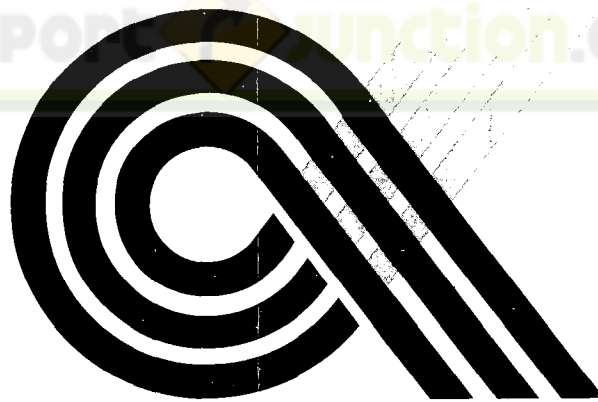


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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

13th ANNUAL REPORT
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Alpic
Finance Ltd.

R e a c h i n g O u t

13th Annual General Meeting

Monday, 22nd March, 1999, 11.00 a.m.

Amar Gian Grover Auditorium, Mahalaxmi, Mumbai

Shareholders are requested to bring their copies of the Annual Report to the Meeting
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Shifting of the Share Department

Effective 1st February, 1999, the Share Department of the Company has been shifted to the Registered Office of the Company at **6th Floor, New Excelsior Building, Wallace Street, Fort, Mumbai 400 001 (Tel : 207 30 45)**. Hence, all transfer applications and other correspondence may be forwarded to the Company's **Share Department** at the above address.



Alpic Finance Limited

Board of Directors

Ravi Kumar S., *Chairman & Managing Director*
 R N Bansal
 Ghulam Ghouse
 S R Mohandas
 S E H Rizvi
 R A Shroff
 P H Vaishnav

Company Secretary

Rajiv Daru

Solicitors

Ramesh Shroff & Co.
 Hariani & Co.

Auditors

V Sankar Aiyar & Co.

Bankers

Union Bank of India
 Bank of Baroda
 Dena Bank
 Development Credit Bank Ltd.
 Oriental Bank of Commerce
 State Bank of Hyderabad
 State Bank of Indore
 The Catholic Syrian Bank Ltd.
 The Cosmos Co-op. Bank Ltd.
 The Dhanalakshmi Bank Ltd.
 The Federal Bank Ltd.
 The United Western Bank Ltd.
 Vijaya Bank

Registered Office

6th Floor, New Excelsior Bldg., Wallace Street, Fort, Mumbai 400 001.

Regional Offices

Bangalore	: 7/8, Raheja Plaza, 17, Commisariat Road, Ashok Nagar, Bangalore 560 025.
Baroda	: 701/702, A-Wing, Alkapuri Arcade, R.C. Dutt Road, Alkapuri, Baroda 390 005.
Bhubaneswar	: 2nd Floor, Plot No. SCR 59, Kharvela Nagar, Janpath Unit III, Bhubaneswar 751 001.
Calcutta	: 4G, Crescent Towers, 229, A.J.C. Bose Road, Calcutta 700 020.
Chennai	: 6, Rajamannar Street, Off G.N. Chetty Road, T. Nagar, Chennai 600 017.
Hyderabad	: 308, Navketan, 62 SD Road, Secunderabad 500 003.
Lucknow	: 1st Floor, SAS House, 6-B, Sapru Marg, Lucknow 226 001.
Nasik	: Canada Complex, 1st Floor, HPT College Road, Nasik 422 005.
New Delhi	: 110, 1st Floor, Ansal Bhavan, 16, Kasturba Gandhi Marg, New Delhi 110 001.
Pune	: Mahale Plot, 392A, Gokhale Nagar Road, Pune 411 016.

over 100 offices all over India

Notice

NOTICE is hereby given that the 13th Annual General Meeting of ALPIC FINANCE LTD., will be held on Monday, the 22nd March, 1999, at 11.00 a.m. at Amar Gian Grover Auditorium, Lala Lajpatrai Marg, Mahalaxmi, Haji Ali, Mumbai 400 034, to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 30th June 1998, and the Balance Sheet as at that date, along with the Directors' Report and Auditors' Report thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Ghulam Ghouse, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. P. H. Vaishnav, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business :

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

RESOLVED THAT subject to the provisions of Sections 269, 314 and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as 'the Act'), and in accordance with Schedule XIII of the Act in force at present, the reappointment of Mr. Ravi Kumar S. as Managing Director for a term of 5 years commencing from 1st September, 1999, on the following terms and conditions, be and is hereby ratified, confirmed and approved:

SALARY

: Rs. 80,000/- (Rupees Eighty Thousand only) per month with such increments as may be fixed by the Board from time to time, subject to ceiling on overall managerial remuneration, as provided under Sections 198 and 309 of the Act.

PERQUISITES

- | | |
|--|--|
| a) Housing | : Rent-free residential accommodation or House Rent Allowance upto a maximum of 60% of the Salary over and above 10% to be payable by the appointee. |
| b) Medical Reimbursement | : Reimbursement of Medical Expenses incurred for Domiciliary Treatment for self and family up to a maximum of one month's Salary in a Financial Year or three months' Salary over a period of three years. Hospitalisation Charges for major sickness for self and family to be reimbursed in full in addition to Domiciliary Treatment. |
| c) Leave Travel Concession | : For self and family once in a year incurred, as per the Rules of the Company. |
| d) Club Membership (s) | : Amount payable to Club(s). |
| e) Personal Accident Insurance | : Premium payable by the Company. |
| f) Reimbursement of Gas, Water & Electricity Charges | : At actuals. |

The Managing Director shall also be eligible to the following perquisites and benefits, which shall not be included in the computation of ceiling on remuneration specified in Schedule XIII of the Act.

- i) Company's contribution to Provident Fund and Superannuation Fund, if and when introduced in the Company, to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- ii) Gratuity payable at half a month's salary for each completed year's service.
- iii) Use of the Company's car with chauffeur for official use and Company's telephone at residence. Personal long distance calls on the telephone will be billed by the Company to the appointee.
- iv) Earned Leave on full pay and perquisites, not exceeding one month's leave for every eleven months' service. Leave not availed of due to the exigencies of the Company's business can be accumulated and / or encashed, as per the Rules of the Company.

COMMISSION : The appointee shall, in addition to the Salary and Perquisites, be paid such amount by way of Commission, as may be fixed by the Board, after the profits of the Company are ascertained in each year, so however that the overall remuneration for the Managerial Personnel does not exceed the limits prescribed under Sections 198 and 309 of the Act and Schedule XIII, as may be applicable from time-to-time.

SITTING FEES : The appointee shall also be entitled to receive fees for attendance at meetings of the Board or Committees thereof, within the overall limit on the remuneration in terms of the Act.

MINIMUM REMUNERATION : In the event of loss or inadequacy of profit shall in any Financial Year, the Managing Director be paid remuneration and be granted the perquisites, as per the provisions contained in Schedule XIII, or any statutory modification or re-enactment thereof from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to revise from time to time during the term of the present appointment of Mr. Ravi Kumar S. as Managing Director, the remuneration payable to him as Managing Director, subject to the ceiling limits laid down or as may be laid down in Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Act, or any modification or re-enactment thereof, without any further approval of the Members in General Meeting.

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

RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be altered in the following manner:

- i. Insert the following Heading and Article, as Article 59A, after Article 59.

BUY-BACK OF SHARES

- 59A. Notwithstanding anything contained in these Articles, the Board of Directors may, if and when thought fit, acquire, purchase, buy-back and hold, re-sell or otherwise deal with such of the Company's own shares or securities, as the Board may think necessary, upon such terms and conditions and subject to such limits and such approvals, as may be prescribed or permitted by law.

- ii. Insert the following Heading and Article, as Article 59B, after Article 59A.

DEMATERIALISATION OF SECURITIES

59B.

- a. For the purpose of this Article :

'Beneficial Owner' means a person or persons whose name is recorded as such with a Depository;

'SEBI' means the Securities and Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a Depository under the Securities and Exchange Board of India Act, 1992; and

'Security' or 'Securities' means such security(ies), as may be specified by SEBI, from time to time.

- b. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its Securities and to offer Securities in a dematerialised form, pursuant to the Depositories Act, 1996.
- c. Every person subscribing to the Securities offered by the Company, shall have the option to receive the Security Certificates or to hold the Securities with a Depository. Such a person, who is the Beneficial Owner of the Securities, can, at any time, opt out of a Depository, if permitted by the law, in respect of any Security, in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner, the required Certificates of Securities.

If a person opts to hold his Security with a Depository, the Company shall intimate such Depository, the details of allotment of the Security, and on receipt of the information, the Depository shall enter in its record, the name of the allottee as the Beneficial Owner of the Security.

- d. All Securities held by a Depository shall be dematerialised. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

- e.(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.

- (ii) Save as otherwise provided in (i) above, the Depository, as the registered owner of the Securities, shall not have any voting rights or any other rights in respect of the Securities held by it.

- (iii) Every person holding Securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository, shall be deemed to be a Member of the Company. The Beneficial Owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a Depository.

- f. Notwithstanding anything to the contrary contained in the Act or these Articles, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

- g. Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of Securities effected by a transferor and transferee, both of whom are entered as Beneficial Owners in the records of a Depository.
 - h. Notwithstanding anything to the contrary contained in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such Securities.
 - i. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to the Securities held with a Depository.
 - j. The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders, for the purposes of these Articles.
8. To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution :

RESOLVED THAT, subject to the provisions of the Companies Act, 1956, or any statutory modification, amendment, or re-enactment thereof for the time being in force (hereinafter referred to as "the Act") or any other law for the time being in force and subject to all applicable provisions of the Act and/or any other law and further subject to such consents and approvals as may be required and subject to such conditions and modifications as may be considered necessary 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 exercising the powers conferred on the Board by this Resolution) or as may be prescribed or imposed while 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 purchase, acquire, buy-back and hold, re-sale or otherwise deal with such number of shares or other securities of the Company, as the Board thinks fit and as may be specified by the Act or any other law, from the

holders of the shares or other securities of the Company, in such proportion and in such manner and on such terms and subject to such conditions, as may be prescribed or permitted by the Act or any other applicable law.

RESOLVED FURTHER THAT, for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Shares or other securities of the Company.

RESOLVED FURTHER THAT the acquisition, purchase or buy-back of shares or other securities of the Company by the Board as aforesaid shall not be construed as redemption of share capital of the Company, within the applicale provsions of the Act.

RESOLVED FURTHER THAT nothing hereinabove contained shall confer any right on any shareholder or member to offer, nor shall it confer any obligation on the Company or the Board to buy back the shares or other securities of the Company.

NOTE

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

By order of the Board of Directors
For **ALPIC FINANCE LTD.**

Mumbai
15th February, 1999

Rajiv Daru
Company Secretary

Registered Office :
6th Floor, New Excelsior Bldg.
Wallace Street, Fort
Mumbai 400 001.

NOTES

- (a) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos.6, 7 and 8 set out above, is annexed hereto.
- (b) The Share Department of the Company has been shifted to the Registered Office at 6th Floor, New Excelsior Building, Wallace Street, Fort, Mumbai 400 001, with effect from 1st February, 1999. Kindly forward all correspondence hereafter to the Registered Office.
- (c) Members are requested to notify immediately, change in their address, if any, to the Share Department, quoting their Folio Number, to ensure prompt receipt of Dividend Warrants, etc.
- (d) The Share Transfer Book and the Register of Members of the Company will remain closed from Thursday, 1st April, 1999 to Monday, 5th April, 1999 (both days inclusive).
- (e) Dividend for the year ended 30th June, 1998, as recommended by the Directors, upon being declared at the Meeting, will be paid to those Members whose names appear on the Company's Register of Members at the close of the working hours of the Company on 5th April, 1999.
- (f) The Company has already transferred unclaimed Dividend declared upto the Financial Year ended 30th June, 1994, to the General Reserve Account of the Central Government, as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, as amended. Those Shareholders, who have so far not claimed or collected their Dividend upto the aforesaid Financial Year, may claim their Dividend from the Registrar of Companies, Everest, New Marine Lines, Mumbai 400 002.

EXPLANATORY STATEMENT

In conformity with Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts in respect of Item Nos. 6, 7 and 8 of the accompanying Notice dated 15th February, 1999.

Item No.6

The Board of Directors of the Company (the Board), at its Meeting held on 31st August, 1998, unanimously re-appointed Mr. Ravi Kumar S., as the Managing Director of the Company with effect from 1st September, 1998, for a period of 5 years.

Mr. Ravi Kumar S., who has been the Director of the Company ever since it commenced operations and Managing Director of the Company since 1st February, 1988, was last re-appointed as the Managing Director of the Company for a period of 5 years with effect from 1st September, 1993. Upon the expiry of the said re-appointment on 31st August, 1998, the Board considered it in the interest of the Company to re-appoint him as the Managing Director of the Company, broadly on the same terms, conditions and remuneration, as applicable to his last appointment as the Managing Director of the Company.

Subject to the ceiling limit laid down in Sections 198, 269 and 309, read with Schedule XIII of the Companies Act, 1956, the remuneration by way of Salary, Perquisites and Commission payable to the Managing Director is as given in the Resolution.

The Directors recommend the Resolution for adoption. Mr. Ravi Kumar is concerned or interested in the Resolution to the extent of the remuneration payable to him. No other Director may be deemed concerned or interested in the Resolution.

The relevant extracts of the remuneration package of Mr. Ravi Kumar S., as required under Section 302 of the Companies Act, 1956, have already been circulated to the Members, vide letter dated 1st September, 1998. A copy of the letter dated 1st September, 1998, addressed to Mr. Ravi Kumar S., communicating his re-appointment and remuneration package, is available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the Meeting.

Item No.7

Article 63 of the Articles of Association of the Company, as it stands at present, prohibits the Company from purchasing its own shares and securities. The Articles of Association of the Company are proposed to be altered by including a new Article 59A, as set out in the Resolution at Item 7 (i) of the accompanying Notice, to enable the Company to acquire, purchase, buy-back and to hold, re-sell or otherwise deal with its own shares or other securities.

Further, with the introduction of the Depositories Act, 1996, and the Depository System, some of the provisions of the Companies Act, 1956, relating to the issue, holding, transfer and transmission of shares and other securities, have been amended to facilitate the implementation of the new system. The system of holding shares and securities in an electronic form appears to be a far safer and more convenient method for holding and trading in the shares and securities of the Company, than the paper-based system. As this new system may be beneficial to the investors, the Company is considering joining the Depository System and it is therefore proposed that the Company's Articles of Association be suitably altered, as set out in the Resolution at Item 7 (ii) of the accompanying Notice, to reflect the provisions introduced by the Depositories Act, 1996, and to enumerate the rights of the beneficial owners of the shares and securities on such a system.

The Memorandum and Articles of Association of the Company, together with the proposed alterations, is available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the Meeting.

Item No.8

The Companies Act, 1956, ("the Act"), as amended, permits a company to buy back its own shares or other securities, subject to the provisions of the Act.

It is proposed to authorise the Board of Directors of the Company to buy-back its shares or such other permissible securities, not exceeding such percentage of the capital of the Company as may be permitted, from the Members of the Company, from the open market or from the holders of odd lots. The acquiring, purchasing, buying-back and holding, re-selling or otherwise dealing with the shares or other securities of the Company would be on such terms and conditions, in such manner and subject to such approvals as may be prescribed or permitted by the Act or any other law, from time to time.

The Resolution is recommended for the approval of the Members.

By Order of the Board of Directors
For ALPIC FINANCE LTD.

Mumbai
15th February, 1999

Rajiv Daru
Company Secretary

Registered Office :
6th Floor, New Excelsior Bldg.
Wallace Street, Fort,
Mumbai 400 001.

Directors' Report

The Members Alpic Finance Ltd.

Your Directors take pleasure in presenting the 13th Annual Report, together with the Audited Accounts, for the Financial Year ended 30th June, 1998.

Financial Results

The financial results of the Company for the year under review are summarised below :

(Rupees in lacs)

Profit after Tax	....	....	1129.54
Add : Profit & Loss balance brought forward	....	....	3480.24
Net Profit	....	....	4609.78
Less : Provision (including Prior Period			
Expenses Rs. 351.70 lacs)	....	....	3495.00
Debenture Redemption Reserve	....	....	500.00
Special Reserve under the RBI Act	....	....	226.00
General Reserve	....	....	60.00
Proposed Dividend 15% (Previous Year 35%)	....	....	177.54
Tax on Dividend	....	....	17.75
Surplus carried to the Balance Sheet	....	....	<u>133.49</u>

Dividend

Your Directors are pleased to recommend a Dividend of 15% (net of tax), for the year ended 30th June, 1998 (previous year 35%), absorbing a sum of Rs.195.29 lacs (previous year Rs.455.62 lacs), including dividend tax.

After making the statutory provisioning and that for the proposed Dividend and tax thereon, out of the profit available for appropriation, your Directors propose to carry forward the balance of Rs.133.49 lacs to the Balance Sheet.

Operations

The year under review was amongst the toughest years that your Company faced since inception. The general economic down-turn, compounded by pressure on the non-banking finance companies in particular, had a twin negative impact. On the one hand, the slow down in the economy resulted in lesser disbursements for the

year, while the negative perception about NBFCs put under pressure the Company's resource raising programmes.

It is with a sense of pride that we bring to your notice that your Company has been granted registration by the Reserve Bank of India as a non-banking financial institution.

Your Company has complied with the Prudential Norms laid down by the Reserve Bank of India. The Capital Adequacy Ratio as on 31st March, 1998 was 24.46%, which improved to 25.54% on 30th September, 1998, as against 10% prescribed by the Reserve Bank of India. The Company has made a provision for bad and doubtful debts of Rs.506.60 lacs and Rs.541.97 lacs for diminution in the value of investments. Further, the Company has provided a sum of Rs.4,369.39 lacs for contingent Non Performing Assests. Given your Company's recovery levels, which are above the industry average, your Directors are confident of making substantial recoveries out of the NPAs.