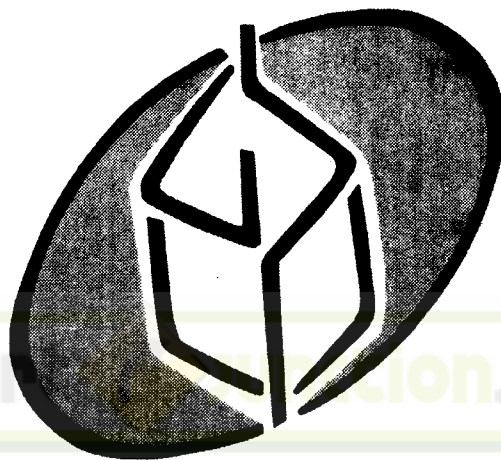


**GILT PACK
L I M I T E D**



**18th Annual Report
2002-2003**

**BOARD OF DIRECTORS**

Shri P.S. Kalani
 Shri C.S. Kadam
 Shri C. Khushaldas
 Shri Hemant Dangi
 Shri Vinod Runwal

Chairman
Whole Time Director

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 | 12 |
| Profit & Loss Account | 13 |
| Schedules | 14 |
| Cash Flow Statement | 23 |
| Balance Sheet Abstract | 24 |
| Proxy Form | 25 |



NOTICE

NOTICE is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the Members of GILT PACK LIMITED will be held on Tuesday, the 30th September, 2003 at 4.00 p.m. 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, 2003 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. C. Khushaldas, 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 Hemant Dangi, 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), if any, the following resolution as an ordinary resolution :-
"RESOLVED THAT Mr. Vinod Runwal, 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), if any, the following resolution as an ordinary resolution :-
"RESOLVED THAT pursuant to the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 for Voluntary Delisting of Shares from the Stock Exchanges, the consent, approval and authority of the Company be and is hereby accorded to the Board of Directors to delist the equity shares of the Company from the Madhya Pradesh Stock Exchange, Indore and the Ahmedabad Stock Exchange, Ahmedabad."
"RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all the questions and matters arising out of and incidental to the proposed voluntary delisting of the equity shares of the Company from the above mentioned Stock Exchanges and to take all steps, which the Board, in its absolute discretion consider necessary, proper or expedient for giving effect to the above resolution.

By Order of the Board

Place : Indore
Date : 19th August, 2003

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 Statements in respect of the Special Business at item No. 4 & 6 pursuant to section 173(2) of the Companies Act, 1956 are annexed hereto forming part of the Notice.
3. Members may note that the unclaimed dividend for the year 1994-95 has been transferred to Investor Education and Protection Fund in December, 2002.
4. The Register of Members and Share Transfer book of the Company will remain closed from 23rd to 30th September, 2003 (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. Hemant Dangi was appointed by the Board as an Additional Director of the Company on 26.02.2003. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. Hemant Dangi 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. Hemant Dangi for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.


Gilt Pack Limited
18th Annual Report 2002-2003

Mr. Hemant Dangi is a Chartered Accountant and is having experience in Project financing, Management Audit, Income tax matters, Statutory & Internal Audits, Tax planning etc. It will be in the interest of the Company that Mr. Hemant Dangi is appointed as a Director of the Company.

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

None of the Directors, except Mr. Hemant Dangi, are concerned or interested in this Resolution except as members of the Company.

ITEM NO. 5

Mr. Vinod Runwal was appointed by the Board as an Additional Director of the Company on 25.06.2003. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. Vinod Runwal 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. Vinod Runwal for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

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

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

None of the Directors, except Mr. Vinod Runwal, are concerned or interested in this Resolution except as members of the Company.

ITEM NO. 6

The Company's equity shares are listed with the Bombay Stock Exchange, The Stock Exchange, Ahmedabad and Madhya Pradesh Stock Exchange and there are no trading or very few trading of equity shares at Madhya Pradesh Stock Exchange and Ahmedabad Stock Exchange. Moreover, there are infrequent trading at the Bombay Stock Exchange also.

In terms of the SEBI (Delisting of Securities Guidelines 2003) recently announced by the SEBI, now the companies have been permitted to voluntary delisting of shares including the Regional Stock Exchange, subject to the compliance of the terms and conditions of the said Guidelines. The Board considered that the Bombay Stock Exchange is having nationwide trading terminals and the investors have access to trade and deal in Company's equity shares across the country. Equity shares of the Company listed on the Ahmedabad and Madhya Pradesh Stock Exchanges is not providing any significant tangible advantage to the shareholders and investors of the Company.

Therefore, the Board has considered at their meeting held on 25th June 2003 to recommend for voluntary delisting of the Company's equity shares on the Ahmedabad and Madhya Pradesh Stock Exchanges and continue the listing with the Stock Exchange, Mumbai only to avoid unnecessary financial and administrative burden on multiple compliance of the various clauses of the Listing Agreement from time to time and to provide better services to the investors through the nationwide Stock Exchange i.e. Mumbai Stock Exchange.

Your Directors recommend to pass the above resolution set out at item No. 6 of the notice as a special resolution for voluntarily delisting the shares of the Company from the Ahmedabad and Madhya Pradesh Stock Exchanges.

None of the Directors of the Company are concerned or interested in the above resolution except as member of the Company.

By Order of the Board

Place : Indore

Date : 19th August, 2003

PRITI ALKARI
Company Secretary



DIRECTORS' REPORT

To,

The Members,

Your Directors are presenting this 18th Annual Report together with Audited Statement of Accounts for the financial year ended 31st March, 2003.

1. Financial Results and Appropriation :

| | (Rs. in Lacs) | |
|--|---------------|-----------|
| Particulars | 2002-2003 | 2001-2002 |
| Total Income | 4166.76 | 5495.81 |
| Profit /(Loss) | | |
| Before Interest | 54.50 | 14.27 |
| (Add)/Less Interest | 214.34 | 250.60 |
| Profit/(Loss) | | |
| Before Depreciation | (159.84) | (236.33) |
| (Add)/Less Depreciation | 110.62 | 114.05 |
| Profit/(Loss) | | |
| After Depreciation | (270.46) | (350.38) |
| Add : Balance brought forward from the Prev. Yr. | (6284.41) | (7485.42) |
| Add : Prior period adjustment | -- | 1551.39 |
| Balance carried forward to Balance Sheet | (6554.87) | (6284.41) |

The figures have been regrouped wherever necessary.

Review of working :

In view of withdrawal of support from State Bank of India and IDBI Bank and in view of the cases going on in DRT filed by the SBI and the matters continuing in BIFR and AAIFR, the normal working of the company was totally disrupted. The main thrust of the company was to ensure that the plant continues to work to meet the essential expenses and minimise the losses.

In view of all these difficulties the export also declined substantially and the main supplies were only in the domestic market, where the payments are received regularly. Besides, in view of the fact that there was no working capital available, the company had to undertake the job work to utilise its spare capacity. All this resulted though in lower turnover, but increased profit before interest and depreciation. The profit before interest and depreciation Rs. 54.50 lacs as compared to Rs.14.27 lacs of the previous year. The losses after interest and depreciation was Rs.270.46 lacs compared to previous year of Rs.350.38 lacs.

The company was able to make all the essential payments including statutory dues of P.F., E.S.I., and gratuity trust.

Developments of BIFR/AAIFR etc.

As reported last year the rehabilitation proposal of the company is now pending before the BIFR since 13.06.2002. IDBI has been appointed as Operating Agency. The Company has submitted various proposals to IDBI, which includes rehabilitation scheme and negotiated settlement. Similar proposals for negotiated settlements were submitted to State Bank of India and other financial institutions.

The Company has also started making repayments against the dues of the various Financial Institutions.

Without any hearing BIFR passed an order dated 8.7.2003 received by the Company sometime around 19th July, 2003, wherein they have passed the direction for IDBI to prepare a rehabilitation scheme and simultaneously advertise for change in management and to evaluate such offers and to submit the report to BIFR. Your Company has taken a legal opinion and has filed an application with AAIFR against the said order.

ISO 9001 Quality Standards :

During the year, the Company's efforts to continuously improve the quality of its products, processes and the system were paid off when the Company received ISO 9001 : 2000 recognition from certifying Agency - International Certification Services (Asia) Pvt. Ltd.

Exports :

During the year under review export has decreased to Rs.597.72 lacs from previous year Rs. 2376.95 lacs in view of non-availability of adequate working capital support from the Bankers of the company.

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, 2003.

Directors :

Mr. P.S. Kalani has resigned from the office of Managing Director w.e.f 25.06.2003 due to indifferent health. During the year, Madhya Pradesh State Industrial Development Corporation (MPSIDC) has withdrawn Mr. S.D. Agrawal as Nominee Director of the Company.

Mr. Hemant Dangi and Mr. Vinod Runwal were appointed as Additional Director w.e.f. 26.02.2003 & 25.06.2003. They hold office upto the date of ensuing Annual General Meeting according to the provisions of section 260 of the Companies Act, 1956. A notice pursuant to section 257 of the Companies Act, 1956 has been received from a members of the company



Gilt Pack Limited

18th Annual Report 2002-2003

proposing their candidature for the office of Directors. Your Directors recommend the members to appoint them as a Directors.

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

STATUTORY INFORMATION

DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors confirm :

1. In the preparation of annual accounts, the applicable accounting standards read with notes to the accounts, have been followed.
2. 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. 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. The Directors have prepared the annual accounts on Revenue Match Concept.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Financial Performance :

The operations of the Company suffered due to non-availability of working capital facility. During the year, Company's turnover decrease to Rs.4035.29 lacs from Rs.5475.05 lacs in the previous year. The profit before interest and depreciation is Rs.54.50 lacs as compared to Rs.14.27 lacs in the previous year.

Industry Structure And Development :

The Company is engaged in the manufacturing of HDPE Woven Sacks / Tarpaulin.

Since your company is a BIFR company and has no working capital facility, no efforts is being made to increase the market share.

Segmentwise Performance :

The Company is operating in one segment only; hence segment wise reporting is not applicable.

Adequacy Of Internal Control Systems :

The Company has a proper and adequate internal control system commensurate to its size and nature, to

ensure that all assets are safeguarded and protected against loss, unauthorized use or disposition and to ensure that all transactions are authorized recorded and reported correctly.

Opportunity and Threats :

The Company does not see much opportunities unless the order of the BIFR dated 8.7.2003 is set aside and a viable rehabilitation package is approved and the financial assistance is provided to the company. There is a serious threat that in view of the Securitisation And Reconstruction of Financial Assets And Enforcement of Security Interest Act, 2002, if the Financial Institutions do not agree for rehabilitation of the Company, they could take action against the company under the above Securitisation Act, in which case the Financial Institutions could take over all the assets of the company.

In view of the recent order of the BIFR there is also a threat for change of management, unless the AAIFR or any other court sets aside the order of the BIFR.

Development in Human Resource and Industrial Relations :

The Industrial Relations remained smooth and good through the year. In spite of all the financial difficulties there was no industrial unrest and labour continued to support the management in smooth working of the factory.

Outlook :

The outlook of the company is not good, unless and until a suitable rehabilitation package is approved and financial institutions agree to give financial assistance, provided the order of the BIFR dated 8.7.2003 is set aside.

Risk and Concern :

There is a serious risk and concern that the financial institutions could take over the assets of the company under Securitisation And Reconstruction of Financial Assets And Enforcement of Security Interest Act, 2002 and the company could wound up.

Insurance :

The Company's Building, plant & machinery's, Stocks, Stores and Spares are adequately Insured against various risks including earthquake risk.

Corporate Governance :

Your Company committed to good corporate governance practices. The report on Corporate Governance stipulated by the Clause 49 of the Listing Agreement is annexed hereto and forms part of this annual report.

Compliance Certificate :



Gilt Pack Limited

18th Annual Report 2002-2003

A certificate required under clause 49 VIII of Listing Agreement, for compliance of conditions stipulated in the Listing Agreement, obtained from the auditor of the Company and annexed herewith this Annual Report.

Particulars of Employees :

The Company does not have any employee during the year drawing remuneration attracting the Provisions of Section 217 (2A) of the Companies Act read with the Companies (Particulars of Employees) Amendment Rules 2002.

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.

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. 529.17 lacs (Previous year Rs. 2106.37 lacs). The foreign exchange outgo during the year was equivalent to Rs. 11.33 lacs (Previous year Rs. 433.47lacs).

Auditors Report :

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

Auditors :

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

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.

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 August, 2003

(P.S. KALANI)

Chairman



AUDITOR'S REPORT

TO,

THE MEMBERS OF M/S. GILT PACK LTD.

We have audited the attached Balance Sheet of Gilt Pack Ltd as at 31st March 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examinations of those books.
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) On the basis of written representations received from the directors, as on 31st March 2003 and taken on record by the Board of Directors, we

report that none of the directors is disqualified as on 31st March 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to the note no. A (iii) & H, other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2003, and
 - b) In the case of the Profit and Loss Account, of the loss for the year ended on that date.
 - c) In the case of cashflow, statement of cashflow for the year ended on that date.

Annexure to the Auditor's Report :

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- 2) None of the Fixed Assets have been revalued during the year.
- 3) In our opinion and according to the information and explanations given to us the physical verification of the finished goods, Stores, Spare Parts and Raw Materials was conducted by the Management at reasonable intervals during the year.
- 4) In our opinion and according to the information and explanations given to us the procedure of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- 5) The discrepancies noticed on such verifications as compared to book records, which were not significant, have been properly dealt with in the books of account.
- 6) In our opinion, the valuation of stocks is fair and