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WALCHAND CAPITAL LIMITED



BOARD OF DIRECTORS

Ms. PALLAVI JHA - Chairperson & Managing Director
Mrs. KAMALINI BAHUBALI
Mr. SANJAY JHA
Mr. M. N. BHAGWAT
Dr. S. C. JHA

COMPANY SECRETARY

VIJAY MANDHAYAN

AUDITORS

Messrs. K. S. AIYAR & CO. Chartered Accountants

SOLICITORS AND ADVOCATES

MESSRS KANGA & CO
MESSRS WADIA GHANDY & CO

BANKERS

STANDARD CHARTERED BANK
STATE BANK OF HYDERABAD
IDBI BANK LTD.
BANK OF INDIA
DENA BANK

REGISTERED OFFICE

CONSTRUCTION HOUSE,
5, WALCHAND HIRACHAND MARG,
BOMBAY - 400 001.

ANNUAL GENERAL MEETING

Tuesday, December 28, 1999 at 11.00 a.m.
at Walchand Hirachand Hall,
Indian Merchants' Chamber Building,
IMC Marg, Churchgate,
Bombay - 400 020.

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NOTICE

NOTICE IS HEREBY GIVEN that the SEVENTY NINTH ANNUAL GENERAL MEETING of the Company will be held as scheduled below :

DAY TUESDAY
DATE DECEMBER 28, 1999
TIME 11.00 A. M.
PLACE WALCHAND HIRACHAND HALL,
 INDIAN MERCHANTS' CHAMBER BUILDING,
 IMC MARG, CHURCHGATE,
 BOMBAY 400 020.

The Agenda for the Meeting will be as under :-

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 1999, Profit and Loss Accounts for the year ended on that date and the Reports of the Auditors' and the Directors' thereon.
2. To confirm the payment of interim dividend of Rs. 40/- per equity share for the financial year ended March 31, 1999.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT Ms. Pallavi Jha who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation".
5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mrs. Kamalini Bahubali who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation".
6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Sanjay Jha who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under

Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation".

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

"RESOLVED THAT Mr. M. N. Bhagwat who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation".

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

"RESOLVED THAT Dr. S. C. Jha who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation".

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

"RESOLVED THAT Pursuant to Sections 198 read with 269, 314, Schedule XIII, to the extent applicable and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if required, the Company hereby accords its approval and consent to the appointment of Ms. Pallavi Jha on remuneration and on terms and conditions as stated below, as the Executive Director for a period of five years from 26th July, 1999 and re-designated as the Managing Director from 19th November, 1999 :

- I. Salary : Rs. 50,000/- per month.
- II. Perquisites : In addition to the above, she shall be entitled to the following perquisites subject to a ceiling of Rs. 4,20,000/- per annum. Unless the context otherwise requires, perquisites are classified into three categories 'A', 'B' and 'C' as follows :

Category 'A'

- i. Housing :

**Housing I :**

The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling :

Sixty percent of the salary, over and above ten percent payable by the Managing Director.

Housing II :

In case the Company owns the accommodation, the Company shall deduct ten percent of the salary of the Managing Director.

Housing III :

In case the Company provides no accommodation, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall be, however, subject to a ceiling of ten percent of the salary of the Managing Director.

ii. Furniture :

Company will provide furniture at residence (inclusive of Airconditioners), subject to maximum of Rs. 1,00,000/-, once in three years.

iii. Medical reimbursement :

Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

iv. Leave travel :

For self and family, once in a year as per the Rules of the Company.

v. Personal Accident Insurance :

Premium not to exceed Rs. 4,000/- per annum.

vi. Club fees :

Fees of two Clubs. This will not include admission and life membership fee.

vii. Credit Card Fees :

One Credit Card. This will not include admission and life membership fee.

viii. Leave :

As per the Rules of the Company.

For the purpose of calculating the above ceiling perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, the perquisites shall be evaluated at actual cost.

Category 'B'

Contribution to the Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of

the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

a. Company's contribution towards Provident Fund and Superannuation Fund.

i. Provident Fund: 12% of the Salary.

ii. Superannuation Fund: As per the Rules of the Company, subject to a ceiling of 15% of the salary.

iii. Gratuity: As per the Rules of the Company but shall not exceed half month's salary for each completed year of service.

b. Encashment of leave at the end of tenure will not be included in the computation of the ceiling on Perquisites.**Category 'C'****i. Car :**

Use of the Company's A/c Car with a driver or alternatively the Company will maintain at its expense a car belonging to her and will also reimburse the salary of the driver as per the Rules of the Company and will not form part of the perquisites.

ii. Telephone :

Telephone(s) facility at residence, as per the Rules of the Company. Personal long distance calls will be borne by the Managing Director.

III. Commission :

Commission as may be decided by the Board of Directors, based on the net profits of the Company in a particular year, but shall be subject to the overall ceiling laid down under Section 198 and Section 309 and in any case shall not exceed a maximum of Annual Salary.

Minimum Remuneration :

Notwithstanding anything hereinabove, where in any financial year during the currency of his tenure as the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as above, subject to the ceiling specified under Section II of Part II of the Schedule XIII to the Companies Act."

10. To consider, and if thought fit, to pass with or without modification(s), 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 and are hereby amended as under :

(A) In Article 2 for the Definition Clause, the following definition be inserted :

'Member' means the duly registered holder of the shares of the Company from time to time, including the subscribers to the Memorandum of

Association of the Company and beneficial owners as defined in Article 17A.'

(B) Insert the following heading and Article as Article 17A after Article 17.

17A DEMATERILISATION OF SECURITIES

I For the purpose of this Article :

Definition :

'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' means such security as may be specified by SEBI from time to time.

Dematerialisation of securities :

II Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996 (hereinafter called as the 'Depositories Act', which means and includes any amendments, clarifications, notifications issued by the concerned authorities/regulators from time to time).

Option for investors :

III Every person subscribing to securities offered by the Company shall or become the Member by transfers, transmissions, transposition, gift or otherwise (hereinafter called as 'the transfer' for the purpose of this Article) have the option to receive 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 / her security with a depository, the Company shall intimate such depository the details of allotment or of the transfer of security, and on receipt of the information, the depository shall enter in its record the name of the allottee or the transferee as the Beneficial Owner of the security.

Securities in depositories to be in fungible form :

IV All securities held by a depository shall be dematerialised and be in fungible form. Nothing

contained in Sections 152, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the Beneficial Owners.

Rights of Depositories and Beneficial Owners :

- V a) Notwithstanding anything to the contrary contained in the Act or these 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 the registered owner of the securities shall not have any voting rights in respect of the securities held by it.
- c) 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 / her securities, which are held by a depository.

Service of documents :

VI Notwithstanding anything in the Act, or these Articles to the contrary, 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 disc.

Transfer of Securities

VII Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt with in a depository

VIII Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive numbers of Securities held in a depository

IX Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register and Index of beneficial owners

X Notwithstanding anything contained in the Act or these Articles to the contrary, the Register and index of beneficial owners maintained by a depository under Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.



(C) Insert the following Article as Article 58A after Article 58.

58A. Nomination of Shares

- a) 'Every holder / joint holder of shares in or holder/ joint holder of debentures of the Company may at any time, nominate, in accordance with the provisions of and in the manner provided by Section 109A of the Companies Act, 1956 and any amendments thereof from time to time, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of the holder / joint holder.
- b) Subject to the provisions of Section 109A of the Companies Act, 1956 and Article 58A (a) any person who becomes a nominee by virtue of the provisions of the Act, upon the production of such evidence as may be required by the Board or any committee thereof, elect either to be registered himself / herself as holder of the shares or debentures as the case may be, or make such transfer of shares or debentures as the case may be, as the deceased share holder or debenture holder as the case may be, could have made, in accordance with the provisions of and in the manner prescribed by Section 109B of the Companies Act, 1956 and any amendments thereto from time to time;
- Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself / herself or to transfer the shares or debentures and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares or debentures or such other rights or entitlements, until the requirements of the notice have been complied with.
- c) 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 shares or debentures except that he shall not, before being registered as 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'.

By Order of the Board,

Sd/-

VIJAY MANDHAYAN
Company Secretary

November 19, 1999
Bombay

Registered Office :

1, Construction House,
Walchand Hirachand Marg,
Bombay - 400 001

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (b) The Register of Member and Share Transfer Books of the Company will remain closed from, 14th December, 1999 to 27th December, 1999 (both days inclusive).
- (c) In accordance with the provisions of Section 205 A of the Companies Act, 1956, the Company has from time to time transferred unclaimed dividends relating to the years upto 1994-95 and amount in aggregate of Rs. 1,79,793/- (One lac seventy nine thousand seven hundred ninety three only) on due date, to the General Revenue Account of the Central Government. Members who have a claim to any of the unclaimed dividends referred to above may claim the same from the Register of Companies, Maharashtra, Bombay.
- (d) Shareholders desiring any future dividend to be paid to the banks or other mandates may register the mandates with the Company.
- (e) Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.

EXPLANATORY STATEMENT**AS REQUIRED BY SECTION 173 (2) OF THE COMPANIES ACT, 1956.****Item No. 4, 5, 6, 7 & 8**

Ms. Pallavi Jha was appointed by the Board of Directors of your Company in their meeting held on 26th July, 1999 as an Additional Director of your Company, pursuant to Section 260 of the Companies Act, 1956 and she holds office upto the date of the ensuing Annual General Meeting. Your Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Ms. Pallavi Jha as a Director of your Company.

You may recall that Ms. Pallavi Jha was appointed at the 76th Annual General Meeting of the Company held on September 25, 1996 as the Manager under Section 2(24) of the Companies Act, 1956, with effect from 1st May 1996 and has been designated as the President and Chief Executive Officer of your Company. She has done her MBA from the University of Syracuse, New York. She has been the overall in-charge of organisation and has been looking after the day-to-day business operations of the Company. She was the Executive Director of the Hindustan Construction Company Limited for a period of about 2 years during 1994-96. She is also a Director of Walchand & Company Limited, Vikhroli Metal Fabricators Limited, Feedback Ventures Limited, Feedback Infrastructure Limited, Capital Images Public Relations Private Limited and Powercom Public Relations Private Limited.

Mrs. Kamalini Bahubali was appointed by the Board of Directors of your Company in their meeting held on 23rd September, 1999 as an Additional Director of your Company, pursuant to Section 260 of the Companies Act, 1956 and she holds office upto the date of the ensuing Annual General Meeting. Your Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Mrs. Kamalini Bahubali as a Director of your Company.

Mrs. Kamalini Bahubali is Graduate in Arts. Although she did not hold any office earlier, but she has always been a guide for the development of the Walchand Group. She has worked closely with our illustrious Executive Chairman Late Mr. Bahubali Gulabchand, being his wife and strong supporter. She is also a Director on the Board of Walchand & Company Limited.

Mr. Sanjay Jha was appointed by the Board of Directors of your Company in their meeting held on 23rd September, 1999 as an Additional Director of your Company, pursuant to Section 260 of the Companies Act, 1956 and he holds office upto the date of the ensuing Annual General Meeting. Your Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Mr. Sanjay Jha as a Director of your Company.

Mr. Sanjay Jha is an MBA from XLRI (Jamshedpur); one of India's best-known business schools and also holds a post-graduate degree in Economics from the Gokhale Institute of Politics & Economics, University of Pune. Mr. Sanjay Jha is the Director (Operations) of Vikhroli Metals Fabricators Limited. In his prior assignment Mr. Jha was Senior Vice President with ITC - Threadneedle AMC Ltd. (a subsidiary of BAT, plc.), in charge of Marketing & Sales. Prior to that he was a Vice President, Alliance Capital, New York (USA), Assistant Vice President, Bank of America and Senior Manager (Marketing) with ANZ Grindlays Bank Plc. He is a regular columnist in newspapers and a visiting professor at business schools. He is also active in various industry forums and is a speaker on various panels. He is also a Director of Capital Images Public Relations Private Limited and Powercom Public Relations Private Limited.

Mr. Madhukar N. Bhagwat was appointed by the Board of Directors of your Company in their meeting held on 19th November, 1999 as an Additional Director of your Company, pursuant to Section 260 of the Companies Act, 1956 and he holds office upto the date of the ensuing Annual General Meeting. Your Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Mr. Bhagwat as a Director of your Company.

Mr. Bhagwat did his Bachelors Degree in Mechanical & Electricals Engineering from the University of Pune, M.S. (Mechanical Engineering) from University of Illinois, USA and Diploma in Business Management from the prestigious Bajaj Institute of Management Studies, Bombay. He worked in various senior positions both in India and abroad, which includes Blue Star, Yokogawa Blue Star, Total Mechanical Systems Inc., USA, Skidmore, Owings & Merrill, Chicago, USA and Managing Director of Tata Honeywell Limited. Mr. Bhagwat is currently advisor to Tata Sons Limited and heading the Corporate Assurance Group, which administers the Tata Brand Equity and the Tata Code of Conduct.

Dr. Satish C. Jha was appointed by the Board of Directors of your Company in their meeting held on 19th November, 1999 as an Additional Director of your Company, pursuant to Section 260 of the Companies Act, 1956 and he holds office upto the date of the ensuing Annual General Meeting. Your Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Dr. Jha as a Director of your Company.

Dr. Satish C. Jha has done his M. A. from Patna University and M.Sc., & Ph.D., in Agriculture Economics from the prestigious Stanford University and University of Illinois, USA. Dr. Jha was a Consultant to the Economic Commission for Asian & Pacific (UN) during 1995-96. Prior to this, he was Director of Research - Indian Society of Agricultural Economics, Bombay during 1963-1968 and Director & Chief Economist - Asian Development Bank, Manila, Philippines during 1968-1994. He is also active in



various industry forums and has delivered number of keynote addresses in various forum of topical interest. He is also a Director of Phillips India Limited, ICICI Bank Limited, Delhi Stock Exchange and Shri International Finance Limited. He is also the Chairman of P. D. Global Capital Limited.

Ms. Pallavi Jha, Mrs. Kamalini Bahubali and Mr. Sanjay Jha are interested inter-se, in the appointment as Directors of the Company as they are related to each other. All Directors are otherwise concerned or interested in the resolution of their appointment as the Director of the Company.

Your Directors recommend the aforesaid resolutions for your approval.

Item No. 9

Ms. Pallavi Jha was appointed by the Board of Directors of your Company in their meeting held on July 26, 1999 as an Additional Director of your Company, pursuant to Section 260 of the Companies Act, 1956 and was designated as the Executive Director for a period of five years, subject to the approval of the shareholders and the Central Government, to the extent required. She was re-designated as the Managing Director at the Meeting of the Board of Directors held on November 19, 1999 on the same terms and conditions as on her prior appointment as the Executive Director on July 26, 1999.

Ms. Pallavi Jha, prior to joining your Company's Board, was the President & Chief Executive Officer of your Company since May 01, 1996 and was Manager as defined under Section 2(24) of the Companies Act, 1956. She was appointed at the 76th Annual General Meeting of the Company held on September 25, 1996 for the said position and her terms of appointment for a period of 5 years with effect from May 01, 1996 and remunerations in terms of Section 314 of the Companies Act, 1956 (being the daughter of the then Executive Chairman Late Mr. Bahubali Gulabchand) was approved by the Central Government vide their letter no. 3/7/97/CL.VII dated June 13, 1997.

She has done her MBA from the University of Syracuse, New York. She has been the overall in-charge of organisation and has been looking after the day-to-day business operations of the Company.

The terms of remunerations are the same as she was last drawing as the President & CEO and are in consonance with Section 198, 269 read with Schedule XIII of the Companies Act, 1956.

The Company has already made an application to the Central Government for approval for her appointment and the terms of remunerations under Section 314 of the Companies Act, 1956.

A copy of the applications to the Central Government and other documents referred to in this explanatory statements are available for inspection by the members of the

Company at the Registered Office of the Company between 11.00 am and 1.00 p.m. on any working day of the Company till the date of ensuing Annual General Meeting.

The Shareholders are requested to approve the appointment of Ms. Pallavi Jha as Executive / Managing Director under the provisions of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

None of the Directors except Mrs. Kamalini Bahubali being the Mother and Mr. Sanjay Jha, being the husband of Ms. Pallavi Jha is interested in this resolution.

Item No. 10

Your Directors recommend the amendment in the Articles of Association of the Company for the following reasons :

- Your Company is considering enlisting its securities with the Depository (ies), which would facilitate the holding & trading in securities of your Company in the electronic mode. You may be aware that the SEBI is keen to develop a 100% paperless trading system over the next one year. In order to facilitate the paperless trading regime, your Company would have to sign with one of the depositories for dematerialisation of securities. However, the shareholders are free to hold the securities in a physical form.
- In order to bring your Company's Articles of Association in line with the Depositories Act, 1996 and the amendments made to the Companies Act, 1956 upon introduction of the Depository System, certain changes is required to be made in the Articles of Association of the Company as specified in Item No. 10 A & B of this Notice.
- For the benefit of share and debenture holders, the facility of nomination has been introduced by the Companies (Amendment) Act, 1999, consequent to which it is required to incorporate a specific Article - 58A for the purpose in the Articles of the Association of your Company as specified in Item No. 10 C of this notice.

Memorandum & Articles of Association of the Company is available for inspection at the Registered Office of the Company on all days except Saturday, Sunday and other Bank holidays between 11.00 a.m. and 1.00 p.m. upto the date of this Meeting.

None of the Directors is interested in this resolution.

Your Directors recommend the resolution for your approval.

By Order of the Board,

Sd/-

VIJAY MANDHAYAN
Company Secretary

November 19, 1999
Bombay

Registered Office :

1, Construction House,
Walchand Hirachand Marg,
Bombay - 400 001.

DIRECTORS' REPORT

To,

The Members of

WALCHAND CAPITAL LIMITED

1. Your Directors are pleased to present to you the 79th Annual General Report together with the Audited Statement of Accounts for the financial year ended March 31, 1999.

FINANCIAL RESULTS	1998-99	(Rs. Lacs)	
		1997-98	
Profit before interest, depreciation and taxation	295.50	385.78	
Less : Interest	13.81	11.40	
Depreciation	29.29	29.56	
Provision for Taxation	25.00	50.00	
	68.10	90.96	
Net Profit	227.40	294.82	
Add : Balance brought forward	1467.21	1386.19	
Less : Transferred to Reserve Fund	45.50	58.96	
Less : Transferred to the transferee Companies under Scheme of Arrangement.	498.26	--	
Total	1150.85	1622.05	
Appropriations :			
Dividend	113.96	113.96	
Dividend Tax	11.40	11.40	
General Reserves	22.75	29.48	
Balance carried forward	1002.74	1467.21	
Total	1150.85	1622.05	

2. ECONOMY

1998-99 was yet another difficult year for the Indian economy although the early signs of an industrial revival became apparent. Though the GDP is estimated to have grown by 5.8% during the year as against 5.1% in 1997-98, the higher growth is largely on account of over 5% growth in the agricultural sector. The industrial sector continued to be sluggish. Industrial production registered a growth of only 3.8% as compared to 6.6% in the previous year. The manufacturing sector was also affected, with most industries registering marginal growth. A number of factors contributed to the slow down - lack of fresh investment, over capacity in some industrial sectors, infrastructure bottlenecks, political uncertainties and economic sanctions following the nuclear test by the international trading partners and the crisis in South East Asia.

Over the next 18 months GDP is forecasted to go up to 5 to 5.5%. Following the recent general elections, we are hoping that the increased political stability will lead to a number of salutary structural changes that will

improve prospects for both foreign investment as well as the climate for higher domestic expenditure. However, fundamentally speaking it is the government, which has to initiate higher infrastructural capital investment and provide for major reforms to control our fiscal deficit.

The industrial sector ought to fare better this year on account of higher rural incomes and improved growth in the areas of infrastructure, cement, consumer durables, tractors and commercial vehicles.

In anticipation of further liberalisation and greater political stability, one can also expect a more stable exchange rate due to increased capital inflows. In a nutshell, the economy will move forward only on account of major public investments in the industrial sector. With the manufacturing sector being the key driver of growth, it is imperative that the level of investment expenditure increases significantly - both from the public and private sector.

3 PERFORMANCE

During the year the dividend income was up by 19.37% to Rs. 181.68 lacs as against the last year income of Rs. 152.20 lacs despite the situation when most of the corporates have pruned the rate of dividends. However, your Company has identified certain high yield portfolios, which has translated into the higher dividend income.

The tight liquidity conditions faced by most of the corporates affected their bottom lines in terms of high interest costs. Defaults in repayment failed to raise any eyebrows. Your Company being a major lender in the short-term debt market has managed to efficiently structure its debt portfolio by lending to companies with an excellent track record and cautious view taken by the management considering the high-risk involvement. However the volumes in the Inter Corporate Deposit (ICD) market decreased during the period under review. The economy also witnessed the falling interest rates regime, perhaps for the first time, which is a good sign for the growth prospect of the industry and the country as a whole. This has resulted in falling Interest and treasury management incomes, which were down by 36.23% to Rs. 212.49 lacs as against Rs. 333.22 lacs during the same period last year.

The RBI in its recent credit policy indicated that it will maintain interest rates at current levels and not let them rise further. This CRR cut of 100 basis points became necessary on account of growing fiscal deficit. Although the inflation rate has been fairly low at around 2% to 3 %, we can expect the interest rates to rise on account of the diesel price hike.

As reported last year, your Company has decided to focus its business in treasury and fund management and