



ALLIED CAPITAL SERVICES LIMITED

9TH ANNUAL REPORT 2002-2003

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Board of Directors:

| | | |
|----------------------|---|---------------------------------|
| Rupinder Singh Arora | - | Chairman & Managing Director |
| Smt. Deepi Arora | - | Director |
| S. M. Gupta | - | Director |
| M. Girijan Nair | - | Director |

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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

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.

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, Borivall (West), Mumbai - 400 103

ALLIED CAPITAL SERVICES LTD.**Notice**

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of **ALLIED CAPITAL SERVICES LTD.** will be held on Tuesday, the 23rd September, 2003, 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, 2003 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri S. M. Gupta, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri M. Girijan Nair, who retires by rotation and, being eligible, offers himself for re-appointment.
4. 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.”

By order of the Board of Directors

RUPINDER SINGH ARORA
Chairman & Managing Director

Mumbai, Dated: 26th June, 2003

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 Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 4th September, 2003 to Thursday, the 18th September, 2003 (both days inclusive).

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Directors' Report to the Shareholders

Your Directors present before you the Ninth Annual Report together with the Audited Statement of Accounts of the Company for the year ended **31st March 2003**.

| | 2002-2003 (Rupees) | 2001-2002 (Rupees) |
|---|-------------------------------------|-------------------------------------|
| Profit before finance charges and depreciation..... | 27,81,226 | 17,43,168 |
| Less: Bank Interest..... | — | 28,119 |
| Less: Depreciation..... | 34,15,904 | 41,15,701 |
| Profit / (Loss) after Interest and Depreciation | (6,34,678) | (24,00,652) |
| Less : Provision for Non-performing Assets..... | 14,15,534 | 12,56,171 |
| Provision for Deferred Tax | (12,23,682) | 7,33,478 |
| Profit / (Loss) for the year | (32,73,894) | (29,23,345) |
| Profit / (Loss) brought forward from previous year..... | (3,43,21,351) | (3,13,98,006) |
| Provision for NPA in respect of earlier year..... | 53,50,000 | — |
| Profit / (Loss) carried to Balance Sheet..... | (3,22,45,245) | (3,43,21,351) |

DIVIDEND

The Board of Directors regret their inability to declare dividend in view of brought forward loss from previous years and also in view of loss this year.

WORKING

The recoveries of lease rentals are very slow in view of extremely depressed conditions in transport business. The Company has stopped the business of leasing trucks/cars since last two years. The provision for non – performing assets as per the R.B.I. regulations is also high.

1. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 ended 31st March, 2003 and of the loss of the Company for that year;
- (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 annual accounts on a going concern basis.

ALLIED CAPITAL SERVICES LTD.**Directors' Report — contd.****2. CORPORATE GOVERNANCE**

As per clause 49 of the Listing Agreement with Stock Exchanges, a detailed Corporate Governance Report is annexed to the Directors' Report.

3. DIRECTORS

Shri S. M. Gupta and Shri M. Girijan Nair, Directors, retire by rotation and are eligible for re-appointment.

Shri Dilawar Singh Arora, Chairman, resigned from the Board with effect from 29th October, 2002. Shri Rupinder Singh Arora, Managing Director was elected as the Chairman of the Board.

4. LISTING ON STOCK EXCHANGES

The Company is listed on Stock Exchanges, Mumbai and Ahmedabad. The annual listing fees have been paid and there is no outstanding payment due to the Exchanges, as on date.

5. AUDITORS' REPORT

The observations of the Auditors have been explained in the notes to the accounts wherever necessary.

6. AUDITORS :

The Company's Auditors M/s. A. M. Joshi & Co., Chartered Accountants, retire and are eligible for reappointment.

7. DEMATERIALIZATION OF SHARES

The Stock Exchange, Mumbai (BSE) has made it obligatory for the companies to make available the equity shares of the Company in demat mode. Accordingly, the Company has already executed necessary agreement with Central Depository Services of India (CDS) for making shares of the Company available in dematerialised form. The process of executing necessary agreement with National Securities Depository Ltd. (NSDL) has been completed but they have not executed the necessary agreement without disclosing any reason.

The ISIN No. allotted to the equity shares of the Company is INE483D01014.

The Company has also established the required connectivity with Dynamic Superways & Exports Limited who are the Registrars and Share Transfer Agents (RTA) for physical as well as Demat segments.

The equity shares of the Company can also be held in electronic form with any depository participant (DP) with whom the Members / Investors have their depository account.

8. PARTICULARS OF EMPLOYEES :

The particulars of employees required to be given under provisions of Section 217 (2A) of the Companies Act, 1956 — NIL.

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Directors' Report – contd.

9. ACCEPTANCE OF PUBLIC DEPOSITS :

The Company has not accepted public deposits during the year under review nor propose to accept any public deposit in future without Reserve Bank of India's approval in writing.

For and on behalf of the Board of Directors

Mumbai, Dated: 26th June, 2003

Rupinder Singh Arora
Chairman & Managing Director

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



ALLIED CAPITAL SERVICES LTD.**Report of the Directors on Corporate Governance**

(As per clause 49 of the Listing Agreement with Stock Exchanges)

1. Company's philosophy on code of Governance

- (i) that the Board and top management of the Company are fully apprised of the affairs of the Company that is at assisting them in the efficient conduct of the Company's business so as to meet Company's obligation to the shareholders.
- (ii) that the Board exercises its fiduciary responsibilities towards shareholders and creditors so as to ensure high accountability.
- (iii) that the decision making process in the organization is transparent.

2. Board of Directors

The present strength of the Board of Directors of the Company is 4 Directors. The Board comprises of 1 Promoter-Chairman-cum-Managing Director, 1 Promoter-Director and 2 Non-Executive Directors with independent judgment in the deliberation and decisions of the Board.

The Promoter-Chairman, Shri Dilawar Singh Arora, resigned from the Board with effect from 29th October, 2002.

Number of Board Meetings – 6

Attendance of each Director at the Board Meetings and last AGM.

Date of last AGM - 24th September, 2002

| Sr. No. | Name of the Director | Category | No. of Board Meetings attended | Attendance in last AGM |
|---------|---------------------------|---|--------------------------------|------------------------|
| 1 | Shri Dilawar Singh Arora | Chairman. Resigned as a Director with effect from 29 th October, 2002. | 3 | No. |
| 2 | Shri Rupinder Singh Arora | Managing Director | 6 | Yes |
| 3. | Smt. Deepi Arora | Non-Executive Promoter Director | 6 | Yes |
| 4 | Shri S. M. Gupta | Non-Executive Director | 6 | Yes |
| 5 | Shri M. Girijan Nair | Non-Executive Director | 6 | No. |

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Number of other companies or committees the Director is a Director / Member.

| Name of Director | No. of other Directorships in Public Limited Companies | No. of other Board Committees in which Member |
|---------------------------|--|---|
| Shri Rupinder Singh Arora | 3 | 1 |
| Smt. Deepi Arora | 1 | Nil |
| Shri S. M. Gupta | 1 | 1 |
| Shri M. Girijan Nair | 1 | 1 |

Number of Board Meetings held and dates of the Board Meetings.

Number of Board Meetings – 6.

Dates of Board Meetings (1) 24th April, 2002 (2) 26th June, 2002 (3) 26th July, 2002 (4) 27th September, 2002 (5) 29th October, 2002 (6) 29th January, 2003.

3. Audit Committee

The Audit Committee of the Company comprises of (1) Shri S. M. Gupta, Chairman of the Committee with financial and accounting knowledge (2) Shri M. Girijan Nair, both independent directors with independent judgment in the deliberation and decisions of the Board and (3) Shri Rupinder Singh Arora, Chairman, Promoter-Director was constituted on 21st April, 2001. This committee has been empowered to cover all the matters specified under Section 292 A of the Companies Act, 1956 and also the matters listed under the Listing Agreement with Stock Exchanges.

Number of Audit Committee Meetings – 4.

Attendance of each member of the Audit Committee

Dates of Audit Committee Meetings (1) 24th June, 2002 (2) 24th July, 2002 (3) 28th October, 2002 (4) 27th January, 2003.

| Name of the Director | No. of Meetings held | No. of Meetings attended |
|------------------------|----------------------|--------------------------|
| Shri S. M. Gupta | 4 | 4 |
| Shri M. Girijan Nair | 4 | 4 |
| Shri Rupinder S. Arora | 4 | 4 |

ALLIED CAPITAL SERVICES LTD.**4. Remuneration Committee**

- a) Details of remuneration paid / payable to whole-time Directors.

| Name of the Director | Remuneration including all benefits (Rs. / Lacs) |
|---------------------------|--|
| Shri Rupinder Singh Arora | Managing Director – Rs. 1.44 |

The appointment is contractual. Shri Rupinder Singh Arora, was re-appointed as the Managing Director for a period of 5 years from 1st August, 2000.

- b) Details of payments made to non-executive Directors for attending Board meetings and Audit Committee meetings.

| Name of the Director | Sitting fees paid (Rs.) |
|--------------------------|-------------------------|
| Shri Dilawar Singh Arora | 750/- |
| Smt. Deepi Arora | 1,500/- |
| Shri S. M. Gupta | 2,500/- |
| Shri M. Girijan Nair | 2,500/- |

The Company is too small to have a remuneration committee.

5. Shareholders Committee

A Shareholders / Investors grievance committee was formed with Shri R. S. Arora (Chairman – Managing Director), Shri S. M. Gupta (Non-Executive Independent Director – Compliance Officer) and Shri M. Girijan Nair (Non-Executive Independent Director).

A few routine minor complaints like non – receipt of annual report received from shareholders were dealt with satisfactorily and no complaint is pending. Number of share transfers pending – NIL.

6. General Body Meetings.

| Date and Time | Place – Corporate Office |
|---|--|
| 21 st July, 2000 – 11.00 a.m. | Arora House, 16, Golf Link, Union Park, Khar (West), Mumbai – 400 052. |
| 20 th July, 2001 – 11.00 a.m | |
| 24 th September, 2002 – 11.00 a.m. | |

No special resolutions requiring postal ballot.