



BOARD OF DIRECTORS

Shri Ashish Kanoria Chairman & Managing Director
 Shri K. P. Padmanabha
 Shri R. C. Sharat
 Shri P. Thiruvengadam
 Shri Rajiv Khaitan
 Shri Siddhartha Kanoria
 Shri Ashok Kumar Vyas

SHARE TRANSFER AGENTS

M/s. Alpha Systems Pvt. Ltd.
 30, "Ramana Residency"
 Ground Floor, 4th Cross,
 Sampige Road, Malleswaram,
 Bangalore 560 003

AUDITORS

M/s. Gowthama & Company
 Chartered Accountants
 Bangalore 560 069

BANKERS

STATE BANK OF HYDERABAD

REGISTERED OFFICE

103, 1st Main, 7th Cross
 Lower Palace Orchards
 Bangalore 560 003

FACTORY

121A, Bommasandra Industrial Area
 Hebbagodi Village
 Bangalore - 562158

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SEVENTH ANNUAL GENERAL MEETING

Day : Friday, the 29th September 2000
 Time : 10.00 A.M.
 Place : New Shanthi Sagar,
 4, P&T Colony, R.T. Nagar
 Bangalore - 560 032

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventh Annual General Meeting of the Company will be held on Friday, 29th September, 2000 at 10.00 A.M. at New Shanthi Sagar, 4, P & T Colony, R.T. Nagar, Bangalore - 560 032 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31.03.2000 and the Profit and Loss Account for the year ended as on that date together with the report of the Director and Auditor's thereon.
2. To appoint a Director in the place of Shri. R.C. Saraf who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.
M/s. Gowthama & Company retires at this Annual General Meeting and are eligible for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification (s) the following as an Ordinary Resolution :
"RESOLVED THAT Mr. Ahok Kumar Vyas, who was appointed as an Additional Director of the Company on 30th June 2000 by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956 up to the date of the Annual General Meeting, be and is hereby appointed as a Director of the Company."

5. To consider and if thought fit, to pass, with or without modification(s) the following as a Special Resolution :

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

- I After Article 2. P) The following new Articles are inserted to be numbered as 2. Q), r) and s) and t).

A DEFINITIONS:

- a) 'Beneficial Owner' means the beneficial owner as defined in Clause (a) of Sub-Section (1) of Section 2 of the Depositories Act, 1996.
- r) 'Bye-laws' means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.
- s) 'Depositories Act' means the Depositories Act, 1996 and any statutory modification of re-enactment thereof for the time being in force.
- t) 'Depository' means a Company formed and registered under the Companies Act, 1956 ("the Act") and which has been granted a certificate of registration under the Sub-Section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

- II The following new Article 4 is substituted in place of present Article 4.

4. The Company may purchase its own shares or other specified securities in accordance with the provisions of the Act for the time being in force.

- III The following new Articles 43. 3) and 4) are inserted after the present Article 43. 2).

43 3) Nomination of Shares :

- a) Every holder of shares in, or holder of Debentures of the Company may at any time nominate, in the prescribed manner under section 109 A of the Act, a person to whom his Shares in, or Debentures of the Company shall vest in the event of his death.

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- b) Where the Shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner under Section 109 A of the Act, a person to whom all the rights in the Shares or Debentures of the Company shall vest in the event of death of all the joint holders.
- c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of the Company, where a nomination made in the prescribed manner under Section 109 A of the Act, purports to confer on any person the right to vest the Shares in, or debentures of the company, the nominee shall on the death of the shareholder or holder of Debentures of the Company or, as the case may be, on the death of the joint holder, become entitled to all the rights in the shares or debentures of the company or, as the case may be, all the joint holders, in relation to such Shares in, or Debentures of the company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under Section 109 A of the Act.
- d) Where the nominee is a minor, it shall be lawful for the holder of the shares, or holder of debentures, to make the nomination to appoint, in the prescribed manner under Section 109 A of the Act, any person to become entitled to Shares in, or Debentures of the Company, in the event of his death; during the event of his death, during the minority.

43. 4) Transmission of Shares :

- a) Any person who becomes a nominee by virtue of the provisions of the Section 109 A of the Act, upon the production of such evidence as may be required by the Board and subject to as hereinafter provided, ~~elect~~, either :
 - i) To be registered himself as holder of the Shares or Debentures, as the case may be; or
 - ii) To make such transfer of the Share or Debenture, as the case may be, as the deceased Shareholder or Debenture holder, as the case may be, could have made.
- b) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased Shareholder or Debenture holder as the case may be had transferred the Shares or Debentures, as the case may be, before his death.
- c) If the person being nominee, so becoming entitled, ~~elects~~ to be registered as holder of the Shares or Debentures, himself, as the case may be, he shall deliver or send to the Company a Notice in writing signed by him stating that he so ~~elects~~ and such notice shall be accompanied with death certificate of the deceased Shareholder or Debenture holder, as the case may be.
- d) All the limitations restrictions and provisions of the Act relating to the right to transfer and the registration of transfer of Shares or Debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that Shareholder or Debenture holder, as the case may be.
- e) A person, being a nominee, becoming entitled to a Share or Debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share or Debentures except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share or Denbenture, until the requirements of the notice have been complied with."

IV The following new Article 59. 1) to 7) be inserted after the present Article 59.

59. 1) Dematerialization of Securities

Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialized form, the company shall enter into an agreement with the depository to enable the investor to dematerialize the securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act, 1996.

2) Options to receive Securities Certificates or hold Securities with depository

Every person subscribing to securities offered by the company shall have the option to receive the security certificate or hold securities with a depository. Where a person opts to hold a security with a depository, the company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.

3) Securities in Depositories to be in fungible form

All securities held by a depository shall be dematerialized and shall be in a fungible form. Nothing contained in Sections 153, 153 A, 153B, 187 B, 187 C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

4) Rights of depositories and beneficial owners

- a) Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- b) Save as otherwise provided in a) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.
- c) Every person holding equity share capital of the company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository.

5) Depository to furnish information

Every depository shall furnish to the company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws and the company in that behalf.

6) Option to opt out in respect of any security

Subject to the provisions of Section 8 of the Depositories Act, 1996, if a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the depository accordingly.

The depository shall on receipt of intimation as above make appropriate entries in its records and shall inform the company.

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The company shall, within thirty (30) days of the receipt of the intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

7) Section 83 and 108 of the Act not to apply

Notwithstanding any to the contrary contained in the Articles :

- a) Section 83 of the Act shall not apply to the shares held with a depository.
- b) Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the depository.

By Order of the Board

Place : Bangalore

Date : 30.06.2000

ASHISH KANORIA

Managing Director

Note :

1. A member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote the Meeting instead of himself. The Proxy so appointed need not be a member of the Company. Proxy forms in Order to be effective should be deposited at the Registered Office of the Company at least 48 hrs. before the meeting.
2. The Register of Members and Share Transfer Book will remain closed from 22nd September, 2000 to 29th September, 2000 (both days inclusive).
3. Members are requested to notify immediately any change in their address to M/s. Alpha Systems (P) Ltd., 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003, Share Transfer Agents of our Company.
4. Members are requested to bring their copy of the Annual Report and attendance slip duly filled in the Meeting.
5. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is attached.

ANNEXURE TO THE NOTICE

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

Item No.4 :

Mr. Ashok Kumar Vyas was appointed as an Additional Director of the Company on 30th June 2000, by the Board of Directors of the Company. As required under Section 257 of the Companies Act, 1956, the Company has received a Notice from a Member signifying his intention to propose Mr. Ashok Kumar Vyas as candidate for the post of Director.

Item No.5 :

The company proposes to execute an Agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CSDL) for providing option to shareholders to convert their physical shares into electronic mode. Consequent to the passing of the Depositories Act, 1996, certain provisions of the Companies Act, 1956, were introduced recognizing the beneficial owners of shares in dematerialized form with a Depository as members of the Company and vesting them all rights and powers as shareholders of the Company.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors place before you the Seventh Annual Report on the working of your company and the Audited Statement of Accounts for the year ended 31st March 2000.

1. PERFORMANCE OF THE COMPANY DURING THE YEAR UNDER REVIEW

The financial performance during the year ended March 31, 2000 is briefly summarised below:

(Rs. In Lacs)

<u>PARTICULARS</u>	<u>For the Current Year ended 31.03.2000</u>	<u>For the Previous year ended 31.03.99</u>
Total Income	546.59	383.54
Gross Profit After Interest & Before		
Depreciation & Preliminary Expenses	30.91	8.51
Depreciation & Preliminary Expenses	30.11	28.05
Profit/(-Loss) After Tax	0.80	(-) 19.54

There was hardly any pickup in industrial activity in the country during the period under review. However, in spite of this the Company was able to increase its turnover by more than 40% over the previous year. Further, the company has been able to foot a small net profit of Rs.0.80 lakhs for the year as compared to a loss in the previous year.

2. DIVIDEND

In view of inadequate profit, your Directors regret their inability to recommend dividend for the year 1999-2000.

3. DEPOSITS

The Company has not accepted deposits from the public during the year under review.

4. DIRECTORS

Shri R.C. Saraf retire by rotation and being eligible offer himself for re-appointment.

Mr. Ashok Kumar Vyas was appointed as an Additional Director of the company on 30th June 2000.

5. AUDITORS

M/s. Gowthama and Company, Chartered Accountants, Bangalore, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

6. INFORMATION OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956

There were no employees attracting the provisions of Section 217 (2A) of the Companies Act, 1956 who were in receipt of remuneration of not less than Rs.6,00,000/- per annum or employed for a part of the year and who were in receipt of the remuneration not less than Rs.50,000/- per month.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO :

The company has taken adequate steps to conserve energy. There has been no technology absorption during the year under review. Foreign Exchange earnings / outgo during the year explained in notes to accounts item No.10.

8. ACKNOWLEDGEMENTS :

Your Directors wish to place on record their appreciation for the support and assistance received from all Shareholders, Banks, Financial Institutions, Central and State Government and employees of the Company.

For and on behalf of the Board

Place : Bangalore
Date : 30.06.2000

(ASHISH KANORIA)
Chairman