

# ELEVENTH ANNUAL REPORT

## 2002-2003



**Certified True-Copy**

For Arihant Capital Markets Ltd..

  
(Rakesh Garg)  
Compliance Officer.



***Arihant Capital Markets Limited***



## Arihant Capital Markets Limited

### Business Activities

#### Stock Broking

##### Member :

The Stock Exchange, Mumbai  
Saurashtra Kutch, Stock Exchange, Rajkot.

##### Trading Facility :

National Stock Exchange, Capital Market Segment,  
National Stock Exchange, Future & Options Segment,

##### Internet Trading Facility :

The Stock Exchange, Mumbai

##### Depository Services :

Depository Participant: National Securities Depository Ltd.

##### Initial Public Offerings: Equities & Bonds

Mutual Fund Distribution

##### Investor Support Services:

Equity & Mutual Fund Research  
Investment Counselling  
Online Technical Analysis  
Online Market Commentary

#### BOARD OF DIRECTORS

Shri Ashok Kumar Jain- Chairman & M. D.  
Shri Pramod Devpura  
Shri Akhilesh Rath  
Shri Sunil Kumar Jain

#### COMPANY SECRETARY

Shri Rakesh Garg

#### AUDITORS

M/s. Sushil Banthia & Associates  
Chartered Accountants  
6th Floor, Silver Plaza, 20/1, New Palasia  
INDORE - 452 002

#### BANKERS

UTI Bank Ltd.

#### REGISTERED OFFICE

E/5, Ratlam Kothi Area,  
Indore - 452 001 (M.P.)

#### DEPOSITORY DIVISION

F-1, Ahinsa Tower,  
7, M.G. Road,  
Indore-452 001 (M.P.)

#### CORPORATE OFFICE

Gali No. 3 Kusum Bharti  
Opp. Tata SSL, Near Hotel Central Point,  
Dutt Pada Road, Boriwali (East)  
MUMBAI - 400 066

#### SHARES LISTED AT

The M.P. Stock Exchange, Indore  
The Stock Exchange, Mumbai  
The Stock Exchange, Ahmedabad  
The Stock Exchange, Madras  
The Saurashtra Kutch Stock Exchange Ltd.,  
Rajkot

### Contents

Notice	-	1
Director's Report	-	2
Corporate Governance Report	-	4
General Share Holders Information	-	7
Management Discussion & Analysis Report	-	9
Auditor's Report	-	10
Balance Sheet	-	12
Profit & Loss Account	-	13
Schedules	-	14
Cash Flow Statement	-	23

## NOTICE

Notice is hereby given that the ELEVENTH ANNUAL GENERAL MEETING of the members of ARIHANT CAPITAL MARKETS LIMITED will held on, Tuesday the 30<sup>th</sup> day of September 2003 at Hotel President Planet, 3, R.N.T Marg, Indore – 452001 (M.P.) at 4.30 p.m.to transact following business:

### ORDINARY BUSINESS:

1. To receive, consider, approve and adopt Audited Statement of Accounts for the year ended 31st March 2003 and to adopt the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ashok Kumar Jain, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint auditor and fix their remuneration.

### SPECIAL BUSINESS :

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

**“RESOLVED THAT** in terms of Securities and Exchange Board of India (Delisting of Securities) Guidelines–2003 & all other laws, rules, regulations and guidelines, as applicable and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re –enactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approval , permissions and sanctions, which may be agreed to by the Board of Directors of the Company consent of the Company is hereby accorded for voluntary delisting of Company's Equity shares from :

The M.P. Stock Exchange, Indore,

The Ahmedabad Stock Exchange, Ahmedabad

The Saurashtra Kutch Stock Exchange, Rajkot

The Madras Stock Exchange, Chennai

**“RESOLVED FURTHER THAT** the Board of Directors of the Company is hereby authorized to do all acts, deeds, matters and things as may be necessary for the purpose of giving effect to this resolution .”

By the order of the Board of Directors

**Rakesh Garg**

Company Secretary

Indore, June 30th, 2003

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting instead of himself and the proxy need not to 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday 23<sup>rd</sup> September 2003 to Tuesday, 30<sup>th</sup> September 2003 (both days inclusive).
3. Members are requested to send their queries, if any, atleast ten days before the date of the meeting so as to enable the Company to keep the information ready.
4. Members are requested to notify to the Company immediately any change in their address.
5. The members/ proxies should bring the attendance slip duly filled in and signed for attending the meeting.
6. The Company has already transferred unclaimed dividend declared for the financial year ended 31<sup>st</sup> March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. 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, Madhya Pradesh.





## Arihant Capital Markets Limited

### EXPLANATORY STATEMENT

(Pursuant to Sections 173(2) of the Companies Act, 1956)

#### ITEM NO. 4 :

The Equity Shares of the Company are presently listed at The M.P. Stock Exchange, Indore, The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad, The Stock Exchange, Madras, The Saurashtra Kutch Stock Exchange Ltd., Rajkot. Since last few years trading of the equity shares of the Company at the Stock Exchange Ahmedabad, M.P., Madras, and Saurashtra Kutch, Rajkot is of very low volume as compared to BSE. Also the company has been spending considerable amount of money on listing fees and communication expenses. The Shareholders are not getting any benefit despite Company spending these amounts. With the nation-wide networking of centers of the Stock Exchange, Mumbai (BSE), the members of the Company have access to online trading and dealing in the Company's Equity shares across the country. In consideration of the above mentioned factors and with reference to the Securities and Exchange Board of India (Voluntary Delisting of Shares) Guidelines, 2003 it is proposed to delist the equity shares of the company from above mentioned Stock Exchanges except the Stock Exchange, Mumbai. The Company therefore proposed the following resolution to be passed in the ensuing Annual General Meeting of the company as Special Resolution.

By the order of the Board of Directors

**Rakesh Garg**

Company Secretary

Indore, June 30th, 2003

### DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their **ELEVENTH ANNUAL REPORT** alongwith the Audited Accounts for the year ended 31st March, 2003.

#### 1. FINANCIAL RESULTS

Particulars	Amount in Rs.	
	2002-2003	2001-2002
Operating Profit	43,60,469	40,73,513
Less : Interest	9,199	-
Depreciation	17,47,747	3,62,253
<b>Profit Before Tax</b>	<b>25,03,537</b>	<b>37,11,260</b>
Current Tax	2,05,000	12,03,130
Previous Years	51,628	-
Deferred Tax	12,24,651	48,580
Prior Year Adjustments	-	(37,080)
<b>Net Profit</b>	<b>11,22,258</b>	<b>24,22,470</b>
Balance brought forward	4,22,000	4,99,530
Profit available for appropriation	15,44,258	29,22,000
<b>Appropriations</b>		
General Reserve	12,50,000	25,00,000
Balance carried to Balance Sheet	2,94,258	4,22,000

#### 2. DIVIDEND

In view of your Company's continued efforts towards achieving future development, expansion initiatives and building reserves, your directors do not recommend any dividend this year.

#### 3. OPERATIONS

Your Company has registered profit before depreciation, interest and tax of Rs. 43.60 Lacs during year under review as against Rs. 40.73 Lacs in the previous year. The profit after depreciation, interest & tax is Rs. 11.22 Lacs as against Rs. 24.22 Lacs in previous year. The reduction in profit after tax is mainly because of Depreciation and Taxation.

**4. DIRECTORS**

In accordance with the Articles of Association of the Company Shri Ashok Kumar Jain, Managing Director retires by rotation and being eligible offer himself for reappointment.

**5. AUDITORS**

M/s Sushil Banthia & Associates, Chartered Accountants, Indore retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

**6. PARTICULARS OF EMPLOYEES**

Particulars of Employees as required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is NIL.

**7. PARTICULARS U/S 217 (1) (E) REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.**

The Company has no activity relating to Conservation of Energy or Technology Absorption. There was also no earnings and outgo of foreign exchange.

**8. FIXED DEPOSITS**

During the year, the company has not accepted any deposits under Section 58-A of the Companies Act, 1956.

**9. DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 31st march 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2003 on a going concern basis.

**10. DELISTING**

In view of online trading facility available at The Stock Exchange Mumbai, negligible volume & trading of shares at Stock Exchange Ahmedabad, Madras, Saurashtra Kutch, and M.P. and for economic and administrative point of view, it is desirable to delist the Company's equity shares from The M.P. Stock Exchange, Indore, The Stock Exchange, Ahmedabad, The Madras Stock Exchange Chennai, The Saurashtra Kutch Stock Exchange Ltd., Rajkot. The shares of the Company will continue to be listed at The Stock Exchange, Mumbai.

**11. CORPORATE GOVERNANCE**

A detailed report on Corporate Governance has been included separately in the Annual Report alongwith Management Discussion & Analysis Report, which forms part of this Report

**12. ACKNOWLEDGEMENT**

Your Directors would like to express their grateful appreciation for the cooperation and assistance received from the Bankers, Clients, Employees and above all, the shareholders of the company during the year under review.

On Behalf of the Board of Directors

Ashok Kumar Jain  
(Chairman & Managing Director)

Indore, June 30th, 2003


**Arthant Capital Markets Limited**

## CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :-

The Company's philosophy on corporate governance envisages the attainment of the highest level of transparency, accountability and equity, in all respect of its operations, and in all its inter-actions with its stakeholders, including shareholders, employees, and the Government. Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

### II. BOARD OF DIRECTORS

#### COMPOSITION OF THE BOARD

The details of the Directors on the Board of your Company for the year 2002-2003 are given below:

Name	Category	Number of Membership in Board of other companies	Number of Shareholding
Mr. Ashok Kumar Jain	Executive Director	3	-
Mr. Sunil Kumar Jain	Non-Executive Director	3	-
Mr. Akhilesh Rathi	Non- Executive Director	2	-
Mr. Pramod Devpura	Non- Executive Director	-	-

#### ATTENDANCE RECORDS OF THE DIRECTORS

During the year 2002-2003 Board met seven times on 30<sup>th</sup> April 2002, 31<sup>st</sup> July 2002, 31<sup>st</sup> October 2002, 25<sup>th</sup> November 2002, 19<sup>th</sup> December 2002, 31<sup>st</sup> January 2003, 7<sup>th</sup> March 2003. The attendance records of all Directors are as under :

Name of Director	No. of Board Meetings		Left for any reason
	held	Absent	
Mr. Ashok kumar Jain	7	7	Y
Mr. Sunil Kumar Jain	7	7	Y
Mr. Akhilesh Rathi	7	7	Y
Mr. Pramod Devpura	7	4	N

### III. AUDIT COMMITTEE

The Company constituted an Audit Committee consisting of three Directors during 2002. Terms of reference of the Audit Committee includes a review of :

- financial statement before submission to the Board
- draft financial statement and auditors report (before submission to the Board)
- accounting policies and practices
- compliance with stock exchange and legal requirements concerning financial statements
- to recommend appointment of auditor and fixing their Audit fees
- to review the internal control system and internal audit report and their compliance thereof

The constitution of the Committee and the attendance of each member of the Committee during the year are given below :

Name of Director	No. of Meetings Held	No. of Meetings Attended
Mr. Sunil Kumar Jain	3	3
Mr. Akhilesh Rathi	3	3
Mr. Pramod Devpura	3	3

The Company Secretary of the Company is the Secretary of the Audit Committee.

### IV. SHARE TRANSFER COMMITTEE

The Company's share are compulsorily traded in dematerialized form. The Committee has met at relevant interval considering the volume of transfers received in the physical segment. During the year 2002-2003, the Committee met 13 times.

Name of Members	No. of Meetings Held	No. of Meetings Attended
Mr. Ashok Kumar Jain	13	13
Mr. Sunil Kumar Jain	13	13
Rakesh Garg	13	13

**V. INVESTOR S' GRIEVANCE COMMITTEE**

Investors' Grievance Committee redress the shareholders and investor's complaint etc. relating to transfer of shares, non receipt of balance sheet, non receipt of declared dividends.

**COMPOSITION OF COMMITTEE :**

Name of Directors /Member	Designation
Shri Sunil Kumar Jain	Chairman
Shri Ashok Kumar Jain	Member
Shri Akhilesh Rathi	Member

During the year the Company had received various complaints from the shareholders and all of them have been satisfactorily resolved within stipulated period.

**VI. DETAILS OF ANNUAL GENERAL MEETINGS.**

Location and time of General meetings held in past three years

	Location	Date	Time
2002	Hotel President, 163 R.N.T. Marg Indore (M.P.)	30/09/2002	4.30 P. M.
2001	E/5, RatlamKothi Area, Indore (M.P.)	29/09/2001	4.00 P.M.
2000	E/5, Ratlam Kothi Area Indore (M.P.)	30/09/2000	4.30 P.M.

All the resolutions including special resolutions set out in respective notices were passed by shareholders. No postal ballots were used for voting of these resolutions. The Company does not have any proposal to vote through postal ballots.

**VII. DISCLOSURES**

- No transaction of material nature has been entered into by the Company with Directors ,or Management , their relatives conflicting with the Company's interest. Transactions with the related parties are disclosed in Note No. (A) of Schedule N to the accounts in the Annual Report.
- There were no instance of non-compliance by the Company on any matter related to Capital Markets during the last three years. Hence, there has been no penalties, strictures imposed by SEBI/Stock Exchange or any other statutory authorities on matter related to capital market..

**VIII. MEANS OF COMMUNICATION**

- Half Yearly/Quarterly financial results are published in leading News Papers, Free Press and Choutha Sansar.
- The results are also displayed on company's website.

**IX. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Appended to this Report.

**X. BRIEF RESUME OF THE DIRECTOR SEEKING RE-APPOINTMENT IN THE 11<sup>TH</sup> ANNUAL GENERAL MEETING TO BE HELD ON 30.09.2003**

Mr. Ashok Kumar Jain is a Fellow Member of Institute of Chartered Accountants of India and has a rich and vast experience of over 13 years in the field of Finance & Capital Market. He was appointed as Managing Director of the Company for a period of 5 years with effect from 30.09.2000. During his tenure the Company enhanced its profitability and made a good progress.

**XI. REMUNERATION TO DIRECTORS.**

During the year company has paid Rs. 6.60 Lacs to Mr. Ashok Kumar Jain, Managing Director of the Company.

**XII. AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

Certificate from the Auditors is enclosed along with this report.





## CERTIFICATE OF CORPORATE GOVERNANCE

---

To ,  
The Members of  
Arihant Capital Market Limited

We have examined the compliance of conditions of Corporate Governance by Arihant Capital Market Limited , for the year ended on 31<sup>st</sup> March 2003 ,as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedure and implementation thereof, adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company. In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of above mentioned Listing Agreement.

We state that no investor grievance are pending during the year ending 31<sup>st</sup> March 2003, as per the record maintained by the Company and presented to the Investor Grievances /Share Transfer Committee .

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Sushil Banthia & Associates  
*Chartered Accountants.*

**Sushil Banthia**  
(Proprietor)

Indore, June 30th, 2003

