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MODI GBC

Modi 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 is a market leader with over 50% market share in automated binders, laminators and shredders. The Company widened its product basket by incorporating a range of new products particularly Electronic Data Projectors, Copy Printers, Commercial Laminators, Franking Machines and MIMIO.

Modi GBC is a joint venture of General Binding Corporation of USA and Modicorp.

GBC is an innovative global technology leader in document finishing, film lamination, visual communication and paper shredder products. GBC's products are marketed in more than 115 countries under the GBC, Quartet, Ibico, VeloBind, Shredmaster, Bates, Sickinger, Pro-Tech, and Fordigraph brands and are used in the commercial, business, education, home office and government markets.

Modicorp comprises diverse businesses-Document Processing, Telecommunications, Cellular Telephony, Office Automation, Information Technology and Networking. ModiCorp is a knowledge driven corporation active in the areas of Information Technology, Telecom and Internet services. Its vision is to emerge as one of India's most valued companies providing connectivity and knowledge to help enrich the lives of its customers. Today, ModiCorp is evolving as a knowledge based, 'connected', highly focused organisation, with an ethos that keeps pace with change.

MODI GBC

BOARD OF DIRECTORS

Mr. Raghunath Murti

Chairman

Mr. Rangachari Srinivasa Desikan

Mr. Jeffrey Francis Hayden

Mr. Deepak Mohla

Mr. Govardhan C. Reddy

Mr. Charles K. Shattuck

COMPANY SECRETARY

Dr. Sanjeev Gemawat

AUDITORS

M/s. Arthur Andersen and Associates

17th Floor, Jawahar Vyapar Bhawan

Tolstoy Marg

New Delhi - 110 001

REGISTERED & HEAD OFFICE

F-41, Sector-6, Noida,

Distt. Gautam Budh Nagar (U.P.) -201 301.

BANKERS

State Bank of Patiala

Bank of Nova Scotia

CHAIRMAN'S STATEMENT

Against the backdrop of a political coalition, representing the diverse electorate of India, that came into power, the first Budget of the new Millennium presented by the Finance Minister, Mr. Yashwant Sinha was expected to usher in the second phase of economic reforms. There was a high level of expectation of some bold measures that would help boost the economy further, which the Budget 2000 fell short off. However, strong economic fundamentals and an undercurrent of bullishness and business confidence should see the Indian Economy respond positively to some of the measures taken by the Government and emerge stronger and vibrant in the medium term.

Information Technology has taken center stage with the recognition of the relevance of Knowledge and Connectivity and the need for enablers in terms of relevant legislation and Infrastructure up-gradation. While the Government is taking a number of initiatives in these directions, at Modi GBC, we have taken the first steps in the process of transformation to meet the challenges of the new millennium.

During the year 1999, the process of transformation of your company, the seeds for which were sown by both the JV Partners, Modicorp and GBC, confirming their active involvement in direction and management of the Company coupled with infusion of funds in the form of preferential issue of equity shares to the tune of Rs. 1390 lacs, resulted into a growth in revenue by more than 30% at Rs. 1540.17 lacs and net profit at Rs. 74.28 lacs as against a net loss of Rs. 338.32 lacs in the previous year.

In the new millennium, with a motivated and professional management team and the financial resources in place, we are confident in Modi GBC's ability to meet new challenges and to accelerate our growth in sales and earnings, thereby enhancing Shareholder value.

With the renewed and dedicated focus of the management team to achieve improved levels of Customer Satisfaction, Revenue Growth, Market Coverage and Penetration, we believe that ongoing changes within our business environment create a favourable climate for Modi GBC's future.

A number of compelling factors continue to drive our growth inter alia the increasing number of office workers as the Indian economy continues to shift from a manufacturing base to a service base; the growing interest in creating distinctive documents which stand out from the millions produced each year, the increasing worldwide focus on education and training activities and the concurrent need for document finishing materials to support these activities; the increasing demand for lamination products to preserve, protect and enhance the output of the rapidly growing base of colour copiers and digital printers; increasing environmental concerns which favour the use of GBC's thermal films over solvent-based films; recognition of the importance of making better presentations with LCD Projectors instead of the older slide projectors; recognising that ideas are invaluable with MIMIO, a revolutionary product with which ideas thrown up in any brainstorming session with ordinary White Board will never get lost. With this wide array of our product range, we feel we are offering our customers 'total solutions' for documentation and visual communications. All these products fulfil our customers' needs for Document presentation, preservation and finishing.

In the end, I would like to take this opportunity to extend my gratitude to all my colleagues for their whole hearted support; to our extended family of vendors, suppliers and dealers with whom we have worked very closely and forged strong bonds; to our collaborators for their invaluable support and guidance; to our shareholders for their trust in us; to our bankers for their continued support and most of all to our growing family of customers for their confidence in our ability to meet their requirements.



Raghunath Murti
Chairman

MODI GBC**NOTICE**

Notice is hereby given that the Twelfth Annual General Meeting of Modi GBC Limited will be held on Tuesday, the 20th June, 2000 at 10.00 A.M. at the registered office of the Company at F-41, Sector 6, Noida, Distt. Gautam Budh Nagar (U.P.) - 201 301 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st December, 1999 and the Profit and Loss Account for the year ended on that date alongwith the Directors' Report and Auditors' 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 & Associates, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for reappointment.
3. To consider and appoint a Director in place of Mr. Charles K. Shattuck, who retires by rotation and being eligible offers himself for reappointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Deepak Mohla, who was appointed as Director in the casual vacancy caused by the resignation of Dr. Naresh Kumar Malhan (otherwise retiring at the conclusion of this Annual General Meeting under section 256 of the Companies Act, 1956) and who holds office upto the conclusion of this Annual General Meeting under section 262 of the Companies Act, 1956 and in respect of whom due notice in writing alongwith requisite deposit under section 257 of the said Act, has been received by the Company proposing his candidature for the office of Director, be and is hereby appointed as a 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 a Special Resolution :

"RESOLVED THAT pursuant to the provisions of section 21 of the Companies Act, 1956, and other applicable provisions, if any, and subject to the approval of the Central Government, the name of the Company be and is hereby changed from 'Modi GBC Limited' to 'GBC Modicorp Limited'.

RESOLVED FURTHER THAT pursuant to the provisions of section 16 of the Companies Act, 1956, the existing clause 'I' of the Memorandum of Association of the Company be and is hereby deleted and substituted by the following clause:

I The name of the Company is GBC MODICORP LIMITED.

AND RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, things, deeds and matters as in its absolute discretion, it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution or otherwise considered by the Board to be in the best interests of the Company."

6. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of section 31(1) of the Companies Act, 1956, and other applicable provisions, if any, the existing para 2 of Article 2 (Interpretation Clause) of the Articles of Association of the Company be and is hereby deleted and substituted by the following clause:

"The Company" or "This Company" "The Company" or "This Company" means GBC MODICORP LIMITED"

By Order of the Board
for MODI GBC LIMITED



Dr. SANJEEV GEMAWAT
COMPANY SECRETARY

Noida
April 26, 2000

NOTES :

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and the proxy(s) need not be a member of the Company.
2. Proxies in order to be effective 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 in respect of Item No. 4 to 6 is enclosed herewith.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, the 16th June, 2000 to Tuesday, the 20th June, 2000 (both days inclusive).

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

ITEM NO. 4

Mr. Deepak Mohla was nominated by Modicorp and was appointed as a Director on the Board of the Company with effect from 17th March, 1999, in the casual vacancy caused by the resignation of Dr. Naresh Kumar Malhan (who was appointed in the casual vacancy caused by the resignation of Mrs. Khurshid Bandyopadhyay). Mr. Deepak Mohla is Managing Director of Modicorp Limited. The Board feels the company may gain immensely by his association with the company as a Director.

Further, a notice under section 257 of the Companies Act, 1956 alongwith the requisite deposit has been received from a shareholder signifying his intention to propose the name of Mr. Deepak Mohla for appointment as a Director of the Company.

None of the Directors except Mr. Deepak Mohla be considered to be interested in the passing of the said resolution.

ITEM NO. 5

With a view to capitalise on the brand equity of both the joint venture partners, Modicorp Limited and General Binding Corporation, USA (GBC), it is proposed to change the name of the Company from 'Modi GBC Limited' to 'GBC Modicorp Limited'.

The above alteration and the subsequent alteration in the Memorandum of Association requires the approval of the shareholders under section 21 and section 16 respectively of the Companies Act, 1956.

The Board recommends the passing of the said resolution as a Special Resolution.

None of the Directors are interested in the above Resolution except as members.

ITEM NO. 6

Para 2 of Article 2 (Interpretation Clause) of the Articles of Association of the Company will have to be altered by substituting it with the new name, 'GBC Modicorp Limited'.

The proposed alteration requires the approval of the members in the General Meeting in accordance with the provisions of section 31(1) of the Companies Act, 1956.

The Board recommends the passing of the said resolution as a Special Resolution.

None of the Directors are interested in the above Resolution except as members.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twelfth Annual Report together with the audited Statement of Accounts of your Company for the accounting year ended 31st December, 1999.

FINANCIAL RESULTS

	(Rupees in lacs)	
	<u>31st December, 1999</u>	<u>31st December, 1998</u>
Sales and other Income	1540.17	1178.57
Profit/(Loss) before Depreciation & Interest	156.60	(157.12)
Less : Depreciation	33.61	32.46
Interest	47.80	44.39
Profit/(Loss) for the year before taxation	75.19	(233.97)
Profit/(Loss) for the year after taxation	74.28	(338.32)
Balance brought forward from previous Year	(1202.90)	(864.58)
Profit/(Loss) at the end of the year	(1128.62)	(1202.90)

SHARE CAPITAL

During the year, the Company has issued and allotted 1,39,00,000 equity shares of Rs. 10/- each at par aggregating to Rs. 1390 lacs on preferential basis to M/s General Binding Corporation, USA and M/s Modifin Limited (now amalgamated with Modicorp Limited) in equal proportion. The Company has redeemed 5,00,000 Redeemable Preference Shares of Rs. 100 each aggregating to Rs. 500 lacs held by both the Joint Venture Partners in equal proportion and the redemption proceeds have been utilised towards the said issue of equity shares on preferential basis. Besides, the advances received from the Joint Venture Partners in earlier years towards subscription of equity shares have been utilised towards the issue of aforementioned equity shares on preferential basis. After the preferential issue, the total paid up capital of the Company consist of 1,69,00,000 equity shares of Rs. 10/- each aggregating to Rs. 1690 lacs. The Company continues to be listed at Mumbai, Delhi & Kanpur Stock Exchanges.

OPERATIONS

During the year under review, your Company has achieved a total turnover of Rs. 1540.17 lacs against Rs. 1178.57 lacs during the previous accounting year 1998. Your Directors are pleased to inform that with an increase of more than 30% in the turnover, your company has turned around the operations by making a net profit of Rs. 74.28 lacs as against a net loss of Rs. 338.32 lacs in the last year.

During the year under review, your company has consolidated its operations at Noida including relocation of its manufacturing operations from Modipuram. Certain assets i.e. land, building and certain plant and machinery having a net book value of Rs. 40.72 lacs at Modipuram are in the process of being sold.

CHANGE OF NAME OF THE COMPANY

With a view to capitalise on the brand equity of both the joint venture partners, Modicorp Limited and General Binding Corporation, USA (GBC), it is proposed to change the name of the Company from 'Modi GBC Limited' to 'GBC Modicorp Limited'. The necessary resolutions for change of name of the Company are being proposed to be passed in the Annual General Meeting scheduled to be held on 20th June, 2000.

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, M/s Modicorp Limited has nominated Mr. Raghunath Murti as Chairman of the Company in place of Dr. Bhupendra Kumar Modi pursuant to Article 140 of the Articles of Association of the Company. Further, M/s General Binding Corporation, USA has withdrawn the nomination of Mr. William Robert Chambers, Jr. as a Director of the Company.

The Board places on record its sincere appreciation for the guidance and assistance provided to the Board by Dr. Bhupendra Kumar Modi during his tenure as Chairman of the Company. The Board also places on record its sincere appreciation for the guidance and assistance provided to the Board by Mr. William Robert Chambers, Jr. during his tenure as a Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Charles K. Shattuck retires by rotation and being eligible, offers himself for reappointment. Further, Mr. Deepak Mohla, who was appointed as Director in the casual vacancy caused by the resignation of Dr. Nareesh Kumar Malhan (otherwise retiring at the conclusion of this Annual General Meeting under section 256 of the Companies Act, 1956), holds office upto the conclusion of this Annual General Meeting under section 262 of the Companies Act, 1956. The Company has received notice in writing alongwith requisite deposit under the provisions of section 257 of the said Act, proposing the candidature of Mr. Deepak Mohla as a Director of the Company.



STATUS ON THE Y2K

The Company had taken adequate measures to ensure Y2K compliance and no operations, processes, functions in the Company were adversely affected due to the Year 2000 problem. Thus, the Company has had a successful transition into the new millennium without facing any Y2K problems.

AUDITORS' REPORT

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under section 217(3) of the Companies Act, 1956.

AUDITORS

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

ADDITIONAL INFORMATION

The additional information relating to the conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 217(1)(e) of the Companies act, 1956, are given in Annexure 'A' and forms part of this report.

PERSONNEL

The particulars of employees as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, are given in Annexure 'B' and forms part of this report.

ACKNOWLEDGEMENTS

The Directors wish to thank the Central Government, various State Governments 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 that are Customers and Shareholders 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

New Delhi
April 25, 2000

RAGHUNATH MURTI
Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Statement of Particulars Under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The Company's operations involve low energy consumption and there are no major areas where there is scope for further energy conservation measures. However, the company continues to make all efforts to conserve and optimise the use of energy through improved operational methods and other means.

B. TECHNOLOGY ABSORPTION

The information required to be disclosed under Rule 2 of the aforesaid Rules is given hereunder in Form B.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company used foreign exchange amounting to Rs. 502.18 lacs and earned Rs. 6.64 lacs in foreign exchange on account of exports during the period under review.

FORM 'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D was carried out by the Company.
Reverse engineering of raw materials, parts, component and sub-systems for technology absorption and