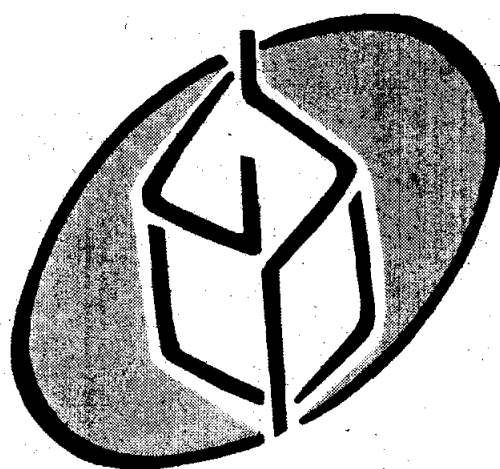


GILT PACK
L I M I T E D



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17th Annual Report
2001-2002

**BOARD OF DIRECTORS**

Shri P.S. Kalani
 Shri C.S. Kadam
 Shri C. Khushaldas
 Shri S.D. Agrawal
 Shri M.L. Laxkar

Chairman & Managing Director
Whole Time Director

(Nominee of MPSIDC Ltd.)

PRESIDENT (Personnel & Admn.)

Shri Saurabh Kalani

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

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

TABLE OF CONTENTS

Contents	Page No.
Notice	1
Directors' Report	3
Auditors' Report	6
Balance Sheet	8
Profit & Loss Account	9
Schedules	10
Cash Flow Statement	19
Balance Sheet Abstract	20
Proxy Form	21


Gilt Pack Limited

17th Annual Report 2001-2002

NOTICE

NOTICE is hereby given that the SEVENTEENTH ANNUAL GENERAL MEETING of the Members of GILT PACK LIMITED will be held at 4.00 p.m. on 30th September, 2002 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 Balance Sheet as at 31st March, 2002 and the Profit and Loss Account for the Financial Year ended on that date together with the Report of the Director's and the Auditor's thereon.
2. To appoint a director in place of Mr. P.S. Kalani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. M.L. Laxkar, be and is hereby appointed as a Director of the Company, who is liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 302, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby approves the appointment of Mr. C.S. Kadam as the Whole-time Director of the Company with effect from 25th May, 2002 for a period of three years without any remuneration subject to retire by rotation."

By Order of the Board

Place : Indore

Date : 19th July, 2002

PRITI ALKARI

Company Secretary

NOTES :

1. 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 THEN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Explanatory Statement in respect of the Special Business at item No.4 & 5 pursuant to section 173(2) of the Companies Act, 1956 are annexed hereto forming part of the Notice.
3. 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 November, 2002.
4. The Register of Members and Share Transfer Book of the Company will remain closed from 23rd to 30th September, 2002 (both days inclusive).
5. Members are requested to :
 - (a) Quote their Ledger Folio Number in all their correspondence.
 - (b) 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.
 - (c) 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.
6. Members are requested to notify any change in their address promptly to the Company's Head Office, 11, Tukogunj Main Road, Indore 452 001 (M.P.) quoting their folio numbers.



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

ITEM NO.4

Mr. M.L. Laxkar was appointed by the Board as an Additional Director of the Company on 25.05.2002. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. M.L. Laxkar holds office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. M.L. Laxkar for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. M.L. Laxkar is a Chartered Accountant and is having experience in corporate management. It will be in the interest of the Company that Mr. M.L. Laxkar is appointed as a Director.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors, except Mr. M.L. Laxkar, are concerned or interested in this resolution except as members of the Company.

ITEM NO. 5

The Board of Directors of the Company has appointed Mr.

C.S. Kadam as a Whole-time Director of the Company subject to the approval of members at their meeting held on 25th May, 2002. Mr. C.S. Kadam is having wide experience of the Corporate management. Mr. C.S. Kadam has also agreed to become a Whole-time Director without any remuneration. As the age of Mr. C.S. Kadam is above 70 years, his appointment as a Whole-time Director of the Company requires the approval of members by Special Resolution as per the provisions of Schedule XIII to the Companies Act, 1956.

Your Directors, therefore commend the approval of members for appointment of Mr. C.S. Kadam as a Whole-time Director by passing the resolution set out at item no. 5 of the notice as a Special Resolution.

None of the Directors of the Company, except Mr. C.S. Kadam, are concerned or interested in this Resolution except as member of the Company.

This explanatory statement should also be considered as an abstract of the terms of appointment of Mr. C.S. Kadam under section 302(2) & (7) of the Companies Act, 1956.

By Order of the Board

Place : Indore

Date : 19th July, 2002

PRITI ALKARI

Company Secretary



DIRECTORS' REPORT

To,

The Members,

Your Directors are presenting their 17th Annual Report together with Audited Statement of Accounts for the financial year ended 31st March, 2002.

1. Financial Results and Appropriation :

Particulars	(Rs. in Lacs)	
	2001-2002	2000-2001
Total Income	5495.81	8816.30
Profit/(Loss)		
Before Interest	14.27	(490.71)
(Add)/Less Interest	250.60	936.90
Profit/(Loss)		
Before Depreciation	(236.33)	(1427.61)
(Add)/Less Depreciation	114.05	115.57
Profit/(Loss)		
After Depreciation	(350.38)	(1543.18)
Add : Balance brought forward from the Prev. Yr.	(7485.42)	(5942.24)
Add : Prior period adjustment	1551.39	--
Balance carried forward to Balance Sheet	(6284.41)	(7485.42)

The figures have been regrouped wherever necessary.

2. Review of working :

During the year under review the main thrust of the company continued for increasing the volumes of High Value Added Products and exports. However, the working of the company suffered adversely for non-availability of adequate working capital, as the State Bank of India, who was continuing the holding-on-operation, withdrew from the Rehabilitation Scheme. The SBI withdrew from the Rehabilitation Package on 28.07.2000 in spite of the fact that the Company generated net profit of Rs. 17.56 lacs in first quarter i.e. April - June after providing for the interest and depreciation as per the un-audited results taken on record by the Company. After the withdrawal of the SBI from the Rehabilitation Package, they withdrew all support and holding-on-operation and therefore, the turnover of the Company suffered very badly. The Company is still working at full capacity by doing job work for others and thus meeting their fixed overheads of salary & wages, electricity etc. In spite of the fact that the turnover of the Company was

lower compared to the previous year and non-availability of working capital funds, the company has shown operating profit of Rs.14.27 lacs before providing for interest and depreciation. The Company had provided for interest of SBI & IDBI Bank Ltd. till 31st March, 2001. However, it has come to the knowledge of the Company that SBI and IDBI Bank Ltd. has not charged any interest from 01.04.1998 in the account of the Company in their books of accounts. Therefore, this amount of Rs.1,551.39 lacs, which was the interest provided for the SBI and IDBI Bank Ltd. from 01.04.1998 till 31.03.2001 has now been reversed after obtaining the legal opinion. No interest of SBI and IDBI Bank Ltd. has been provided for the year ended on 31.03.2002.

3. Developments of BIFR/AAIFR etc.

As reported earlier the Operating Agency had prepared the Draft Rehabilitation Scheme as per RBI Guidelines and submitted to the BIFR, who circulated the Scheme on 12.05.2000. The State Bank of India was supporting the scheme, had communicated their support to the Operating Agency vide their letter dated 23.02.2000 and 18.07.2000 and suggested certain modifications in the DRS, which was also acceptable to the Operating Agency. However, all of a sudden the SBI in the hearing held on 28.07.2000 before the BIFR, communicated, withdrawing their support to the Company and their intention not to join the Rehabilitation Package. The BIFR observed that after giving their acceptance to the DRS subject to the approval of their competent authority, the SBI had suddenly communicated that they are no longer supporting the Rehabilitation Scheme of the Company. However, they approved the scheme keeping SBI & IDBI Bank Ltd. out of the scheme. Instead of complying with the order of the BIFR, SBI went into an appeal before the AAIFR against the order of the BIFR. AAIFR vide their Order dated 27.04.2001 modified the Scheme by incorporating the payment of dues of SBI over the period of six years from 01.06.2001, thus, it has turned the entire scheme un-viable.

Aggrieved with this order of the AAIFR, the Company, MPSIDC, GPL Workers' Union and IDBI, filed a separate writ petitions before the Delhi High Court, which has set aside the order of the AAIFR vide their order dated 30.01.2002 and remanded the matter back to the AAIFR for de-novo



consideration taking into account the viability of the Scheme.

The AAIFR on de-novo consideration set aside the order of the BIFR dated 28.07.2000 vide which the Rehabilitation Scheme of the Company was sanctioned and remanded the matter back to the BIFR for preparation of a fresh Rehabilitation Scheme taking into account the viability of the company by incorporating the dues of the SBI. The BIFR vide their Order, dated 13.06.2002 have appointed IDBI as Operating Agency and the IDBI have been directed to prepare a TEV Report and thereafter to formulate the Rehabilitation Scheme considering the viability of the Company and of the Rehabilitation Scheme.

In the meantime, SBI filed an application under The Recovery of Debts Due To Banks And Financial Institutions Act, 1993 before DRT, Jabalpur on 12.10.2001. The Company has also filed a counter claim of Rs. 1,865.14 crores under Section 19 of the said Act in the DRT, Jabalpur and have disputed the maintainability and the claim of State Bank of India before the DRT.

Thus, in view of all these litigation the working of the Company has suffered adversely in terms of lower sales and income, though the Company is able to run the plant at full capacity and is able to meet the essential expenses.

4. Awards :

The company has emerged as country's top exporter once again. PLEXCONCIL, Ministry of Commerce, Govt. of India has conferred the award to the Company on 15th December, 2001 for highest exporter of Woven Sacks & Fabrics for the year 2000-01 and second highest exporter for the year 1999-2000 and also for highest exporter of Tarpaulins for the year 1999-2000 & 2000-01.

5. Exports :

During the year under review export has decreased to Rs. 2,376.95 lacs from previous year Rs. 5,335.78 lacs in view of non-availability of adequate working capital support from the Bankers of the Company.

6. Dividend :

In view of the losses suffered during the year under review and the heavy accumulated losses, your Directors are unable to recommend any dividend for the year ended 31 March, 2002.

7. Directors:

Shri Jitesh Agrawal has resigned from the office of the Whole-time Director as well as director of the

Company w.e.f. 23.03.2002. The Board expresses its gratitude to Shri Jitesh Agrawal for his contribution and valuable guidance.

Shri C.S. Kadam, was appointed by the Board as a Whole-time Director w.e.f. 25.05.2002 subject to the approval of shareholders for a period of three years. The Board recommends the shareholders to appoint him as a Whole-time Director of the Company accordingly.

Shri M.L. Laxkar was appointed as Additional Director w.e.f. 25.05.2002 according to the provisions of section 260 of the Companies Act, 1956. He 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 of the Company proposing his candidature for the office of Director. Your Directors recommend the members to appoint him as a Director.

Further, in accordance with the provisions of section 256 of the Companies Act, 1956, Shri P.S. Kalani, Director shall retire by rotation and being eligible he has offered himself for re-appointment.

STATUTORY INFORMATION

8. DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors confirm :

1. that in the preparation of annual accounts, the applicable accounting standards have been followed.
2. that the Directors have selected such accounting policies and have applied them consistently and made judgements 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 loss of the company for the period.
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. that the Directors had prepared the annual accounts on a going concern basis.

9. Corporate Governance :

Your Company is required to implement the Corporate Governance as stipulated in Clause 49 of the Listing Agreement on or before 31st March, 2003. The Company is in the process of complying the same.


Gilt Pack Limited

17th Annual Report 2001-2002

The Company has already constituted an Audit Committee, comprising of 3 Directors:

1. Shri P. S. Kalani, Chairman
2. Shri C. Khushaldas, Member
3. Shri M.L. Laxkar, Member

The Committee has met two times during the financial year to review the half yearly & Annual Financial Results as required under Section 292A of the Companies Act, 1956.

10. 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.

11. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgoes :

Particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 under Companies (Disclosures of Particulars on the Report of Board of Directors) Rules, 1988, relating to Energy Conservation and Technology Absorption are not applicable to the company.

Foreign Exchange Earnings And Outgoes:

Foreign exchange earning during the year was equivalent to Rs. 2106.37 lacs (Previous year Rs. 4719.08 lacs). The foreign exchange outgo during the year was equivalent to Rs. 433.47 lacs (Previous year Rs. 895.34 lacs).

12. Particulars of Employees :

There was 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.

13. Auditors Report :

Comments of the Auditors in their report and notes forming parts of the Accounts, are self-explanatory and need no comments.

14. Auditors :

The retiring auditors of the Company, M/s Adeshwar C. Jain & Company, Chartered Accountants, Indore will 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.

15. Listing of Shares :

The Company's equity shares are listed with The M.P. Stock Exchange (Regional), The Stock Exchange, Mumbai and Ahmedabad. The Company has paid the listing fees to all the three Stock Exchanges.

16. Personnel :

Yours 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.

17. Acknowledgement :

Your Directors place on record their appreciation and sincere thanks to Industrial Development Bank of India, 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

Date : 19th July, 2002

(P.S. KALANI)

Managing Director