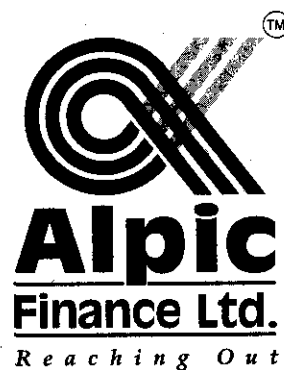


15th ANNUAL REPORT
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15th Annual General Meeting

Wednesday, 28th February, 2001, 11.00 a.m.
Amar Gian Grover Auditorium, Mahalaxmi, Mumbai

Shareholders are requested to bring their copy of the Annual Report to the Meeting

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Dematerialisation

Pursuant to SEBI's directive, trading in the Company's Equity Shares has been made mandatory in dematerialised form from 28th August, 2000. The ISIN Code of the Company's Shares is **INE 429A01013**. The Company has appointed NSDL and CDSL as the Depositories and IIT Corporate Services Ltd. as the Registrar. For any further information, please contact the Company's Share Department at the Registered Office (Tele : 207 30 45) or the Registrar at **IIT Corporate Services Ltd. Unit : Alpik Finance Ltd. IIT House, Off M. V. Road, Opp. Vazir Glass, Near J. B. Nagar, Andheri (East), Mumbai 400 059 (Tel: 822 55 99)**

Alpic Finance Limited

Board of Directors

Ravi Kumar S.	<i>Chairman & Managing Director</i>
S E H Rizvi	
R A Shroff	
P H Vaishnav	
Ashok Doctor	
Sanjay Tripathi	
Sairam Iyer	<i>Joint Managing Director</i>
R Ravi	<i>Executive Director</i>
T S Chandrasekhar	<i>Executive Director</i>

Solicitors

Ramesh Shroff & 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 & Corp. Office

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

Notice

NOTICE is hereby given that the 15th Annual General Meeting of ALPIC FINANCE LTD., will be held on Wednesday, the 28th February, 2001, at 11.00 a.m., at the 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, 2000, and the Balance Sheet as at that date, along with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. S. E. H. Rizvi, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. P. H. Vaishnav, who retires by rotation and being eligible offers himself for reappointment.
4. 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 :

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

RESOLVED THAT Mr. R. Ravi, who was appointed by the Board of Directors of the Company (the Board), as an Additional Director with effect from 1st July, 2000, in terms of the provisions of Section 260 of the Companies Act, 1956 (the Act), read with Article 129 of the Articles of Association of the Company (the Articles), and who holds his Office as such upto the ensuing Annual General Meeting of the Company, and in respect of whom the Company has received a Notice from Members, proposing his candidature to be appointed as a Director of the Company, together with a deposit of Rs.500/-, in terms of the provisions of Section 257 of the Act, read with Article 141 of the Articles, be and is hereby appointed a Director of the Company, liable to retire by rotation, in terms of the provisions of the Act and the Articles.

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

RESOLVED THAT Mr. T. S. Chandrasekhar, who was appointed by the Board of Directors of the Company (the Board), as an Additional Director with effect from 1st July, 2000, in terms of the provisions of Section 260 of the Companies Act, 1956 (the Act), read with Article 129 of the Articles of Association of the Company (the Articles), and who holds his Office as such upto the ensuing Annual General Meeting of the Company, and in respect of whom the Company has received a Notice from Members, proposing his candidature to be appointed as a Director of the Company, together with a deposit of Rs.500/-, in terms of the provisions of Section 257

of the Act, read with Article 141 of the Articles, be and is hereby appointed a Director of the Company, liable to retire by rotation, in terms of the provisions of the Act and the Articles.

7. 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 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), and in accordance with Schedule XIII under the Act in force from time to time, the appointment of Mr. Sairam Iyer, as the Joint Managing Director (the Appointee), for a term of 3 years, commencing from 1st July, 2000, on the terms, conditions and remuneration comprised in the letter dated 1st July, 2000, addressed by the Company to the Appointee, be and is hereby ratified, confirmed and approved.

RESOLVED FURTHER THAT the Board, be and is hereby authorised to alter and vary the aforesaid terms as to remuneration (including perquisites), within the ceiling limits in that behalf, laid down in Schedule XIII to the Act, as in force from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board, be and is hereby authorised to do all such acts, deeds and things, as may be deemed necessary or desirable or to settle any question or difficulty that may arise, in such manner as it may deem fit.

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 Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), and in accordance with Schedule XIII under the Act in force from time to time, the appointment of Mr. R. Ravi, as an Executive Director (the Appointee), for the term of 3 years, commencing from 1st July, 2000, on the terms, conditions and remuneration comprised in the letter dated 1st July, 2000, addressed by the Company to the Appointee, be and is hereby ratified, confirmed and approved.

RESOLVED FURTHER THAT the Board, be and is hereby authorised to alter and vary the aforesaid terms as to remuneration (including perquisites), within the ceiling limits in that behalf, laid down in Schedule XIII to the Act, as in force from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board, be and is hereby authorised to do all such acts, deeds and things, as may be deemed necessary or desirable or to settle any question or difficulty that may arise, in such manner as it may deem fit.

9. 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 Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), and in accordance with Schedule XIII under the Act in force from time to time, the appointment of Mr. T. S. Chandrasekhar, as an Executive Director (the Appointee), for a term of 3 years, commencing from 1st July, 2000, on the terms, conditions and remuneration comprised in the letter dated 1st July, 2000, addressed by the Company to the Appointee, be and is hereby ratified, confirmed and approved.

RESOLVED FURTHER THAT the Board, be and is hereby authorised to alter and vary the aforesaid terms as to remuneration (including perquisites), within the ceiling limits in that behalf laid down in Schedule XIII to the Act, as in force from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board, be and is hereby authorised to do all such acts, deeds and things, as may be deemed necessary or desirable or to settle any question or difficulty that may arise, in such manner as it may deem fit.

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

RESOLVED in supercession of the resolution passed by the Shareholders of the Company at the 10th Annual General Meeting held on 30th December, 1995, THAT in accordance with the provisions of Section 81(1A) and other applicable provision, if any, of the Companies Act, 1956 (the Act) and in accordance with the Articles of Association of the Company (the Articles), the SEBI Guidelines and Clarifications issued from time to time and other applicable rules and regulations and subject to such filings, approvals, consents and sanctions, if necessary, and/or in accordance with the Government Guidelines and/or prevailing practice at the time of the issue and the permission from the Reserve Bank of India (the RBI), where applicable and such other approvals, permissions and sanctions, as may be necessary and subject to such terms and conditions, stipulations and modifications, as may be required or imposed by any of them while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company (the Board) and/or a duly authorised committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to issue and allot, at one time or from time to time, Redeemable Preference Shares and/or Convertible Bonds and/or other securities convertible into Equity Shares in the Company or otherwise (hereinafter referred to as "the Security[ies]"), of an aggregate face value of Rs. 50,00,00,000/- (Rupees fifty crore only), at par or at a premium and redeemable/convertible at par or at a premium,

each to such secured and unsecured creditors of the Company, as may be decided by the Board at the time of issue of each of such Security[ies].

RESOLVED FURTHER THAT subsequent to the allotment of such Security[ies], as aforesaid, any of the proposed allottees shall not, together with the existing shareholding, if any, hold 5% or more of the post issued/converted equity share capital of the Company.

RESOLVED FURTHER THAT such issue price shall not be lower than the price for making a preferential offer as per the SEBI Guidelines and shall be for a debt equity exchange for consideration other than cash, on such terms and conditions and from time to time, and which issue and allotment can be in one or more tranches, in such manner as the Board may think fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make the issue and allotment of the Security[ies], at par or at a premium and or redeemable at par or at a premium, to be decided by the Board, in satisfaction of the admitted claims of the unsecured and secured creditors of the Company for their past consideration, in the best interest of the Company and on a need based and negotiated basis, from out of the un-issued Authorised Capital of the Company.

RESOLVED FURTHER THAT the Security[ies] to be issued, as aforesaid, shall be subject to the Memorandum and Articles of Association of the Company and upon conversion, if any, into Equity Shares in the Company, shall rank *pari passu* with the existing shares of the Company in all respects except dividend, if any, to be paid during the year on the said Equity Shares, which shall be on a *pro rata* basis, from the date of allotment / conversion and *pro rata* to the amount paid up per Share.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to appoint advisors / consultants and pay, if it so thinks fit, fees as may be lawful and reasonable and to take all such actions and to give all such directions, as may be necessary or desirable and also to settle any questions or difficulties that may arise in regard to the offer, issue and allotment of such Security[ies] and or their conversion, if any, and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings, as may be necessary, desirable or expedient, in connection with the issue of the Security[ies] and or their conversion.

RESOLVED FURTHER THAT any action already taken and acts done in terms of the above resolution by and with the authority of the Board, be and are hereby expressly confirmed, approved and ratified.

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

RESOLVED THAT pursuant to Section 17 and other applicable provisions, if any, of the Companies Act, 1956, Part C of Clause III (the Object Clause) of the Memorandum of Association of the Company, be and is hereby amended, by inserting the following as Clauses 122 and 123, after the existing Clause 121.

122. To carry on the business of hardware and software development, to cater the domestic as well as international market and to act as designers, manufacturers, assemblers, programmers, processors, dealers, traders, distributors, importers, exporters, managers, service providers, agents, system designers and contractors for erection and commissioning on turnkey basis or to deal in any other manner, including storing, packaging, transporting, marketing, converting, repairing, installing, training servicing, maintaining of all types of computers, micro-mini-home computers, data processors, word processors, internet, electronic products and allied products, computer hardware, computer software, accessories, components, equipments, intermediates and gadgets, used for or in connection with the aforesaid, including audio visual media, demonstration machines, allied office equipment and stationery and all kind of e-business and e-commerce services and to develop, import and export and deal in all types of computers, computer software, hardware systems, analysis and all allied products, as well as to provide all type of services in the field of computer, internet, information technology engineering and industrial.

123. To carry on the trade and business of manufacturing, processing, buying, selling, reselling, importing, exchanging, distributing, supplying, acting as agents and dealing in all kinds of bulk drugs, antibiotics such as penicillin and its semi-synthetic derivatives, medicines, pharmaceuticals, medical, wines, chemicals, agrochemicals, heavy chemicals, fine chemicals, petrochemicals, organic and inorganic chemicals, dyes and dyestuffs, cosmetics, essences, extracts, tranquilisers and intermediates and reagents and medical, pharmaceuticals, chemicals and other machineries, apparatus, instruments, appliances and measuring and control instruments of every description and raw materials and packing materials thereof.

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

RESOLVED THAT the consent of the Company, be and is hereby accorded for the commencement and continuation of the business by the Company, as given in the Clauses 122 and 123 of Part C of Clause III (the Object Clause) of the Memorandum of Association of the Company, pursuant to the provisions of sub-section (2A) of Section 149 of the Companies Act, 1956, subject to and upon the concerned authority(ies) taking this resolution on record.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorised to do all such acts, deeds 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 same.

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.

16th January, 2001

For Alpico Finance Ltd.

Registered Office:

6th Floor

New Excelsior Bldg.

Wallace Street, Fort

Mumbai 400 001.

Ravi Kumar S.

Chairman & Managing Director

NOTES :

- The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956, in respect of Item Nos. 5 to 12, set out above, is annexed hereto.
- Pursuant to SEBI's directive, trading in the Company's Equity Shares has been made mandatory in dematerialised form from 28th August, 2000. The ISIN Code of the Company's Shares is INE429A01013. The Company has appointed National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) as the Depositories and IIT Corporate Services Ltd., as the Registrar. For any further information, please contact the Company's Share Department at the Registered Office (Tele : 207 3045) or the Registrar at IIT Corporate Services Ltd., Unit : Alpico Finance Ltd., IIT House, Off M. V. Road, Opp. Vazir Glass, Near J. B. Nagar, Andheri (East), Mumbai 400 059 (Tele : 822 5599)
- Members are requested to notify immediately, change in their address, if any, to the Share Department, quoting their Folio Number.
- The Company has already transferred the 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, Hakoba Mills Compound, Kala Chowky, Mumbai.

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. 5 to 12 of the accompanying Notice dated 16th January, 2001.

Item Nos. 5 to 9

Consequent to the restructuring of the Group, three Executive Directors were inducted in the Board in March, 1999. However, on account of personal commitment and failing health, two of them were relieved from October, 1999. Consequently, it was desirable for the day-to-day management of the Company that the vacancies were filled. The Board, therefore, terminated, with mutual consent, the existing appointment of Mr. Sairam Iyer, as Executive Director and appointed him as Joint Managing Director with effect from 1st July, 2000 and also inducted Mr. R. Ravi, Sr. Vice President and Mr. T.S. Chandrasekhar, a qualified engineer with substantial experience in the industry, as Additional Directors and appointed them as Executive Directors.

Mr. Sairam Iyer, aged 53 years, is a qualified Mechanical Engineer, with over 25 years of corporate experience. He has been in the full time employment of the Company as Vice President and head of Pune Region since 1st July, 1996. Prior to that he was associated with the Company as Consultant & Agent for over a year. Mr. R. Ravi, aged 37 years, is a B Tech from IIT and PGDM from IIM, with over 15 years' corporate experience. Having joined the Company in 1994, he was last designated as Sr. Vice President before being elevated to the Board. Mr. T.S. Chandrasekhar, aged 38 years, is an Engineering graduate with nearly 15 years' corporate experience, including that with an engineering multinational as Regional Manager looking after business development and sales. In terms of the provisions of Section 260 of the Companies Act, 1956 (the Act), read with Article 129 of the Article of Association of the Company (the Articles), the said Additional Directors hold the Offices as such upto the ensuing Annual General Meeting of the Company. However, the Company has received notices from certain members, proposing the candidature of the said Additional Directors to be appointed as Directors of the Company, together with a deposit of Rs. 500/- each, in terms of the provisions of Section 257 of the Act, read with Article 141 of the Articles.

Further, subject to the ceiling limit laid down in Sections 198, 269, 309 & 311, read with Schedule XIII of the Act, the remuneration by way of Salary, Perquisites and Commission payable to the Joint Managing Director / Executive Directors is as follows :

Mr. Sairam Iyer (Joint Managing Director)

Salary : Rs. 30,000/- p.m., with such increments as may be fixed by the Board, from time to time.

Reimbursement of Telephone Expenses, Entertainment Expenses, Books & Periodicals, Gas & Electricity, Servant Allowance, Soft Furnishings and Residential Upkeep : Subject to a maximum of Rs. 1,50,000/- p.a.

Mr. R. Ravi and Mr. T. S. Chandrasekhar (Executive Directors)
Salary : Rs. 25,000/- p.m., with such increments as may be fixed by the Board, from time to time.

Reimbursement of Telephone Expenses, Entertainment Expenses, Books & Periodicals, Gas & Electricity, Servant Allowance, Soft Furnishings and Residential Upkeep : Subject to a maximum of Rs. 1,70,000/- p.a. and Rs. 1,60,000/- p.a., respectively.

Other Terms applicable to all the three Appointees:

House Rent Allowance : Rs. 15,000/- p.m.

City Compensatory Allowance : Rs. 15,000/- p.m.

Medical Reimbursement : For self and family, as per the Company's Rules, upto a maximum of Rs. 25,000/- p.a.

Leave Travel Concession : For self and family, as per the Company's Rules, upto a maximum of Rs. 20,000/- p.a.

Car / Chauffeur : Use of the Company's car with chauffeur for official use.

Company's contribution to Provident Fund : As per the Rules of the Company.

Gratuity : Half a month's salary for each completed year of service, as per the Company's Rules.

Commission : As may be fixed by the Board.

Sitting Fees : Entitled to receive Sitting Fees for attending Meetings of the Board or Committees thereof.

Minimum Remuneration : In the event of loss or inadequacy of profit in any Financial Year, the Appointees will 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.

Period of Contract : 3 years.

Termination : 3 months' notice by either party.

Leave : As per the Rules of the Company.

The Company's contribution to the 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, Gratuity payable, as above, and use of the Company's car for official use, shall not be included in the remuneration for ceiling on remuneration specified in Schedule XIII of the Act.

In the event of the Appointee(s) ceasing to be in the employment of the Company, he shall also simultaneously cease to be a Director/ Joint Managing / Executive Director of the Company, *suo moto*.

The Directors recommend the resolutions for adoption. The respective Directors may be deemed concerned or interested in the resolutions pertaining to their respective appointments, to the extent of the fees/remuneration receivable by them. No other Director may be deemed concerned or interested in the resolutions, except Mr. Ravi Kumar S., who may be deemed concerned or interested in the resolutions pertaining to Mr. Chandrasekhar, being his relative.

The relevant extracts of the remuneration package of Mr. Sairam Iyer, Mr. R. Ravi and Mr. T.S. Chandrasekhar, as required under Section 302 of the Act, have already been circulated to the Members, vide letter dated 1st July, 2000. Copies of the letters addressed to Mr. Iyer, Mr. Ravi and Mr. Chandrasekhar, all dated 1st July, 2000, communicating their appointment and remuneration package, are 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 of the Company, prior to the Meeting.

Item No. 10

The financial services industry in the country, particularly the non banking financial companies sector, has been going through severe turmoil during the past few years, inter alia on account of economic situation, compounded by credit squeeze imposed by the banks and financial institutions. The matters were further aggravated by the failure of the Company's borrowers to service their debt to the Company, resulting in severe cash flow and asset liability mismatch.

The Company, therefore, proposes to file a scheme of arrangement under Sections 391 and 394 of the Companies Act, 1956, for making a proposal of compromise to its various secured and unsecured creditors and or arrive at a compromise/settlement with each creditor or class of creditors, whereunder it would inter alia offer securities in the Company, convertible or otherwise, in exchange for the debt. Accordingly, resolution under Item No. 10 is proposed. The Company has proposed the resolution so that it can be implemented even whilst the scheme is pending sanction and confirmation in the High Court. The Company is intending this since it desires to enter a compromise with its creditors and offer securities, whilst it endeavours to shift the focus of the business activity from financial services based to other business opportunities in the areas of information technology, agency and bio-technology.

The issue of securities, whether convertible or otherwise, to the secured and unsecured creditors of the Company, is not truly in the nature of preferential allotment but is an enabling resolution to permit the issue of capital, otherwise than on right basis, for debt equity exchange or quasi equity debt exchange, to reduce the outstandings to the creditors.

The Directors recommend the resolutions for adoption. None of the Directors is in any way concerned or interested in the resolutions.

Item Nos. 11 & 12

As stated above, the Company is faced with severe financial constraints and adverse cash flow position. Consequently, during the past couple of years, there has been a negative growth in disbursement and in income generation. As a result, the Company has not only been forced to focus on consolidation and furthering financial re-engineering but also mandatorily consider shifting the business focus from financial services based activities to other business opportunities.

The Board of Directors, therefore, after due consideration, have identified certain other areas of business like agency, bio-technology and information technology, which have high growth and profitability opportunities on the one hand and do not necessarily require large capital outlay on the other. With a view to enable your Company to make foray in the aforesaid areas of business, it is necessary to amend the Object Clause of the Memorandum of Association of the Company. Accordingly, the resolution under Item no 11, seeks the Shareholders' approval, in terms of the provisions of Section 17 of the Companies Act, 1956, for the insertion of the two new Clauses, whereas the resolution under the Item No. 12, is proposed to seek the approval of the Shareholders under Section 149 (2A) of the said Act to commence and continue the businesses envisaged under the two new Clauses 122 & 123.

The Directors recommend the resolutions for adoption. None of the Directors is in any way concerned or interested in the resolutions.

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

16th January, 2001

For **Alpic Finance Ltd.**

Registered Office:

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

Ravi Kumar S.
Chairman & Managing Director

Directors' Report

The Members Alpic Finance Ltd.

Your Directors present the 15th Annual Report, together with the Audited Accounts, for the Financial Year ended 30th June, 2000.

Financial Results

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

	<i>(Rupees in lacs)</i>	
	Year ended 30.06.2000	Year ended 30.06.1999
Gross Income	10547.84	17370.88
Gross Profit	2669.51	4041.04
Depreciation	2395.85	2820.96
Provision for Tax / NPA	4953.86	339.41
Profit After Tax	(4680.20)	880.67
Gross Assets	49783.89	60283.32
Networth	12583.88	16973.50
Debt Equity Ratio	2:1	2:1
Capital Adequacy (%)	29.64	30.68

Dividend

In view of the loss incurred by the Company, your Directors regret their inability to recommend any Dividend (previous year - nil) for the year ended 30th June, 2000. Further, as communicated at the last Annual General Meeting, your Directors regret that subsequent to the recommendation of 15% Dividend for the year ended 30th June, 1999, by the Board, IFCI Ltd., while considering a one time settlement of the Company's dues to it, directed the Company not to pay the Dividend, in terms of the Loan Agreement with it. In the circumstances, the Board was advised that it had no alternative but to withdraw its recommendation for Dividend, for the year ended 30th June, 1999. You will appreciate that the consequent withdrawal of the recommendation for declaration of Dividend, was in the larger interest of the Company and the Shareholders. Necessary prior period appropriations have been carried out in the Accounts on account of the non-declaration of Dividend for the Year ended 30th June, 1999.

Appropriations

Considering that there is no profit for the year, the Directors do not propose any transfer to the Reserves.

Economic Scene

The positive 1999 'feel good' budget, which kick-started the stock exchanges from slumber and the political certainty, which developed after the National Democratic Alliance Government was formed in the Center, gave rise to a false sense of economic revival. The economy continued to be sluggish during the year under review. The flow of capital, both long term and working, almost dried up for all the sectors and industries.

This was true not just for the foreign participation but equally for the disbursements by the Indian banking & financial services sector. This slow-down in the flow of finances, had a direct bearing on the general economic growth and the consequent income generation ability of the business, which adversely impacted their ability to service their borrowings. This