBs), and other entities/authorities, whether shareholders of the Company or not, provided however that the aggregate face value of the underlying equity share capital which may arise out of such securities shall not exceed Rs.200 Lacs (Rupees Two Hundred Lacs only)."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to fix the price of issue of securities as aforesaid as it may deem fit in accordance with the rules and guidelines prevailing in this regard, to the extent applicable."

"RESOLVED FURTHER THAT the Board, or a Committee thereof, be and is hereby authorised to decide in its absolute discretion and approve the number of securities to be issued within overall limit as per requirement of the Company."

"RESOLVED FURTHER THAT the Equity Shares so allotted on conversion or otherwise in pursuance of this resolution shall rank in all respect pari passu with the existing Equity Shares of the Company save that such shares shall carry the right to receive dividend, if any declared for the financial year in which the allotment of



shares shall become effective pro-rata from the date of allotment."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceed of issue of the Securities and further to do all such acts, deeds, matters and things as may be necessary, desirable or expedient as it may deem fit."

By Order of the Board

Place : Indore

PRITI ALKARI

Date : 12th August, 2000

Company Secretary

NOTES

1. PROXY :

Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be deposited at the registered office of the Company not less than forty eight hours before the commencement of the meeting.

2. EXPLANATORY STATEMENT :

Explanatory Statements in respect of the Special Business at item No. 5 to 7 pursuant to Section 173(2) of the Companies Act, 1956 are annexed hereto forming part of the notice.

3. PAYMENT OF DIVIDEND :

Members who have not encashed their dividend warrants for the Financial Year 1994-95 may approach the Company for obtaining Duplicate Dividend Warrants. The Unclaimed Dividend for the year 1994-95 will be transferred to Investor Education and Protection Fund in the year 2002.

4. BOOK CLOSURE :

The Register of Members and Share Transfer Book of the Company will be remain closed from 27.09.2000 to 30.09.2000 (both days inclusive).

5. CHANGE IN ADDRESS :

Members are requested to notify any change in their

address promptly to the Company's Head Office, 11, Tukoganj Main Road, Indore 452 001 (M.P.) quoting their folio numbers.

6. MEMBERS ARE REQUESTED TO :

- Quote their Ledger Folio Number in all their correspondence.
- Send their queries, if any, at least 7 days prior to the date of the meeting at the Registered Office of the Company so that information can be made available at the meeting.
- Bring their own copy of the Annual Report alongwith them as copies of the Report will not be distributed at the meeting in view of increased cost of printing.
- Note that presently, the Company has no plans to go for dematerialisation of its securities, untill recommended by SEBI.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

Dr. M.K. Sinha was appointed by the Board as Additional Director on 11.12.1999.

In terms of Section 260 of the Companies Act, 1956, Dr. M.K. Sinha holds office upto the date of ensuing Annual General Meeting. Notice in writing has been received from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose the name of Dr. M.K. Sinha as Director of the Company at the forthcoming Annual General Meeting.

Dr. M.K. Sinha's presence on the Board is considered advantageous to the Company for his valuable guidance and support.

Your Directors commend the resolution for approval.

Memorandum of Interest

Except Dr. M.K. Sinha, no other Director is interested or concerned in the resolution.

ITEM NO. 6

Your Company is a Sick Company under the Sick Industrial Companies Act, 1985 and as you know that rehabilitation package of your Company was under consideration of Board of Industrial Financial Reconstruction (BIFR). In the last hearing of the BIFR on 28.12.1999, the cut off date for implementation of rehabilitation scheme had been changed



by the BIFR from 30.09.1998 to 31.03.2000 consequent to which the Company had to provide interest on the borrowings at the normal rate of interest of the Financial Institution, instead of concessional rate for the period from 1.10.1998 to 31.03.1999 which was provided in the Profit & Loss Account and the Balance Sheet earlier. In view of the same, the Board of Directors decided to revise the Annual Accounts for the year 1998-99 which has been approved in the meeting of Board of Directors held on 28.03.2000. It is therefore, necessary to change the accounts to give true and fair picture of the same. The revised Balance Sheet for the year ending on 31st March, 1999 is being separately sent to members.

Your Directors commend the resolution for approval.

Memorandum of Interest

None of the Directors are interested in or concerned with the above resolution.

ITEM NO. 7

Your Company is a sick Company under the Sick Industrial Companies (Special Provisions) Act, 1985 and is registered with Board for Industrial and Financial Reconstruction (BIFR). The rehabilitation package which had been prepared and submitted by IDBI to BIFR has been approved. According to the Rehabilitation package, promoters are required to bring in additional capital of approx. Rs.200 Lacs. Since your Company is engaged in manufacture and export of its products to USA, Europe, Africa and Middle East Countries, they are hopeful of getting some contribution from Non-Residents including Overseas Corporate Bodies. However, your Directors have proposed as an abundant caution, to seek the members' approval for issuing securities to promoters, their friends and relatives, Companies, Corporate Bodies, Non-Resident Indians, Overseas Corporate Bodies and other entities as stated in the resolution upto a sum of Rs. 200 Lacs (Rupees Two Hundred Lacs only).

Out of the above issue, it is proposed to allot 2.50 Lacs equity shares of Rs. 10/- each to Non-Resident Indians. In terms of Sub-clause (c) (ii) of Clause (1) of Regulation 3, of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997, the disclosures are as follows :

(a) Name of proposed allottees and their status :

1. Mr. Shravan Kumar - Non-Resident Indian.
2. Mrs. Asha Kumar - Non-Resident Indian.

(b) No. of Equity Shares and, price and purpose:

Upto 4 Lacs equity shares to NRIs put together including 2.50 Lacs to the above two NRIs. Price of the shares will be at par i.e. Rs. 10/- per equity share. Purpose of proposed issue is to meet a part of promoters contribution. However, exact number of equity shares to be allotted to each of the allottees out of the above 4 Lacs equity shares will be decided by the Board/Committee.

(c) Consequent Changes in the Board of Directors and control over Company :

There will be no change either in the Board of Directors or in the control over the Company. Voting rights will be in accordance with provisions of Memorandum and Articles of Association and Companies Act, 1956.

For issue of further equity capital, other than on Right basis, the approval of shareholders in general meeting by special resolution under Section 81 (1A) of the Companies Act, 1956, is necessary. Your Directors therefore, commend the special resolution at item no. 7 of the notice for approval.

At the Annual General Meeting of the Company held on 30th September, 1998, the members have accorded approval in the above matter. But in terms of SEBI guidelines relevant to preferential issues dated 4.8.1994, the currency of the special resolution under Section 81 (1A) of the Companies Act, 1956, is three months from the date of passing the resolution in general meeting within which period the Company has to complete allotment of shares. Since the Company could not allot the shares within the said period of three months, it is proposed to seek the approval of members afresh.

Memorandum of Interest

The Directors are interested to the extent of securities, if any, already held by them in the Company or that may be subscribed for and allotted to them out of the present issue. The Directors may also be regarded as interested for the securities that may be held by them or that may be subscribed by or allotted to such Companies in which they are interested as Directors and/or, members and/or, by their relatives.



DIRECTORS' REPORT

To,

The Members,

Your Directors have great pleasure in presenting their **15th Annual Report** together with Audited Statement of Accounts for the financial year ended 31st March, 2000.

1. Financial Results and Appropriation :

| Particulars | 31.03.2000 | (Rs. in Lacs) |
|--|------------|--------------------------------------|
| | | 31.03.1999 (Revised & Audited) |
| Total Income | 7104.54 | 5847.21 |
| Profit/(Loss) | | |
| Before Interest | (112.26) | 297.99 |
| Add : Interest | (1342.49) | (1247.09) |
| Profit/(Loss) | | |
| Before Depreciation | (1454.75) | (949.10) |
| (Add)/Less Depreciation | (120.43) | (116.94) |
| Profit/(Loss) | | |
| After Depreciation | (1575.18) | (1066.04) |
| Add : Balance brought forward from the Prev. Yr. | (4367.06) | (3301.02) |
| Balance carried forward to Balance Sheet | (5942.24) | (4367.06) |

The figures have been regrouped wherever necessary. For proper presentation only trading profit has been considered in the total income instead of trading turnover and consequent to that, the figures of the last year have been regrouped.

2. Working of the Company :

During the year under review the main thrust of the Company was to increase the export of FIBC (Jumbo Bags), which is a High Value Added product. The Company has succeeded in its effort to the extent that it has increased the exports of FIBC from approximate Rs. 30 Lacs in March, 1999 to Rs. 150 Lacs in March, 2000. The Company is continuing its efforts to add new High Value Added items and to increase the domestic and export sales of such high value added product such as FIBC, Irrigation Pipe etc.

Consequent to this the sale has increased and the total income was Rs. 7,104 Lacs against Rs. 5,847 Lacs in the previous year. The increase in loss as compared to the previous year, is due to change in the cut off date by the BIFR from 30th September, 1998 to 31st March, 2000, consequent to which interest had to be provided at a higher bank lending rate and also due to the compounding of the interest.

The working of the first 3 months of the Company shows a marked increase in turnover. The sales and receipts increased to Rs. 2,672 Lacs from the previous quarter of Rs. 1,474 Lacs and earned a net profit after the interest and depreciation of Rs. 17.56 Lacs against the loss of Rs. 198 Lacs in the previous quarter.

3. Exports :

During the period under review export increased to Rs. 2,904 Lacs from previous year Rs. 2,074 Lacs. The exports during the year 2000-01 are expected to be around Rs. 5,000 Lacs.

4. Dividend :

In view of the losses suffered by the Company, your Directors are unable to recommend any dividend for the year ended 31st March, 2000.

5. Rehabilitation Package :

The Rehabilitation Package of the Company has been approved by the BIFR, though unfortunately the State Bank of India opted out of the package.

6. Directors :

During the year, Mr. A.C. Sheth resigned from the Board with effect from 3.2.2000. Your Board wishes to place on record its appreciation for the valuable services and guidance rendered by Mr. A.C. Sheth during his tenure as a Director of the Company.

Dr. M.K. Sinha, appointed as Additional Director with effect from 11.12.1999, holds office upto the date of ensuing Annual General Meeting. A notice pursuant to Section 257 of the Companies Act, 1956, has been received from a member proposing his candidature for the office of Director of the Company. Your Directors commend the resolution for your approval.



In accordance with the requirement of the Companies Act, 1956, and Articles of Association of the Company, Mr. S.K. Pandit and Mr. C.Khushaldas, retire by rotation and being eligible offer themselves for re-appointment.

STATUTORY INFORMATION

7. Public Deposits :

The Company has not invited nor accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

8. Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo :

Particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 are given in the Annexure 'A' which forms part of this Report.

9. Particulars of Employees :

There were no employee covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee's Rules, 1975) as mentioned upto date, hence the particulars required in thereof are NIL.

10. Auditors :

The retiring auditors M/s Adeshwar C. Jain & Company, Chartered Accountants of the Company, Indore hold office till the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. They have furnished a certificate to the effect that the re-appointment, if made, will be in accordance with Sub-Section (1B) of Section 224 of the Companies Act, 1956.

11. Y2K Compliance :

Your Company has successfully managed Y2K transition without any disruption and rollover to the millennium in a smooth manner.

12. Personnel :

Your Company believes that the employees are its biggest assets and it is committed to the development of this vital resource. The Board wishes to place on record its appreciation of the contribution made by all employees in ensuring the high levels of performance and growth that your Company has achieved during the year.

13. Acknowledgement :

Your Directors place on record their appreciation and sincere thanks to Industrial Development Bank of India, State Bank of India, M.P. Financial Corporation, M.P. State Industrial Development Corporation Limited for the support and co-operation expended to the Company and they also place on record their sincere appreciation for the dedication and team spirit shown by officers, employees and other staff at all levels throughout the year.

By the order of the Board

Place : Indore

(P. S. Kalani)

Date : 12th August, 2000

Managing Director

Annexure "A"

Report of the Board of Directors under Section 217 (1)(e) of the Companies Act, 1956 under Companies (Disclosure of Particulars on the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy :

The prescribed form "A" is not applicable to our Industry. However, the initiative taken by the Company inculcating the habit of energy conservation among employees and various energy saving measures have yielded good results.

B. Technology Absorption, Adaptation and Renovation:

(1) Specific areas in which R&D carried out by the Company.

Not Applicable.

(2) Benefits derived as a result of above (R&D)

Not Applicable.

(3) Future plan of action

At the moment the Company has no specific areas to carry R&D.

(4) Expenditure on R&D

Not Applicable.

C. Foreign Exchange Earning and Outgo :

Foreign Exchange earnings during the year was equivalent to Rs.2,904.34 Lacs (Previous Year Rs.2,074.63 Lacs). The Foreign Exchange outgo during the year was equivalent to Rs.1,848.32 Lacs (Previous Year Rs.1,489.76 Lacs).