

| | | | | |
|-----|----|---|-----|----|
| MD | ✓ | | BKC | ✓ |
| CS | ✓ | | DPY | NA |
| RO | ✓ | | DIV | NA |
| TRA | NA | | AC | ✓ |
| AGM | ✓ | ✓ | SHI | ✓ |
| YE | ✓ | ✓ | | ✓ |

MODI GBC

Report  junction.com

ANNUAL REPORT, 1997

MODI GBC

GBC is the leading manufacturer of presentation and preservation systems that add value to document finishing. It was the first company to introduce heat roll lamination in India.

The company manufactures and markets a wide range of manual and automated desktop binding machines, laminating systems and paper shredders to suit varying customer needs. In addition, Modi GBC offers customised presentation supplies and image-enhancing products - covers, spirals and accessories, like film products and office supplies. The company leads with over 50% market share in automated binders, laminators and shredders .

Modi GBC is a joint venture of General Binding Corporation (GBC) and ModiCorp.

GBC is a pioneer and world leader in automated binding and lamination systems, commanding a 70% global market share.

ModiCorp comprises diverse businesses - Document Processing, Telecommunications, Cellular Telephony, Office Automation, Information Technology and Networking, Tyres and Paper Products-in joint venture partnerships with global giants to bring the world's best technologies, products and services to India.



MODI CBC

BOARD OF DIRECTORS

Dr. B.K. Modi Chairman
Mr. Govi C. Reddy
Mr. Charles K. Shattuck
Mr. P.M.Pai
Mr. Michael Walker-Smith
Mrs. Khurshid Bandyopadhyay
Mr. Jeffrey Hayden
Mr. Thomas Kalebic

COMPANY SECRETARY

Mr. M.V. Rama Kanth

AUDITORS

M/s. Arthur Andersen and Associates
17th Floor, Jawahar Vyapar Bhawan
Tolesto Marg
New Delhi-110 001

REGISTERED OFFICE

Meerut Bypass
Meerut - 201 110
Dist. Meerut (U.P.)

HEAD OFFICE

A-216, Okhla Industrial Area Phase-I
New Delhi-110 020

PLANT

Meerut Bypass
Meerut - 201 110
Dist. Meerut (U.P.)

BANKERS

State Bank of Patiala
Bank of Nova Scotia

CHAIRMAN'S REPORT



1997 witnessed a general recession in the Indian economy. The overall pace of reforms slowed down as did industrial activity. However, global and domestic competition intensified as never before.

In 1997, the company earned a revenue of Rs 12.24 crores for the 12 month period ended December 1997 vs Rs 13.32 crores for the 15 month period in the previous year, a growth of 14.86% on an annualised basis.

Gearing up for new business opportunities

In a changing, uncertain economic and business environment, it is imperative to refine our work way and processes, so that we can face increasing challenges both in the domestic as well as in overseas markets. Increasingly, the need is to move from merely managing activity to effectively addressing the needs of the total business cycle.

In 1997, we at Modi GBC, concentrated on doing just that. Our joint venture partners, GBC Binding Corporation, USA and ModiCorp, reviewed new business opportunities and brought in a greater focus on the company's performance and its business activities. The organisation structure as a whole, and the marketing function in particular, were restructured and strengthened. This enabled us to understand existing and emerging market requirements and address them from a position of strength, while maintaining a direct line-of-sight to the end customer.

A comprehensive product offering

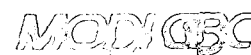
During the year under review, we broadened our product offering. Today, we address market requirements with a full line of our products for our three businesses - binders, laminators and shredders. Simultaneously, we streamlined our distribution system, with dealer development receiving special attention through the year.

Facing future challenges

At Modi GBC we are gearing up to face the business challenges of the future with a renewed confidence. We are determined to grow the business and further improve its working with full cooperation and support from both our partners. Towards this, we have proposed a Rights Issue, at par, of Rs. 15 crore.

In the end, I would like to thank our employees who have worked hard through the year and helped us to effectively cut in the restructured organisation. I am also grateful for the support provided to us by our bankers, suppliers, dealers and valuable customers. The cooperation and guidance received from our collaborators, GBC, USA has been invaluable. They have been steadfast in their commitment and support to the business. Lastly, I would like to acknowledge the trust reposed in us by our shareholders, who have been a great source of strength over all these years.

Dr. Bhupendra Kumar Modi
Chairman



NOTICE

Notice is hereby given that the Tenth Annual General Meeting of Modi GBC Limited will be held on Friday the 26th June, 1998 at 10 A.M. at the Guest House, Modi Rubber Limited, Modipuram, U.P. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet as at 31st December, 1997 and the Profit and Loss account on that date alongwith the Directors' Report and Auditor's Report thereon.
2. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. M/s. Arthur Andersen and Associates, retiring auditors of the company are eligible for reappointment.

SPECIAL BUSINESS

3. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution: "RESOLVED THAT Mr. Charles K. Shattuck, in respect of whom due notice in writing under Section 257 of the Companies Act, 1956 alongwith requisite deposit has been received by the Company proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."
4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution: "RESOLVED THAT Mr. Michael Walker Smith, in respect of whom due notice in writing under section 257 of the Companies Act, 1956 alongwith requisite deposit has been received by the Company proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."
5. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution: "RESOLVED THAT Mrs. Khurshid Bandyopadhyay, in respect of whom due notice in writing under Section 257 of the Companies Act, 1956 alongwith requisite deposit has been received by the Company proposing her candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution: "RESOLVED THAT pursuant to section 16 and 94 read with Section 31 and other applicable provisions, if any, of the Companies Act, 1956.
 - a. The Authorised Share Capital of the Company which is Rs. 10 Crores (Rupees Ten Crores) divided into 50,00,000 (fifty lacs) Equity Shares of Rs. 10/- (Rupees Ten) each and 5,00,000 (five lacs) Preference Shares of Rs. 100/- (Rupees hundred) each be increased to Rs. 25 Crores (Rupees Twenty five Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and 5,00,000 (five lacs) Preference Shares of Rs. 100/- (Rupees hundred) each.
 - b. The existing Clause V of the Memorandum of Association of the company be and is hereby deleted and substituted by the following clause:
The Authorised Share Capital of the Company is Rs. 25 Crores (Rupees Twenty five Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and 5,00,000 (five lacs) Preference Shares of Rs. 100/- (Rupees hundred) each with a right to increase, decrease, alter or modify the Share Capital of the Company.
7. To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution: The existing Article- 3 of the Articles of Association of the Company be and is hereby deleted and substituted by the following Article:
"The Authorised Share Capital of the Company is Rs. 25 Crores (Rupees Twenty Five Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and 5,00,000 (Five lacs) Preference Shares of Rs. 100/- (Rupees hundred) each.
8. To consider and if thought fit, to pass, with or without modification the following resolution as Special Resolution: "RESOLVED THAT in accordance with section 81 and other applicable provisions, if any of the Companies Act, 1956 (including any amendment to or re-enactment thereof) and subject to such consents, approvals, permissions and sanctions as may be necessary of the Government of India ("GOI"), the Reserve Bank of India ("RBI") and other appropriate authorities and bodies including lenders, if any, and subject to such conditions as may be prescribed by them while granting such consents, approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being and authorised by the Board to exercise the powers conferred on it by this resolution) and subject to such conditions and modifications as may be considered appropriate by the Board, the consent, authority and approval of the Company be and is hereby accorded to the Board to issue 1,55,00,000 (One Crores fifty five lacs) equity shares of Rs. 10/- (Rupees ten) each upon the following terms and conditions:
 - a. The Right shares shall be issued and offered at Rs. 10/- (Rupees Ten) per share subject to the Memorandum and Articles of Association of the Company, rank in all respects pari passu with the existing Equity Shares of the Company save that such shares shall carry the right to receive dividend which may be declared for the financial year of the company in which the allotment of the Shares shall be made pro rata from the respective dates of allotment.
 - b. The Right Shares shall in the first instance, be offered to the existing shareholders in proportion to the respective share holding appearing in the Register of Members, subject to rounding of the "Right" to the nearest five or multiple thereof, on such date as may be agreed upon by the Board in consultation with U.P. Stock Exchange Association Ltd., Kanpur.
 - c. The offer of Right Shares shall be made by notice specifying the number of shares offered and the time limit, not

being less than 30 days from the date of offer within which the offer has to be accepted failing which it will be deemed to have been declined and the board shall thereafter aforesaid from time to time generally or in respect of any particular holder or holders with a right exercisable by the shareholder concerned to renounce the shares offered to him in whole or in favour of nominee(s) approved by the Board.

- d. A person to whom the offer is made by the company as aforesaid will, however, be entitled to apply for additional shares, provided such person has not renounced his Right, out of the shares which are not taken up by the existing shareholders, in the proportion as may be decided by the Board in its sole discretion.
- e. The Right Shares shall not be offered and allotted to those shareholders who have not paid the money due, on the shares allotted to them originally.
- f. The Board be and is hereby authorised and empowered to dispose off and allot any of the aforesaid further equity shares not taken up by the holders of the existing equity shares entitled thereto or remaining undisposed to such person or persons, whether shareholders of the company or not, on such terms and at such price or prices or at the ruling market price or the issue price, whichever is higher.
- g. For the purpose of giving effect to the resolution the Board of Directors be and is hereby authorised to prescribe the form of offer, application and renunciation of Rights and any other documents that may be necessary in respect of issue of such equity shares by the Company, and to give such other directions as it may think fit, including directions for settling any question or difficulty that may arise in regard to the issue and allotment of such shares and to do all acts, deeds, matters or things or whatsoever nature as the Board in its absolute discretion considers necessary, expedient fit and appropriate.
- h. All or any of the powers conferred on the Board vide this resolution may be exercised by the Board or such committee thereof, as the Board may prescribe in this behalf.

BY ORDER OF THE BOARD

New Delhi
May 09, 1996

M.V. RAMAKANTH
COMPANY SECRETARY

Notes:

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself/herself and such proxy(s) need not be a member.
2. Proxies should be lodged with the Company at least 48 hours before the commencement of the meeting.
3. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is enclosed.
4. Members are requested to intimate the change, if any, in their registered addresses.

ANNEXURE OF THE NOTICE

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956

1. Charles K. Shattuck is Vice-President—Business Development GBC, USA. He has vast experience in related areas. He was in charge of Asia Pacific Region. He is nominated by GBC, USA on our Board as per Joint Venture Agreement. The Board feels the company may gain immensely by his association with the company as Director. A notice proposing his candidature along with deposit of Rs. 500 is received by the Company from a shareholder. None of the Directors may be considered interested or concerned in passing of the said resolution.
2. Michael Walker Smith, Managing Director-Finance, Modicorp has vast experience in Finance and related matters. He is keenly involved in developing financial strategies and policies in Modi GBC and related business. The Board feels the company may gain immensely by his association with the company as Director. A notice proposing his candidature along with deposit of Rs. 500 is received by the Company from a shareholder. None of the Directors may be considered interested or concerned in passing of the said resolution.
3. Mrs. Khurshid Bandyopadhyay, Director Communication, Modicorp is responsible for developing and implementing the communications strategy and plan for Modicorp. She is building a distinctive corporate and brand equity for J.V. Businesses. The Board feels the company may gain immensely by her association with the company as Director. A notice proposing her candidature along with deposit of Rs. 500 is received by the Company from a shareholder. None of the Directors may be considered interested or concerned in passing of the said resolution.
4. At present the Authorised Share Capital of the Company is Rs. 10 Crores (Rupees Ten Crore) divided into 50,00,000 (fifty lacs) equity shares of Rs. 10/- (Rupees ten) each and 5,00,000 (five lacs) preference shares of Rs. 100/- (Rupees hundred) each. Keeping in view the present and future requirements of Share Capital, the Board recommends an increase in the Authorised Share Capital from Rs. 10 Crore (Rupees Ten Crore) to Rs. 25 Crores (Rupees Twenty five Crores) divided into 2,00,00,000 (Two Crores) equity shares of Rs. 10/- (Rupees Ten) each and 5,00,000 (five lacs) preference shares of Rs. 100/- (Rupees hundred) each. None of the Directors may be considered as interested or concerned in passing of the said Resolution.
5. The Proceeds of the Right Issue will be utilised to meet the Working Capital requirements of the Company. The Right Shares will be allotted to the existing Shareholders in proportion to their respective holdings subject to rounding of right to the nearest five or multiple thereof. All unallotted/non-subscribed shares shall be allotted by the Board, or such committee thereof, as the Board may prescribe in this behalf, to any person as they may deem fit and proper. The Directors recommend passing of this Resolution. None of the Directors may be considered as interested or concerned in passing of the said resolution.

MODI CBC

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Tenth Annual Report together with the audited Statement of Accounts for the financial year ended 31st December, 1997.

FINANCIAL RESULTS

| | 31st December 1997 | (Rupees. in lacs) | 31st December 1996 (15 Months Ftd.) |
|--|--------------------|-------------------|--|
| Sales and other Income | 1230.58 | | 1336.11 |
| Profit/(Loss) before depreciation & Interest | (214.37) | | (341.73) |
| Less : Depreciation | 28.92 | | 35.44 |
| Interest | 61.61 | | 155.92 |
| Profit/(Loss) for the year before taxation | (305.80) | | (533.09) |
| Profit/(Loss) for the year after taxation | (306.80) | | (533.09) |
| Balance brought forward from previous year | (658.77) | | (25.38) |
| Profit/(Loss) at the end of the year available for appropriation | (964.57) | | (558.77) |

SHARE CAPITAL

The Company had allotted 2,50,000 preference shares of Rs. 100/- each amounting to Rs. 2.50 Crores after receipt of RBI approval during the year. The Company is proposing to issue and allot 1,55,00,000 shares of Rs. 10/- each subject to the shareholders approvals and others approvals, if any to meet the growing working capital needs of the company.

OPERATIONS

The Company had achieved a turnover of Rs. 1224.66 lakhs during the 12 months period under review when compared to Rs. 1332.08 lakhs for the 15 months period in the previous year.

FIXED DEPOSIT

Your Company has not accepted any fixed deposit during the period under review within the meaning of section 58-A of the Companies Act, 1956.

DIRECTORS

Since the last report Mr. Charles K. Shattuck, Mr. Jeffrey F. Hayden, Mr. Thomas V. Kalebic and Mr. Michael Walker-Smith have joined the Board in place of Mr. Ed McNulty, Mr. Elliot Smith, Mr. D.C. Singhania and Dr. G.B. Rao pursuant to provision of Section 111 of the Articles of Association of the Company.

Mr. Charles K. Shattuck, Mr. Michael Walker-Smith and Mrs. Khurshid Bandyopadhyay hold offices until the forthcoming Annual General Meeting. The company has received notices in writing under the provisions of section 257 of the Companies Act, 1956 proposing the candidature of Mr. Charles K. Shattuck, Mr. Michael Walker Smith and Mrs. Khurshid Bandyopadhyay.

AUDITORS

M/s. Arthur Andersen and Associates, Chartered Accountants, Auditors of the company retire at the ensuing Annual General Meeting and are eligible for reappointment.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The Information in accordance with the provisions of section 217 (1) (3) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is given in Annexure 'A'.

PERSONNEL

Particulars of employees as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, have been enclosed in Annexure - 'B'.

ACKNOWLEDGEMENTS

The Directors wish to thank the Government of India, Government of Uttar Pradesh and the Company's Bankers for all the help and encouragement they extended to the Company. Your directors deeply acknowledge the continued trust and confidence you have placed in this Company. The directors also wish to place on record their deep sense of appreciation for the services rendered by the officers, staff and workers of the Company at all levels and for their dedication and loyalty.

For and on Behalf of the Board of Directors



Dr. B.K. Modi
Chairman

New Delhi
May 16, 1998