

***Eighth Annual Report
1999 - 2000***



TELE-COPY
For Arihant Capital Markets Ltd.


Director,



ARIHANT CAPITAL MARKETS LIMITED

BOARD OF DIRECTORS

Shri Ashok Kumar Jain - Chairman & Managing Director

Shri Pramod Devpura

Shri Akhilesh Rathi

Shri Sunil Kumar Jain

COMPANY SECRETARY

Shri Rakesh Garg

AUDITORS

M/s. Kedar Agrawal & Company

Chartered Accountants

Manak Chowk

Ratlam 457001 (M.P.)

BANKERS

HDFC Bank Ltd.

State Bank of Indore

REGISTERED OFFICE

E/5, Ratlam Kothi Area

INDORE 452 001 [M.P.]

MUMBAI OFFICE

13 Timothy Building

S.S. Gaikwad Marg

MUMBAI 400 002

SHARES LISTED AT

The Madhya Pradesh Stock Exchange, Indore

The Stock Exchange, Mumbai

The Stock Exchange, Ahmedabad

The Stock Exchange, Madras

The Saurashtra Kutch Stock Exchange Ltd., Rajkot

NOTICE

NOTICE is hereby given that the **8th Annual General Meeting** of the Shareholders of the Company will be held at E-5, Ratlam Kothi Area, Indore – 452 001 on Saturday the 30th Day of September, 2000 at 4.30 p.m. to transact with or without modifications as may be permissible, the following business :

ORDINARY BUSINESS:

- 1 To, receive, consider, approve and adopt Audited Statement of Accounts for the year ended 31st March, 2000 and to adopt the reports of the Directors and Auditors thereon.
- 2 To appoint a Director in place of Mr. Akhilesh Rathi who retires by rotation and being eligible, offers himself for reappointment.
- 3 To appoint a Director in place of Mr. Sunil Kumar Jain who retires by rotation and being eligible, offers himself for reappointment.
- 4 To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS :**Item No.5**

To Consider and if thought fit to pass, with or without modification, the following resolution as an ordinary resolution:-

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, and 309 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to the limits specified in Schedule XIII of the said Act, Shri Ashok Kumar Jain be and is hereby appointed as Managing Director of the Company for a period of Five Years, with effect from 01st Day of January, 2000 to 31st Day of December, 2004 on such salary and other perquisites as are set out in the explanatory statement attached to the notice convening this Annual General Meeting, a copy whereof is initialled by the Chairman for the purpose of identification and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the appointment so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or any amendments or modification that may hereafter be made thereto by the Central Government or as may be required by any other applicable law and as may be agreed to between the Board of Directors and Shri Ashok Kumar Jain."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

Item No.6

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 and are hereby altered by inserting the following new Article 58A after the existing Article 58 :

58A Nomination for Shares

Every holder(s) of shares in or holder(s) of debentures of the Company, holding either singly or jointly, may, at any time, nominate a person in the prescribed manner to whom the shares and/or the interest of the member in the shares of the Company shall vest in the event of his/her death. Such holder(s) may revoke or vary his/her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Sections 109A and 109B of the Act, or such other regulations governing the matter from time to time."

Item No.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 16 and subject to all other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be and are hereby altered by inserting the following new 'Sub Clause III (A) 3' after the existing 'Sub Clause III (A) 2' :

3. To engage in India or else where with or without collaboration in the business and activities of manufacturers, producers, processors, formulators, convertors, buyers, sellers, resellers, importers, exporters, traders, distributors, suppliers, developers, designers to or in relation to the software, hardware, E-commerce, internet, computer and electronic technology, telecommunication system and media, technology transfer and of manufacture, develop and patent and computers and its peripherals, spares, accessories and parts and electronic and communication system to or in the field of all types of industries and business activities and to promote, encourage, establish, develop maintain, organise, undertake manage, operate, conduct & run, to act as franchisee or to appoint franchisee or sub franchisee in India or abroad computer software and hardware training centres, data processing centres, computer coaching classes, computer consultancy, manpower consultancy, business, software development consultancy & other allied activities for all sorts of services relating to computer, its maintenance repairs, programs & operations & to establish, maintain, conduct, provide, procure or make available services of every kind including commercial, statistical, financial, accountancy, medical, legal, management, educational, engineering, data processing, communication and other technological, social or other services to carry on the business of to purchase and sell advertising time or space at any internet, Web television centre, Radio Station & to carry on the business as buyers, lessors and sellers of and dealers in all types of electronic components and equipments necessary for attaining the above objects."

NOTES FOR MEMBERS' ATTENTION

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday 15th September, 2000 to Friday 29th September 2000 (both days inclusive).
4. Shareholder seeking any information are requested to write to the Company at least 10 days before the date of meeting so as to enable the management to keep the information ready.
5. The members/ proxies should bring the attendance slip duly filled in and signed for attending the meeting.
6. The listing fees for the year 2000 - 2001 for all the five Stock Exchanges where the Shares of the Company are listed has been paid.

By Order of the Board of Directors
For Arihant Capital Markets Limited

Indore
Dated : 30th June, 2000

Rakesh Garg
Company Secretary

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT
(Pursuant to Section 173(2) of the Companies Act, 1956)
ITEM NO.5

Shri Ashok Kumar Jain was appointed in the Board of Directors Meeting held on 31st December, 1999 for a period of Five Years from 01st January, 2000 to 31st December, 2004.

The terms of remuneration of Shri Ashok Kumar Jain will be as under :

1. Salary : Rs.55,000/- per month
2. Perquisites : The perquisites will be restricted to amount equivalent to annual salary or Rs.4,50,000/- per annum, whichever is less, which are as follows :-

A.RENT FREE ACCOMMODATION : An unfurnished house be provided to the Managing Director whose rent will be paid by the Company.

B.MEDICAL REIMBURSEMENT : Expenses incurred by Shri Ashok Kumar Jain and his family subject to ceiling of one months salary or three months salary over a period of three years. However, in case of surgery and / or hospitalisation of appointee, his wife, dependent(s), parents and dependent children, he will be eligible to draw reimbursement of actual expenses subject to overall limit of annual salary including all perquisites calculated together with medical reimbursement.

C.LEAVE TRAVEL : Leave travel concession for self, wife, dependent, children once in a year to and from all over India.

D.PERSONAL ACCIDENT INSURANCE : Accident Insurance

on amount of premium which shall not exceed Rs.4,000/- per annum.

E.MOTOR CAR : Free use of Car with Driver for the Company's business. All the expenditure in connection therewith will be borne by the Company.

F.TELEPHONE : Free telephone facility at the residence for Company's business will not be considered as perquisites.

Personal Use : Distant Personal Call on telephone and use of car for private purpose shall be billed by the Company.

G.LEAVE : One Months leave with full pay and allowance for every completed 11 months service.

H.REIMBURSEMENT OF EXPENSES : Reimbursement of travelling and other expenses incurred by him during the course of business of the Company.

I.CLUB MEMBERSHIP : Fees of clubs subject to maximum of two clubs.

The above may be treated as an abstract of the terms of appointment of Shri Ashok Kumar Jain, under Section 302 of the Companies Act, 1956.

The Directors recommend the resolution for the approval of shareholders.

Shri Ashok Kumar Jain and Shri Sunil Kumar Jain, being the brother may deemed to be concerned or interested in the resolution. None of the other Directors of the Company is in any way concerned or interested in the resolution.

ITEM No. 6

The Companies Act, 1956 has been amended and new Sections 109A and 109B has been inserted making available nomination facility to the share holders in respect of the shares of the Company held by them. Accordingly a new Article 58A is proposed to be inserted in the Articles of Association of the Company as mentioned in this item of the Notice so as to bring the same in line with the provisions of Sections 109A and 109B of the Companies Act, 1956.

The Directors recommend the resolution for the approval of shareholders.

None of the Directors is interested or concerned in the passing of the resolution.

ITEM NO.7

Company is planning to expand its areas of operations through diversification of its activities. Looking towards the tremendous growth of the software and other related business(es), because of their excellent results, Company is likely to enter in to the business(es) as set out in the newly inserted object clause.

The Directors recommend the resolution for the approval of shareholders.

None of the Directors is interested or concerned in the passing of the resolution.

By Order of the Board of Directors
For Arihant Capital Markets Limited

Indore
Dated : 30th June, 2000

Rakesh Garg
Company Secretary

DIRECTORS' REPORT

Your Directors are pleased to present the Eighth Annual Report together with Audited Accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS

The Financial results for the year 1999-2000 are summarised below:

	(Amount In Rs.)	
	Year Ended 31.3.2000	Year Ended 31.3.1999
Profit subject to Depreciation and Tax	50,40,990	1,26,688
Less: Depreciation	1,47,953	1,40,036
Profit/(Loss) before tax	48,93,037	(13,384)
Less: Provision for Taxation	18,50,000	—
Income Tax for earlier years	1,53,093	(2,66,898)
Profit/(Loss) after Tax	31,96,130	(2,80,282)
Profit/(Loss) brought forward from previous year	(13,85,678)	(11,05,396)
Amount Transferred to General Reserve	15,00,000	—
Surplus carried to Balance Sheet	3,10,452	(13,85,678)

2. DIVIDEND

To conserve financial resources, the Board of Directors consider it prudent not to recommend any dividend for the year under review.

4. OPERATIONS

The Company's performance during the year under review is satisfactory. The Company has expanded stock broking activity, which improved working & profitability of the Company.

The Company is further expanding its broking activity. The Company has obtained membership with NSDL, as a Depository Participant & will start Depository activities in immediate future.

Performance of 'Arihant Fincap Limited', promoted by the Company for carrying on stock broking activities on the Capital Market Segment of the National Stock Exchange of India Limited is satisfactory.

PARTICULARS OF EMPLOYEES

There were no employees in the Company who, if employed through out the financial year, were in receipt of remuneration, whose particulars, if so employed, are

required to be included in the Report of Directors in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

6. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The Company has no activity relating to Conservation of Energy or Technology Absorption or Foreign Exchange Earnings of which information under the provisions of Section 217 (1)(e) is required to given.

9. DIRECTORS

In accordance with the articles of association of the company Mr. Sunil Kumar Jain & Mr. Akilesh Rathi retire by rotation and being eligible offer themselves for reappointment.

10. AUDITORS

Messrs Kedar Agrawal & Company, Chartered Accountants, Auditors of the company retire as auditors at the conclusion of the forth coming Annual General Meeting, and being eligible, offer themselves for re-appointment.

11. ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the cooperation and assistance given by the Bankers, Clients, Employees and above all the shareholders of the company during the year under review.

On Behalf Of The Board

PLACE : INDORE
DATED : 30/06/2000

A.K.JAIN
(CHAIRMAN)