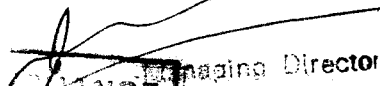
 **ARIHANT ENTERPRISE LTD**


MANAGING DIRECTOR

ANNUAL REPORT 1999 - 2000

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AEL

Arihant Enterprise Ltd.

REGD. OFF. : "ARIHANT" 11, NAVRANG COLONY,
NR. AIR-INDIA OFFICE, OFF ASHRAM ROAD,
NAVRANGPUR, AHMEDABAD-380 009.

BOARD OF DIRECTORS

Sri Dhiren Shah
Chairman and Managing Director

Sri Ashok Shah
Sri Munind Shah

BANKERS

Tamilnad Mercantile Bank Limited
The Ahmedabad Mercantile Cooperative Bank Limited

AUDITORS

LUNIA & COMPANY,
Chartered Accountants,
B12, Harekrishna Complex,
Opp: Apsara Cinema,
Ahmedabad - 380 028

REGISTERED OFFICE

"ARIHANT"
11, Navrang Colony,
Near Air India Office,
Off Ashram Road,
Ahmedabad-380009

NOTICE TO MEMBERS

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of **ARIHANT ENTERPRISE LIMITED** will be held on Thursday, the 28th day of September, 2000 at 9.00 A.M. at the Registered Office of the company at "Arihant", 11, Navrang Colony, Near Air India Building, Off Ashram Road, Ahmedabad-380009 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the company as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a director in place of Shri Ashok Shah who retires by rotation and being eligible has offered himself for re-appointment.
3. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

4. To, pass with or without modification the following resolutions :
RESOLVED THAT in accordance with provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including statutory modifications or reenactment thereof, for the time being in force), the consent of the company be and is hereby accorded to the reappointment of Sri Dhiren C. Shah as Managing Director of the Company for a period of 5 years commencing from the 24th day of October, 1999, on the terms and conditions and remuneration as set out in the agreement to be entered into between the Company and Sri Dhiren C. Shah, a draft whereof is placed before this meeting, which agreement is hereby specifically sanctioned with the liberty to the Board of Directors (hereinafter called the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in the Schedule XIII to the Companies Act, 1956.

Resolved further that where in any financial year if the company has no profit or the profits are inadequate, the company do pay to Shri Dhiren C. Shah, the above remuneration way of minimum remuneration so however that the salary, perquisites and allowances do not exceed the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956."

RESOLVED FURTHER that the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

By Order of the Board,

Dhiren C. Shah,
Chairman

Registered Office :

"ARIHANT", 11, Navrang Colony,
Near Air India Office,
Off Ashram Road, Ahmedabad-380009,
the 18th July, 2000

Note

- a) 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 OF THE COMPANY.
A proxy form, duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the aforesaid meeting.
- b) Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 3rd October, 2000 to Tuesday, the 10th October, 2000, both days inclusive.
- c) Members desiring any information on the Accounts are requested to write to the Company at least one week before the meeting, so as to enable the Management to keep the information ready. Replies will be provided only at the meeting.
- d) Members are requested to notify the Company of any changes in their address (in full) with the postal area pin code number, quoting their folio numbers.

EXPLANATORY STATEMENT REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

1. The Board of Directors of the Company has reappointed Sri Dhiren C. Shah, as Managing Directors of the Company for a period of 5 years with effect from 24th October, 1999 on terms and conditions approved by the Board of Directors at their meeting held on 14th October, 1999. The Draft Agreement between the Company and Sri Dhiren C. Shah, contains inter alia the following principal terms and conditions :

1. The Managing Directors shall conduct the day to day management of the company subject to supervision and control of the Board of Directors of the company.
2. Period of Agreement : 5 Years from 24th October, 1999
3. Remuneration :

I Salary:

At the rate of Rs. 15,000/- per month.

II. Commission

Not More than one percent of the net profit of the company subject to ceiling of 50% .

III. Perquisites:

Stated below subject to the conditions that the monetary value of those under part A shall be restricted to an amount equal to Rs.90,000/- per annum depending on place of posting.

PART A

i) Medical:

Expenses incurred for self and family subject to a reimbursement ceiling of one month's salary over a period of 3 years.

ii) Leave Travel Concession :

For self and family once in a year in accordance with the Rules of the Company

iii) Personal Accident Insurance:

Premium not to exceed Rs. 4000/- per annum

PART B

i) Gratuity:

Gratuity not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs. 1,00,000.

ii) Provident Fund :

Contribution to the Provident Fund, Superannuation 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.

PART C

Provision of car with driver and telephone at the Managing Director's residence, provided that personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the concerned Director.

The Board recommends that the resolution be passed.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Annual Report and Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	Year ended 31st March, 2000	Year ended 31st March, 1999
	(Rupees in Lacs)	
Sales	243.62	210.25
Income from other operations	0.02	2.69
	<hr/> 243.64	<hr/> 212.94
Profit Before Tax	0.71	0.43
Provision for Taxation	0.10	0.05
Profit after Tax	0.61	0.38
Income Tax paid for previous year	0.02	0.02
Balance in Profit & Loss-Account Brought Forward	11.09	10.73
Balance Carried to Balance Sheet	11.68	11.09

OPERATING PERFORMANCE

The Sales Turnover of the company for the year amounted to Rs. 243.62 Lacs compared to Rs. 210.25 Lacs of the previous year. The foundry industry is in a bad shape still. As such the demand for Pig Iron, the main product of the company was poor. The Company has started business of Tiles and CP Fittings on a small scale. The working of year resulted in a net profit of Rs. 0.71 Lacs, compared to Rs. 0.43 Lacs of the previous year.

DIVIDEND

Due to inadequate profit and need to conserve resources, the directors do not recommend any dividend.

EMPLOYEES

Information on particulars of Employees' Remuneration as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not applicable to the company as there were no employees drawing a salary of Rs. 50,000 or more per month.

DIRECTORS

Sri Ashok Shah retires by rotation and being eligible has offered himself for re-appointment.

FIXED DEPOSITS

The company has not accepted any fixed deposits from general public.

AUDITORS

Lunia & Co., Chartered Accountants, auditors of the company will be retiring at the ensuing Annual General Meeting. Being eligible, they have offered themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING & OUTGOINGS

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to the foregoing matters is given hereunder.

a) Conservation of energy	Nil
b) Technology absorption, research & development	Nil
c) Foreign Exchange earning & outgoings	Nil

For and on behalf of the
Board of Directors

Place : Ahmedabad,
Date : 18th July, 2000

• Dhiren C. Shah
• Chairman