

FOR ALLIED CAPITAL SERVICES LTD.
MANAGING DIRECTOR



ALLIED CAPITAL SERVICES LIMITED

7TH ANNUAL REPORT 2000-2001

ALLIED CAPITAL SERVICES LIMITED

Board of Directors:

Dilawar Singh Arora — *Chairman*
Rupinder Singh Arora — *Managing Director*
Smt. Deepi Arora — *Director*
S. M. Gupta — *Director*
M. Girijan Nair — *Director*

Auditors:

M/s. A. M. JOSHI & CO.
Chartered Accountants
Sukrita, 127, Shivaji Park,
Dr. M. B. Raut Road,
Dadar, Mumbai - 400 024.

Banker:

Corporation Bank

1. Shareholders are requested to bring their copy of the Annual Report to the Meeting.
2. Please address all correspondence regarding Share Transfer work to the Registrars and Share Transfer Agents and not to the Company's Registered Office.
3. Members are requested to notify their change of address, if any, to our Registrars and Share Transfer Agents, M/s. Dynamic Superways & Exports Ltd., at the following address:

DYNAMIC SUPERWAYS & EXPORTS LTD.,
Rainbow Palace, I.C. Colony Cross Road No. 5,
Borivalli (West), Mumbai - 400 103.

Registered Office:

1st Floor, Tawawala Building,
101, Abdul Rehman Street,
Mumbai - 400 003.

Corporate Office:

Arora House,
16, Golf Link, Union Park,
Khar (West), Mumbai - 400 052.

7TH ANNUAL REPORT**Notice**

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of ALLIED CAPITAL SERVICES LTD. will be held on Friday, the 20th July, 2001, at 11.00 A.M. at the Corporate Office of the Company at Arora House, 16, Golf Link, Union Park, Khar (West), Mumbai – 400 052 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and the Profit and Loss Account as at and for the year ended 31st March, 2001 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Smt. Deepi Arora, who retires by rotation and, being eligible, offers herself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT M/s. A.M. Joshi & Co., Chartered Accountants, Mumbai, the retiring auditors of the Company, be and are hereby appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be determined by the Board in consultation with the said auditors in addition to payment for other services and reimbursement of out of pocket expenses."

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. S. M. Gupta who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. M. Girijan Nair who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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 altered in the following manner:

The following new Articles 24A, 24B and 24C be inserted after the existing Article 24.

ALLIED CAPITAL SERVICES LIMITED**Notice — contd.****24A Nomination**

1. Every shareholder or debenture holder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
2. 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, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.
3. 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 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 debentureholder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other person, unless the nomination is varied, cancelled in the prescribed manner.
4. Where the nominee is a minor, it shall be lawful for the holder for the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

24B Transmission of Securities by Nominee

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either –

- (i) to be registered himself as holder of the share or debenture, 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 debentureholder, could have made;
- (iii) if the nominee elects to be registered as holder of the share or debenture, 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 the death certificate of the deceased shareholder or debenture holder as the case may be;
- (iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture 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.

Provided further 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 ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

7TH ANNUAL REPORT**Notice — contd.****24C Dematerialisation of Securities****(a) Definitions**

For the purpose of this Article

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository,
'SEBI' means the Securities & 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

(b) Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the provisions of the Depositories Act, 1996 or any amendments thereof.

(c) Issue of Securities and Option for Investors

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities under the Depositories Act and offer and issue its securities in the dematerialised form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities. Investors in a new issue and the beneficial owners shall have the option to rematerialise the shares subsequent to the allotment or dematerialisation, as the case may be, in which event the Company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations or guidelines.

(d) Securities in Depository Mode to be in Fungible Form

All securities held in the depository mode with a depository shall be dematerialised and be in fungible form. To such securities held by a depository on behalf of the beneficial owner, nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 A of the Companies Act, 1956 shall apply.

(e) Rights of Depositories and Beneficial Owners

- (i) 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.
- (ii) Save as otherwise provided in (i) above, the depository as the registered owner of securities shall not have any voting or other rights in respect of the securities held by it.
- (iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all liabilities in respect of the securities held by the depository.

(f) Service of Documents

Notwithstanding anything to the contrary in the Companies Act, 1956 or these Articles, where securities are held in a depository mode, the records of the beneficial owner may be served by the depository on the Company by the means of electronic mode or by delivery of floppies or discs.

ALLIED CAPITAL SERVICES LIMITED**Notice — contd.****(g) Transfer of Securities**

Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered in the Register maintained under the Depositories Act by a depository as beneficial owners.

(h) Distinctive numbers of Securities held in the Depository Mode

Nothing contained in the Companies Act, 1956 or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.

(i) Register and Index of Beneficial Owners

The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be Register and Index of members and holders of securities for the purpose of these Articles and the Act."

By Order of the Board of Directors

RUPINDER SINGH ARORA
Managing Director

Mumbai, Dated: 9th June, 2001

Corporate Office:

Arora House,
16, Golf Link,
Union Park, Khar (West),
Mumbai - 400 052.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A 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 scheduled time of the meeting. A blank form is annexed to this notice.

2. The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 9th July, 2001 to Tuesday, the 17th July, 2001 (both days inclusive).

7TH ANNUAL REPORT**Annexure to Notice****Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.****ITEM NO. 5**

Mr. S. M. Gupta was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 21.04.2001. He holds his office as a Director till the ensuing Annual General Meeting. Under Section 257 of the Companies Act, 1956, the Company has received a Notice from a member alongwith deposit of Rs. 500/- signifying his intention to propose candidature of Mr. S. M. Gupta, as a Director of the Company, liable to retire by rotation.

Mr. S. M. Gupta is having good financial and accounting knowledge and is having good computer knowledge and experience. His experience will be very useful to the Company.

The Board of Directors recommend the appointment of Mr. S. M. Gupta as a Director.

Except Mr. S. M. Gupta, no other Director is interested in this Resolution.

He is a director of Arora Fibres Ltd. He is the chairman of the Audit Committee of the Company as well as that of Arora Fibres Ltd.

ITEM NO. 6

Mr. M. Girijan Nair was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 21.04.2001. He holds his office as a Director till the ensuing Annual General Meeting. Under Section 257 of the Companies Act, 1956, the Company has received a Notice from a member alongwith deposit of Rs. 500/- signifying his intention to propose candidature of Mr. M. Girijan Nair, as a Director of the Company, liable to retire by rotation.

Mr. M. Girijan Nair is having good experience in production and export of readymade garments. His experience in business will be very useful to the Company.

The Board of Directors recommend the appointment of Mr. M. Girijan Nair as a Director.

Except Mr. M. Girijan Nair, no other Director is interested in this Resolution.

He is a director of Arora Fibres Ltd. He is a member of the Audit Committee of the Company as well as that of Arora Fibres Ltd.

ITEM NO. 7

The Companies Act, 1956 has been amended from time to time and in order to incorporate the latest amendments of the Act, it is proposed to alter the Articles of Association in respect of Nomination for Shares and Dematerialisation of Shares. Special Resolution at Item No. 7 of the notice is required to be passed to amend the existing Articles of Association and accordingly, said resolution is recommended for your approval. No Director of the Company is concerned or interested in the proposed resolution except to the extent of his shareholding.

By Order of the Board of Directors

RUPINDER SINGH ARORA
Managing Director

Mumbai, Dated: 8th June, 2001

Corporate Office:

Arora House, 16, Golf Link,
Union Park, Khar (West), Mumbai - 400 052.