



ARIHANT Capital Markets Ltd.

(CIN : L67120MP1992PLC007182)

September 22ND, 2016

To,
Department of Corporate Services,
BSE Limited,
P. J. Towers, Dalal Street,
Fort, Mumbai- (MH)

Sub: Submission of Annual Report as per Regulation 34(1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016.

Ref No.: Scrip Code: 511605

Dear Sir/Madam,

With reference to the above, we are enclosing herewith Annual Report of Arihant Capital Markets Limited, approved and adopted in the Annual General Meeting of the company held on 17th September, 2016.

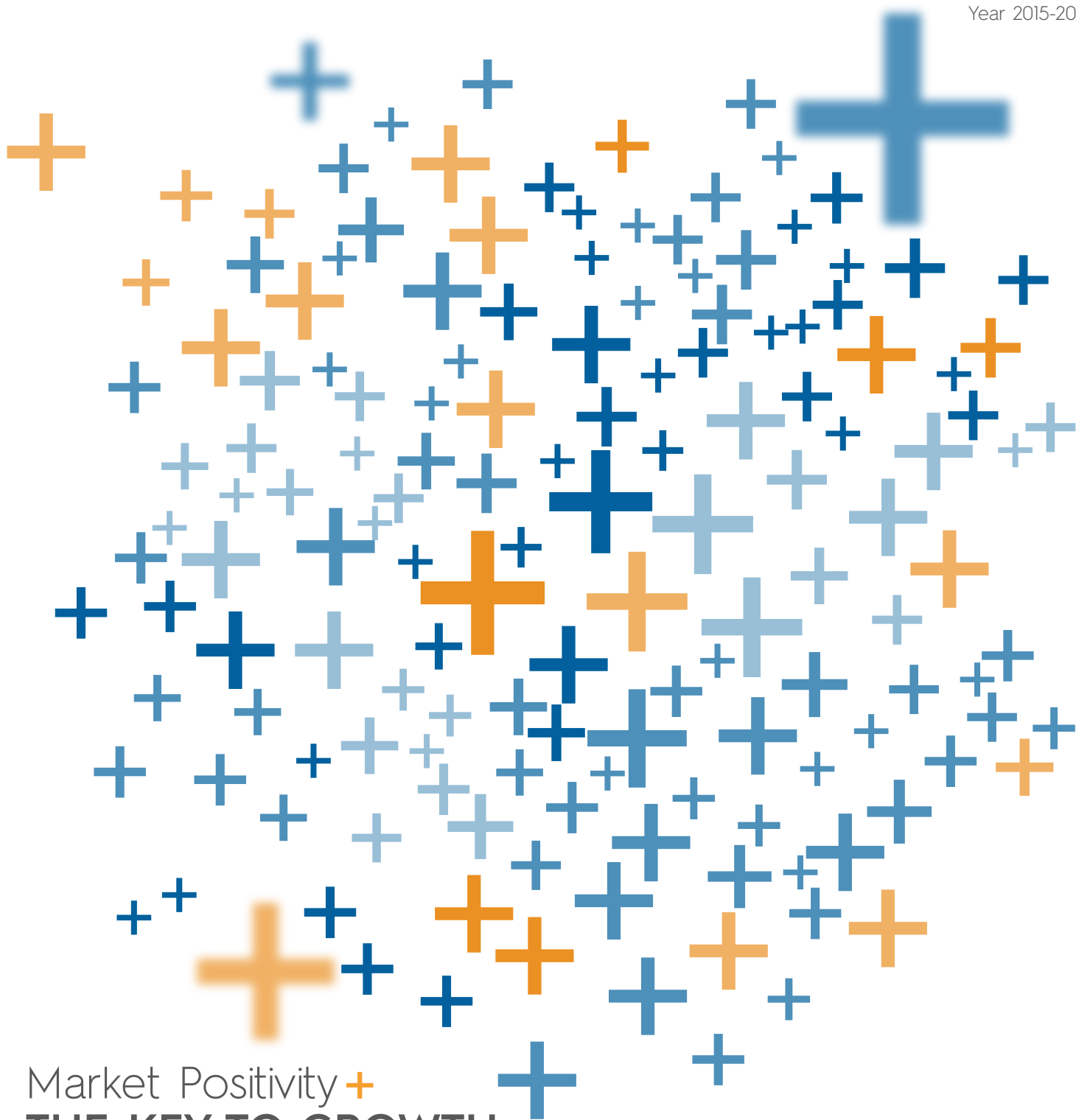
Please take the same on your record and acknowledge

Yours faithfully,

For ARIHANT CAPITAL MARKETS LIMITED

Mahesh Pancholi
(Company Secretary)
M.no. - F7143

Regd. Office : E/5 Ratlam Kothi, Indore-452001, India
Corporate Office : #1011-12 Solitaire Corporate Park,
Bldg #10, 1st Floor, Andheri Ghatkopar Link Road,
Chakala, Andheri (East), Mumbai-400093
T. +91.22.42254800 / 67114800
Admin Office : 6 Lad Colony, Y.N. Road, Indore-452001
T. +91.731.3016100 **F.** +91.731.3016199
E. contactus@arihantcapital.com
W. www.arihantcapital.com



Market Positivity +
THE KEY TO GROWTH



ARIHANT Capital Markets Ltd.



CHAIRMAN'S MESSAGE

Ashok Kumar Jain

Chairman & Managing Director

Dear Shareholders,

During the fiscal year 2016, the global economy experienced challenging conditions with slowdown in the world's fastest growing economy – China, dismal growth in advanced economies and a sharp decline in commodity prices. The macroeconomic fundamentals of the Indian economy continued to improve with several new initiatives launched by the government to drive growth. However, challenges still persist which was reflected in the performance of the Indian equities during the FY.

In FY2016 your company's consolidated total income was at Rs 51 crore and profit after tax stood at Rs 8.5 crore. The slump in the income and profit figures was partially attributed to the market performance and overall decline in the market volumes. To address this your Company has put a new strategy in place that focuses on 3 things –adding value-added services to the product basket, diversifying into different yet complementing business segment and enhancing customer experience by being innovators in mobile and online platforms.

We are in a new era where digital disruption has become a norm and constant reinvention has become crucial to grow and lead. These are extraordinary times that challenges us and helps us bring out the best in us. Fast, simple and smart solutions that present the most complicated information in the simplest form is key to engaging customers. Initiatives like e-KYC has made instant account opening a possibility without the hassle of any paperwork. Complex automated algorithms are starting to replace humans in many functions in the financial industry. What all this means is that we are presented with a huge challenge, which we also perceive as a huge opportunity that we are geared up to tap on.

Flexibility, reinvention while staying true to our ethos of helping every investor meet their financial dreams by offering them the right advice and solution will set our foundation of growth for the forthcoming financial year and beyond. We will work on the right blend of technology and human touch to offer customers not just a calculation but a solution customized to their needs.

We have the right team, the right intention and we are in the right place to move forward and embrace the future that the newer technology and smart analytics can bring to our business and clients.

I truly believe the best is yet to come and we're geared up for it.

We promise to deliver you better value every day and thank you for your trust in us.

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ashok Kumar Jain
(Chairman and Managing Director)

Mrs. Anita Surendra Gandhi
(Whole Time Director)

Mr. Sunil Kumar Jain
Mr. Akhilesh Rathi
Mr. Parag Rameshbhai Shah
Mr. Pavan Kumar Ved

COMPANY SECRETARY

Mr. Mahesh Pancholi

CHIEF FINANCIAL OFFICER

Mr. Tarun Goyal

AUDITORS

M/s Arora,
Banthia & Tulsyan

CHARTERED ACCOUNTANTS

6th Floor, Silver Arc Plaza,
20/1 New Palasia,
Indore - 452001 (MP)

T. +91-731- 2534318
F. +91-731-2433519

ADMINISTRATIVE OFFICE

6 Lad Colony, Y.N. Road,
Indore - 452001 (MP)
T. +91- 731- 4217100
F. +91-731-3016199

REGISTERED OFFICE

E/5 Ratlam Kothi Area,
Indore - 452001 (MP)
T. +91-731-2519610
F. +91-731-3048915

REGISTRAR & TRANSFER AGENT

Ankit Consultancy Pvt. Ltd.
Plot No. 60, Electronic
Complex Pardeshipura,
Indore - 452 010 (M.P.)

T. +91-731-2551745
F. +91-731-4065798

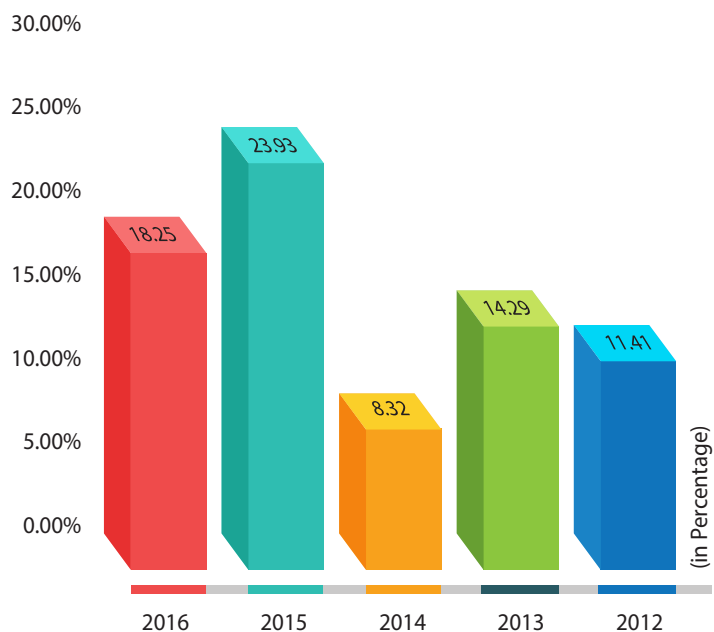
CORPORATE OFFICE

1011, Solitaire Corporate Park,
Building No. 10, 1st Floor,
Andheri Ghatkopar Link
Road, Chakala, Andheri
(East), Mumbai - 400093

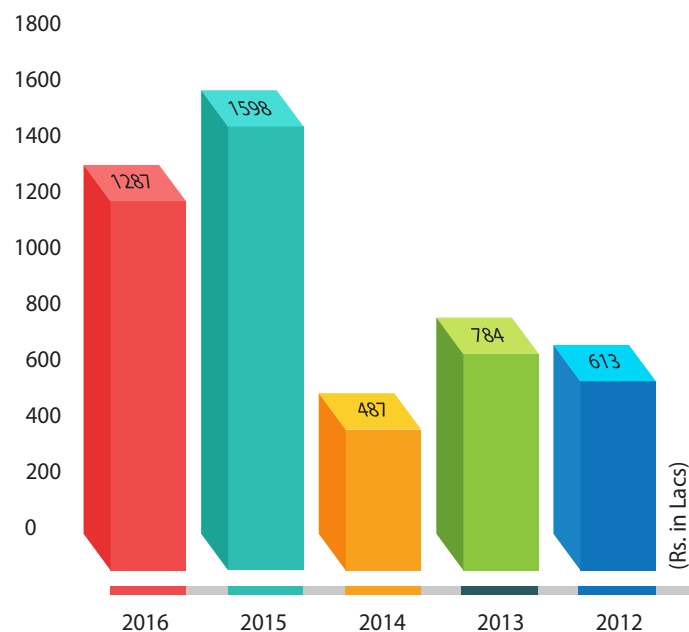
T. 022-42254800
F. 022-42254800

COSOLIDATED PERFORMANCE HIGHLIGHTS

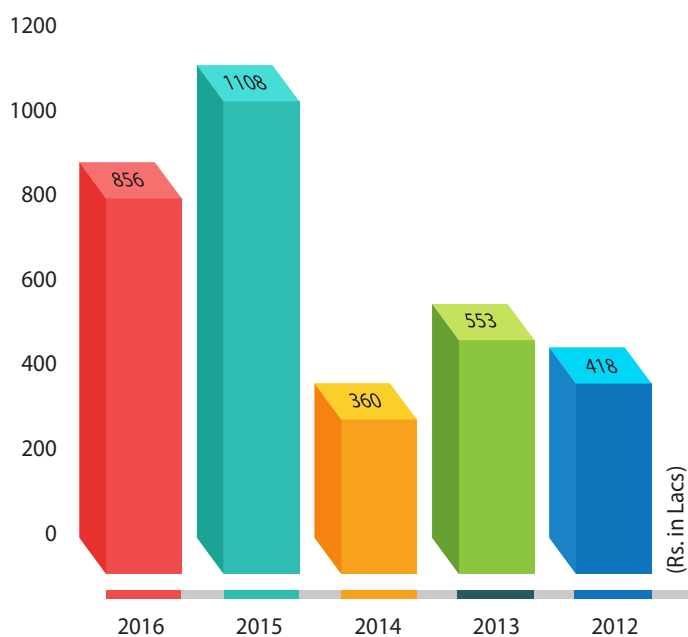
ROCE



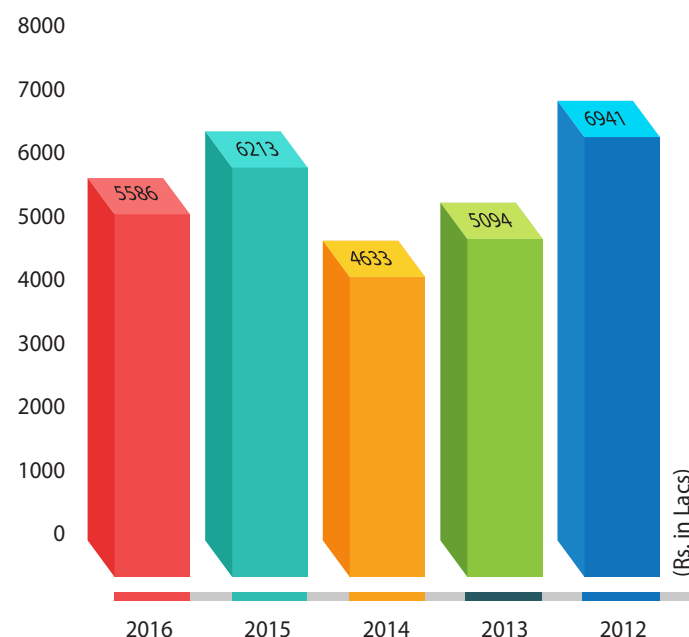
PBT



PAT



TOTAL INCOME





Notice

Notice is hereby given that the Twenty fourth Annual General Meeting (AGM) of the members of Arihant Capital Markets Limited will be held on **Saturday, 17th September, 2016 at 12:30 p.m.** at **Hotel President**, 163, R.N.T. Marg, Indore (M.P.)-452001, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - (a) The audited standalone Financial statement of the company for the financial year ended March 31, 2016, and the Reports of the Board of Directors and Auditors Report thereon; and
 - (b) The audited consolidated financial statements of the company for the financial year ended March 31, 2016 together with Auditors Report.
2. To confirm the payment of Interim Dividend declared by the Board of Directors on 10th March, 2016 on Equity shares as Interim Dividend for the Financial Year ended March 31, 2016.
3. To appoint a director in place of Mr. Sunil Kumar Jain (DIN: 00184860), 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(s), the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to the provisions of the sections 139 to 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules 2014 (Including any statutory modification(s) or re-enactment thereof, for the time being in force) M/s Arora, Banthia & Tulsyan, Chartered Accountants (Firm registration no. 007028C), be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this AGM until the conclusion of the next AGM of the Company on such remuneration as agreed upon by the Board of Directors and Auditors, in addition to the reimbursement of service tax and actual out of pocket expenses incurred in connection with the audit of accounts of the Company for the financial year ending March 31, 2017.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

SPECIAL BUSINESS

5. **To Consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:**

RE-APPOINTMENT OF MRS. ANITA S. GANDHI AS A WHOLE TIME DIRECTOR:

“RESOLVED THAT subject to the provisions of Sections 196, 197, 203 and all other applicable provisions of the Companies Act, 2013 (the Act) (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the companies Act and subject to such approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded for the re-appointment of Mrs. Anita Surendra Gandhi, Whole Time Director of the Company for a period of two year with effect from 1st February, 2016.

RESOLVED FURTHER THAT the salary and perquisites (including allowances) payable or allowable to the Whole Time Director be as follows:

Basic Salary: ₹1, 90,000 per month.

Housing: Furnished/Unfurnished accommodation or House Rent Allowance in lieu thereof not exceeding 40% of the Basic salary.

Conveyance: company will reimburse actual conveyance and traveling expenses incurred.

Performance Pay: Such amount as may be determined by the Nomination and Remuneration Committee, not exceeding 2 times of the basic salary.

Mrs. Gandhi prior to her appointment as Whole Time Director in the Company, in her capacity as an employee of the Company shall be eligible for Stock Options, as and when the event happens.



Provided that the remuneration payable by way of salary, perquisites, performance pay, other allowances and benefits does not exceed the limits laid down in Section 197 of the Companies Act, 2013, including any statutory modifications or re-enactment thereof.

RESOLVED FURTHER THAT notwithstanding anything herein, where in any financial year during the tenure of the Whole Time Director, the Company has no profits or its profits are inadequate, the Company may pay to the Whole Time Director, the above remuneration as the minimum remuneration for a period not exceeding two year by way of salary, perquisites, performance pay, other allowances and benefits as specified above subject to receipt of the requisite approvals, if any.

RESOLVED FURTHER THAT the nature of employment of the Whole Time Director with the Company shall be contractual and services can be discontinued by giving one month's notice from either party.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include Nomination and Remuneration Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorized to vary, increase, enhance, or widen from time to time the terms of appointment and remuneration of the Whole Time Director and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.

RESOLVED FURTHER THAT Mrs. Anita S. Gandhi shall not be entitled to any sitting fees for attending meetings of the Board and/or Committee of Directors her office shall be liable to determination by retirement of Directors by rotation."

6. To Consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

REGULARISATION OF ADDITIONAL DIRECTOR, MR. PAVAN KUMAR VED :

"RESOLVED THAT Mr. Pavan Kumar Ved (DIN: 02055767), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 12th February, 2016 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

By the order of the Board of Directors

Place: Indore

Dated: 11th August, 2016

Mahesh Pancholi
(Company Secretary)
M. No. F7143

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND POLL/VOTE ON HIS/HER BEHALF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
A person can act as a proxy on behalf of not exceeding 50 members and holding in aggregate not more than 10% of the total share capital of the Company.
2. The instrument appointing the proxy, duly completed however in order to be effective, should be deposited at the registered office of the Company not less than 48 hours before the meeting. A proxy form for the AGM is enclosed.
3. An explanatory statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business under item Nos. 5 and 6 of the accompanying Notice as set out above are annexed hereto.
4. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the directors seeking appointment / re-appointment at the AGM, is furnished as annexure to the Notice. The directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules there under.
5. The register of members and share transfer books of the Company will remain closed from Sunday, 11th September, 2016 to Saturday, 17th September, 2016 (both days inclusive) in connection with the AGM.
6. In all correspondence with the company members are requested to quote their folio number and in case shares are held in electronic form, they should quote Client ID and DP ID Number.
7. The register of Directors' and Key Managerial Personnel and their shareholding maintained under section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
8. The register of Contracts or Arrangements in which the Directors are interested, maintained u/s 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
9. Members who hold shares in dematerialized form are requested to inform their Client ID and DP ID number for easier identification for attendance at the meeting.
10. Shareholders who are still holding physical share certificate(s) are advised to de-materialize their shareholding to avail benefit of dematerialization.
11. Members desiring to have any information on accounts are requested to write to the Company at least 7 days in advance before the date of the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting. The shareholders are requested to write to the company secretary or to the registrar and share transfer agent, M/s Ankit Consultancy Private Limited, regarding transfer of shares and for resolving grievances, if any.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agents:
Ankit Consultancy Pvt. Ltd.
Plot No. 60, Electronic Complex, Pardeshipura,
Indore-452010, M.P.
13. Members are requested to notify any changes in their address/bank mandate to their respective depository participants (DPs) in respect of their electronic share accounts and to the registrar and share transfer agent of the Company, in respect of their physical shares folio, at:
Ankit Consultancy Pvt. Ltd.
Plot No. 60, Electronic Complex, Pardeshipura,
Indore-452010, M.P.
14. Members who are holding physical shares in more than one folio are requested to intimate to the Company/registrar and share transfer agent the details of all their folio numbers for consolidation into single folio.



15. Members/Proxies are requested to bring their copy of annual report to the meeting with the attendance slip, duly filled in, for attending the meeting.
 16. Corporate members intending to send their authorized representatives to attend the AGM are advised to send a duly certified copy of the board resolution authorizing their representatives to attend and vote at the meeting.
 17. Dividend for the financial year ended 31st March 2009, which remains unclaimed or unpaid, will be due for transfer to the Investor Education and Protection Fund of the Central Government, pursuant to the provision of section 124 of the Companies Act, 2013, on 15th October 2016. Members, who have not yet encashed their dividend warrants for the financial year ended 31st March 2009 or any subsequent financial years are requested to lodge their claims with the Company/ Ankit Consultancy Pvt. Ltd., without delay. Members are advised that no claims shall lie against the said fund or against the Company for the amounts of dividend so transferred to the said fund.
 18. All documents referred to in the notice and explanatory statement will be available for inspection by the members at the registered office of the Company between 10:00 a.m. and 5:00 p.m. on all working days from the date hereof up to the date of meeting.
 19. The Notice of the AGM along with the Annual Report 2015-16 is being sent by electronic mode to those members whose email addresses are registered with the company or the Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their email addresses, physical copies are being sent by the permitted mode. To support the "Green Initiative", the members who have not registered their email addresses are requested to register the same with Registrar of the Company/Depositories.
 20. A route map showing directions to reach the venue of the 24th AGM is given at the end of this Notice.
 21. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by National Securities Depository Limited. The facility for voting through ballot paper will also be made available at the AGM and members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are annexed to the Notice.
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Shareholder **Instructions for E-Voting**

Pursuant to section 108 of the Companies Act, 2013 read with rule 20 of the companies (management and administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is pleased to provide its members the facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercises their right to vote at the 24th Annual General Meeting (AGM). The business may be transacted through e-voting services rendered by National Securities Depository Limited (NSDL).

1. The facility for voting either through electronic voting system or through ballot / polling paper shall also be made available at the venue of the 24th AGM. The member attending the meeting who have not already cast their vote through remote e-voting shall be able to exercises their voting rights at the meeting.
2. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.
3. The remote e-voting period commences on 14th September, 2016 (9:00 am) and ends on 16th September, 2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 10th September, 2016, may cast their vote by electronically.
4. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.



5. The instructions for remote e-voting are as under:

A. Members whose shareholding is in the dematerialized form and whose email addresses are registered with the Company/ Depository Participant(s) will receive an email from NSDL informing the User-ID and Password/PIN.

- i). Open email and open PDF file viz.; "ARIHANT remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.
- ii). Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
- iii). Click on Shareholder – Login.
- iv). Enter the user ID and password/PIN as initial password noted in step (1) above. Click Login.
- v). Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi). Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- vii). Select "REVEN" (Remote E Voting Event Number) of Arihant Capital Markets Limited.
- viii). Now you are ready for remote e-voting as Cast Vote page opens.
- ix). Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x). upon confirmation, the message "Vote cast successfully" will be displayed.
- xi). Once you have voted on the resolution, you will not be allowed to modify your vote.
- xii). Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to bhattvirendra1945@gmail.com or with a copy marked to evoting@nsdl.co.in.

B. For Members holding shares in dematerialized form whose email IDs are not registered with the Company/ Depository Participants, Members holding shares in physical form as well as those Members who have requested for a physical copy of the Notice and Annual Report, the following instructions may be noted:

- i). Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

REVEN (Remote E Voting Event Number)	USER ID	PASSWORD/PIN.....
--------------------------------------	---------	-------------------
- ii). Please follow all steps from Sr. No. 1 to Sr. No. 12 of the above, to cast vote.

6. The company has appointed Mr. Virendra Bhatt, Company Secretary as the scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.
7. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com.
8. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
9. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 10th September, 2016.
10. Login to the remote e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password/PIN.
11. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 10th September, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA.
12. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/ PIN for casting your vote.



13. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 14. The Scrutinizer shall after the conclusion of voting at the AGM will first count the votes cast at the meeting and there after will unblock votes cast through e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a Director authorized by him in writing, who shall countersign the same. The Chairman or the authorized Director shall declare the result of the voting forthwith.
 15. The Results declared along with the report of the Scrutinizer's shall be displayed at the Registered Office as well as the Corporate Office of the Company and uploaded on the Company's website www.arihantcapital.com as well as on the website of NSDL after the same is declared by the Chairman/authorized person. The Results shall also be simultaneously forwarded to the Bombay stock exchange, Mumbai.
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Annexure to **Notice**

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013 ('THE ACT').

Item No. 5

Mrs. Anita Surendra Gandhi has a wide experience in the field of finance including corporate finance, primary market and secondary market research. She was actively involved in the financial affairs of the company including working capital arrangements, term loan syndication, commercial paper placements, and credit rating of the company and public issue of the Company. She is a member of The Institute of Chartered Accountants of India and a member of The Institute of Cost and Works Accountants of India.

The Board, subject to requisite approvals and in accordance with the recommendations of the remuneration committee, approved the re-appointment and remuneration payable to Mrs. Gandhi for a period of two year from 1st February, 2016.

The Board is of the view that the knowledge and experience of Mrs. Gandhi will be beneficial and valuable to the Company, and therefore, recommends her re-appointment as Whole-Time Director of your Company.

Your Directors recommend this resolution as an ordinary resolution for approval of the members.

A brief profile of Mrs. Anita S. Gandhi is enclosed at the end of this notice.

Apart from Mrs. Anita Surendra Gandhi, no other Director is deemed to be concerned or interested in this item of business.

Item No. 6

Mr. Pavan Kumar Ved was appointed as an Additional Director w.e.f. February 12, 2016 in accordance with the provisions of Section 161 of the Companies Act, 2013. Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing Mr. Pavan Kumar Ved candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013. The Board feels that presence of Mr. Pavan Kumar Ved on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 6 for adoption.

None of the Directors, except Mr. Pavan Kumar Ved and Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the said resolution.

Details of directors seeking appointment /re-appointment at the AGM

Particulars	Mrs. Anita S. Gandhi	Mr. Sunil Kumar Jain	Mr. Pavan Kumar Ved
DIN No.	02864338	00184860	02055767
Date of Birth	December 11, 1963	May 3, 1968	August 12, 1954
Date of Appointment	January 30, 2010	June 25, 1992	February 12, 2016
Qualifications	B.Com, CA, ICWA	M. Com	M.Com, M.A. (Eco), LLB, CS, CMA
Expertise in Specific functional Area	Wide experience in primary and secondary market research.	Wide experience in the field of capital markets	More than 30 years of rich experience in Income Tax Department.
Directorship held in other public companies (excluding private companies, foreign companies and section 8 companies)	Nil	Nil	Nil
Memberships/ Chairmanship of Committees of other public companies (includes only Audit Committee and shareholders/ Investor Grievances Committee)	Nil	Nil	Nil
No. of shares held in the company	Nil	1606656	Nil

By the order of the Board of Directors

Place: Indore

Dated: 11th August, 2016

Maresh Pancholi
(Company Secretary)
M. No. F7143

AGM Venue Map - Hotel President





Director's Report

Dear Shareholders,

Your Directors are pleased to present the Twenty Fourth Annual Report on the business and operations of your Company together with the audited financial statements and accounts for the year ended 31st March 2016.

Financial Highlights

The following table gives the financial highlights of your company on a standalone and consolidated basis for the financial year 2015-16:

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Gross income	4545.42	4938.19	5585.71	6212.65
Profit before depreciation	998.22	1120.63	1387.95	1758.70
Depreciation	91.87	107.20	100.62	124.01
Profit before tax	906.34	1013.43	1287.32	1597.68
Provision for taxation	305.70	306.53	431.45	489.48
Net profit after taxation	600.63	706.90	855.87	1108.20
Balance of profit and loss a/c (b/f)	236.58	117.07	560.46	380.76
Profit available for appropriation	837.22	823.98	1416.22	1489.11
Appropriations:				
Transfer to general reserve	400.00	400.00	630.00	725.00
Transfer to statutory reserve	Nil	Nil	9.65	16.26
Dividend (inclusive of dividend tax)	187.96	187.39	187.96	187.39
Balance carried to balance sheet	249.25	236.58	588.60	560.46

Review Of Operations

During the year under review, the company has posted gross income of ₹4,545.42 lacs (previous year ₹ 4,938.19) on a standalone basis and a net profit after tax, for the year 2015-16, of ₹600.63 Lacs compared to ₹706.90 Lacs in the previous year. On a consolidated basis during the year under review, the company has posted gross income of ₹5,585.71 Lacs (previous year ₹ 6,212.65). The consolidated net profit during the same period stands at ₹855.87 lacs compared to ₹1,108.20 lacs in the previous year.

A detailed note on the Company's operational and financial performance is given in Management Discussion and Analysis (MDA) Report which is annexed to the Directors' Report. The MDA report has been prepared in compliance with the terms of Regulation 34(2) (e) of SEBI (LODR) 2015 with the BSE Ltd.

Transfer To General Reserves

The Company proposes to transfer ₹400.00 lacs to the general reserves out of the amount available for appropriations and an amount of ₹249.25 lacs are proposed to be retained in the Profit and Loss Account.

Share Capital

The paid up Equity Share Capital as at March 31, 2016 stood at ₹10.41 Crore. During the previous year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

Dividend

Your Directors in their meeting held on March 10, 2016 had declared the interim dividend ₹0.75 (15% per share) on the Equity Shares of the Company for the financial year 2015-16.

In view of the overall performance of the company and to support future growth your Board of Directors do not recommend final dividend.

Public Deposits

The Company did not accept any public deposits during the year under review.

Subsidiaries

As on 31st March, 2016 Your Company had seven (7) subsidiaries. During the year, the Board of Directors reviewed the business operations and financial performance of the said Companies.

1. Arihant Futures and Commodities Limited
2. Arihant Financial Services Limited
3. Arihant Lifespace Infra Developers Limited (formerly Arihant Finsec Limited)
4. Arihant Insurance Broking Services Limited
5. Arihant Financial Planners and Advisors Pvt. Ltd.
6. Ahinsa Lifespace Infraheight Ltd.
7. Arihant Housing Financial Corporation Limited

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, your Company has prepared Consolidated Financial Statements of the Company which do not forms part of this Annual Report. Further, a Statement containing salient features of financial information of the Subsidiary Companies is disclosed in the prescribed format AOC-1, pursuant to Section 129(3) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is annexed with standalone balance sheet to this Report. The Statement also provides details of performance and financial position of each of the Companies. The Company will provide a copy of separate annual accounts in respect of each of its subsidiary to any shareholder of the Company who asks for it.

In accordance with the provisions of Section 136 of the Companies Act, 2013, the Audited Financial Statements, the Consolidated Financial Statements and the related information of the Company and the Audited Accounts of the Subsidiaries Companies, are available on our website i.e. www.arihantcapital.com. These documents shall also be available for inspection during the business hours, i.e. between 10.00 a.m. to 6.00 p.m. on all working days (except Saturday and Sunday) at the Registered Office of the Company.

Consolidated Financial Statements

In accordance with the accounting standard AS-21, the consolidated financial statements are furnished herewith and form part of this Annual Report. These statements have been prepared on the basis of audited financial statements received from the subsidiary companies as approved by their Board of Directors.

Directors

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Sunil Kumar Jain, who is due to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the members of the company at the ensuing Annual General Meeting.

During the year under review Board appointed Mr. Pavan Kumar Ved as an Additional Director of the company with effect from 12th February, 2016.

Mr. Pankaj Kumar Gupta & Mr. Rakesh Jain resigned from the post of Directorship. The Board placed on record its deep appreciation for their valuable contributions as member of the Board and also for the significant contribution they have made to the management of affairs of the company and for the valuable advises they have made to the Board from time to time during his tenure as Directors of the Company.

Key Managerial Personnel

The following are the Key Managerial Personnel of the Company:

S. No.	Name	Designation
1	Mr. Ashok Kumar Jain	Chairman & Managing Director
2	Mrs. Anita Surendra Gandhi	Whole Time Director
3	Mr. Tarun Goyal	Chief Financial Officer
4	Mr. Mahesh Pancholi	Company Secretary

Independent Directors

All Independent Directors have given declarations that they meet criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 (b) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

As per requirement of Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 separate meeting of the independent directors ("Annual Independent Directors Meeting") was convened, which reviewed the performance of the Board (as a whole), the non-independent directors and the Chairman.

Number of Meetings of The Board

The details of the number of meetings of the Board held during the financial year 2015-16 forms part of the Corporate Governance Report.

Committees of The Board:

The Board of Directors has the Following Committees:

1. Audit Committee
2. Remuneration and Nomination Committee
3. Stakeholders Relationship Committee
4. Corporate Social Responsibility Committee

The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance Report.

Particulars Of Loans, Guarantees Or Investments By Company

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

Whistle Blower Policy

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (LODR) Regulations, 2015, the Company has in place a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of illegal activities, unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy. It also provides for adequate safeguards against victimization of persons who use this mechanism and direct access to the Chairman of the Audit Committee in exceptional cases.

The Whistle Blower Policy has been posted on the website of the company www.arihantcapital.com.

Remuneration And Nomination Policy

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of directors, key managerial personnel and senior management of the company. This policy also lays down criteria for selection and appointment of Board members. The details of this policy are explained in the Corporate Governance Report.

Transfer Of Amounts To Investor Education And Protection Fund

Pursuant to the provisions of Section 125(1) of the Companies Act, 2013, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company to the Investor Education and Protection Fund.

Conservation Of Energy, Technology Absorption And Foreign Exchange Earnings/ Outgo

In view of the nature of activities which are being carried on by the Company, Rules 8(3) A and B of the Companies (Accounts) Rules, 2014 concerning conservation of energy and technology absorption respectively are not applicable to the Company. However as per Rule 8(3) C details regarding foreign exchange inflow and outflow shall be referred as mentioned in Note No. 26 of Notes forming part of Balance Sheet.

**Information As Per Rule 5(2) Of The Chapter Xiii, The Companies (Appointment And Remuneration Of Managerial Personnel) Rules, 2014**

The information required Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors Report for the year ended 31st March, 2016 is given in the separate "Annexure-C" of this Report.

The above annexure is not being sent along with this Report to the members of the Company in line with the provisions of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company or through mail addressed to mahesh.pancholi@arihantcapital.com. The aforesaid Annexure is also available for inspection by the Members at the Registered Office of the Company, 21 days before the 24th Annual General Meeting and upto the date of the ensuing Annual General Meeting during business hours on working days.

Internal Audit & Internal Financial Control And Its Adequacy

Your Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/ revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal and operational audit is entrusted to M/s. Jain Doshi & Co. a reputed firm. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The audit function maintains its independence and objectivity while carrying out assignments. It evaluates on a continuous basis, the adequacy and effectiveness of internal control mechanism. The function also proactively recommends improvement in policies and processes, suggests streamlining of controls against various risks.

Based on the assessment carried out by the management and the evolution of the results of the assessment, The Board of Directors are of the opinion that the Company has adequate Internal Financial Controls System that is operating effectively as at March 31, 2016.

There were no instances of fraud which necessitates reporting of material misstatement to the Company's operations.

There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.

Performance Evaluation

The provisions of the Companies Act, 2013 mandates formal annual evaluation of the Board of Directors, its committees and individual Directors. The provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, also require that the Board shall monitor and review the Board Evaluation Framework. The annual performance evaluation of the Board as a whole, all Directors as well as the evaluation of the Board Committees including Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Board of Directors of the Company, was carried out. The details of evaluation process as carried out and the evaluation criteria and framework have been explained in the Corporate Governance Report, forming part of this Annual Report.

Director's Responsibility Statement

In pursuance of Section 134(3) (c) read with section 134(5) of the Companies Act, 2013, the Director's statement, as an averment of their responsibility, is as under:

- (i) The Company has, in the preparation of the annual accounts for the year ended March 31, 2016, followed the applicable accounting standards along with proper explanations relating to material departures, if any.
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at 31st March 2016 and of the profit or loss of the Company for the year ended on that date.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts for the financial year ended 31st March 2016 on a going concern basis.
- (v) The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
- (vi) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and those systems are adequate and operating effectively.



Auditors And Auditors Report

M/s Arora Banthia & Tulsian, Chartered Accountants, auditors of the company, is bearing firm registration no. 007028C who are statutory auditor of the company hold office up to the forthcoming Annual General Meeting and are recommended for re-appointment for the Financial Year 2016-2017. As required under the provisions of section 139 of the Companies Act, 2013 the Company has obtained written confirmation from the M/s Arora Banthia & Tulsian that their appointment, if made, would be in conformity with the limits specified in the said Section.

The notes to the accounts referred to in the Auditor's Report are self-explanatory and therefore, do not call for any further comments.

Management Discussion And Analysis Report

The Management Discussion and Analysis Report covering the matters listed in Regulation 34(2) (e) of the SEBI (LODR), 2015, for the year under review is given as a separate statement in the Annual Report.

Corporate Governance

Your directors reaffirm that the Company has complied with the corporate governance norms as stipulated under the provisions of the listing agreement entered into with the BSE and prescribed by the Securities and Exchange Board of India (SEBI).

A Certificate from Practicing Company Secretary confirming compliance to the corporate governance requirements by the Company is attached to this report. A detailed report on corporate governance as stipulated in Schedule V (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in the Annual Report.

Policy On Disclosure Of Material Events And Information

During the year under review, your Company has adopted the Policy on Disclosure of Material Events and Information, in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to determine the events and information which are material in nature and are better required to be disclosed to the Stock Exchange. The said policy is available on the website of the Company www.arihantcapital.com.

Listing Agreement

The Securities and Exchange Board of India (SEBI), on September 2, 2015 issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations with effect from December 1, 2015. Accordingly, all listed entities were required to enter in to the Listing Agreement within six months from the effective date. The company entered into Listing Agreement with the BSE Limited during February, 2016.

Your Company has paid the listing fees as payable to the BSE Limited for the financial year 2016-17 on time.

Corporate Social Responsibility

Aligning with the guidelines of the Section 135 of the Companies Act, 2013 and the Rules framed there under, we had constituted a Committee, which is responsible for formulating and monitoring the CSR Policy of the Company. For the Financial Year 2015-16 the company has contributed to a Registered Trust, amount of Rs 2,00,000/- (Rupees Two Lacs only) towards its CSR Activities. This charitable trust is doing welfare activities and programmes for promoting education of poor children. Further remaining amount will be invested by the Company in upcoming Financial Year 2016-2017 in specified CSR Activities covered under Section 135 and Schedule VII of the Companies Act, 2013.

Extract Of Annual Return

The details forming part of the extract of the Annual return in form MGT-9 is annexed herewith as "Annexure A"

Secretarial Audit

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and remuneration of managerial personnel) Rules, 2014 the company has appointed M/s Ajit Jain & Co., practicing company secretary to undertake the secretarial audit of the company. The Secretarial Audit Report is annexed herewith "Annexure B".



Related Party Transactions

All related party transactions that were entered into during the financial year under review were on arm's length basis and in the ordinary course of the business and that the provisions of Section 188 of the Companies Act, 2013 and the Rules made there under are not attracted. Thus, disclosures in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not required. There are no materially significant related party transactions made by the company with the promoters, key managerial personnel or other designated persons which may have potential conflict with interest of the company at large. All related party transactions are placed before the Audit Committee and the Board for approval, if applicable. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The Company has developed a framework through Standard Operating Procedures for the purpose of identification and monitoring of such Related Party Transactions and suitable disclosures as required by AS-18 has been made in notes of Financial Statement.

Prevention Of Insider Trading

The company has adopted a code of conduct for prevention of insider trading with a view to regulate trading in securities by the Directors and designated employees of the company. The code requires pre-clearance for dealing in the company's shares and prohibits the purchase or sales of company's shares by the Directors and designated employees by in possession of unpublished price sensitive information in relation to the company and during the period when the trading window is closed. The compliance officer is responsible for implementation of the code. All Board of Directors and designated employees have confirmed compliances with the code.

GENERAL

Your directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Neither the Managing Director nor Whole Time Director of the company received any remuneration or commission from any of its subsidiaries.
- No significant or material orders were passed by the regulators or courts or tribunals which impact the going concern status of the company's operation in future.

DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Director further state that as required by the sexual harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints. During the year under review, no complaints were reported to the Board.

Acknowledgement

Your directors take this opportunity to thank the customers, shareholders, financial institutions, stock exchanges, SEBI, Reserve Bank of India, National Securities Depository Limited, Central Depository Services Limited and other government and regulatory agencies for their consistent support and encouragement to the Company.

We also place on record our sincere appreciation to all the members of Arihant family including our employees and authorized persons for their hard work, support and commitment. Their dedication and competence has made these results achievable.

For and on behalf of the Board of Directors

Place: Indore

Dated: 24th May, 2016

**Ashok Kumar Jain
(Chairman)**

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	CIN	L67120MP1992PLC007182
ii	Registration Date	25/06/1992
iii	Name of the Company	Arihant Capital Markets Ltd.
iv	Category/Sub-Category of the Company	Company limited by shares/ Indian non Govt. company
v	Address of the Registered office and contact details	E/5, Ratlam Kothi Area, Indore-452001 (M.P.) T. +91-731-2519610, F. +91-731-3048915
vi	Whether listed company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Ankit Consultancy Private Limited Plot No. 60, Electronic Complex, Pardeshipura, Indore – 452 010 (M.P.) T. +91-731-2551745, F. +91-731-4065798

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Securities brokerage services	99715210	71.96%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	ARIHANT FUTURES AND COMMODITIES LTD. Add: E/5, Ratlam Kothi Area, Indore-452001 (M.P.)	U51225MP2002PLC015401	Subsidiary Company	100%	Section 2(87)
2	ARIHANT FINANCIAL SERVICES LTD. Add: E/5, Ratlam Kothi Area, Indore-452001 (M.P.)	U67120MP2006PLC019160	Subsidiary Company	100%	Section 2(87)
3	ARIHANT LIFESPACE INFRA DEVELOPERS LIMITED (Formerly- Arihant Finsec Ltd.) Add: E/5, Ratlam Kothi Area, Indore-452001 (M.P.)	U70100MP2008PLC020730	Subsidiary Company	100%	Section 2(87)
4	ARIHANT INSURANCE BROKING SERVICES LTD. Add: E/5, Ratlam Kothi Area, Indore-452001 (M.P.)	U66000MP2009PLC021788	Subsidiary Company	100%	Section 2(87)

5	ARIHANT FINANCIAL PLANNERS AND ADVISORS PVT. LTD. Add: E/5, Ratlam Kothi Area, Indore-452001 (M.P.)	U74140MP2011PTC026953	Subsidiary Company	51.2%	Section 2(87)
6	AHINSA LIFESPACE INFRAHEIGHT LIMITED Add: E/5, Ratlam Kothi Area, Indore-452001 (M.P.)	U70102MP2014PLC032196	Subsidiary Company	100%	Section 2(87)
7	ARIHANT HOUSING FINANCE CORPORATION LIMITED Add: 1011, Solitaire Corporate Park, building No. 10, 1st Floor, Chakala, Andheri (E), Mumbai-400 093	U67190MH2014PLC265689	Subsidiary Company	100%	Section 2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (01/04/2015)				No. of Shares held at the end of the year (31/03/2016)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
a) Individual/ Huf	15421052	-	15421052	74.06	15421052	-	15421052	74.06	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	15421052	-	15421052	74.06	15421052	-	15421052	74.06	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	15421052	-	15421052	74.06	15421052	-	15421052	74.06	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-



f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	791016	67520	858536	4.12	291711	67520	359231	1.73	-2.39
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1883287	442344	2325631	11.17	1766696	430184	2196880	10.55	-0.62
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2086533	-	2086533	10.02	2712005	-	2712005	13.02	3.00
c) Others (specify)									
i) NRI & OCB	124585	-	124585	0.60	93685	-	93685	0.45	-0.15
ii) Clearing Member	6223	-	6223	0.03	39707	-	39707	0.19	0.16
Sub-total (B)(2):-	4891644	509864	5401508	25.94	4903804	497704	5401508	25.94	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	4891644	509864	5401508	25.94	4903804	497704	5401508	25.94	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	20312696	509864	20822560	100	20324856	497704	20822560	100	

ii) Shareholding of Promoters

S. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares % of Total Shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares % of Total Shares	
1	Ashok Kumar Jain	6063040	29.12	-	6063040	29.12	-	-
2	Kiran Jain	4728320	22.71	-	4728320	22.71	-	-
3	Sunil Kumar Jain	1606656	7.71	-	1606656	7.71	-	-
4	Arpit Jain	1147840	5.51	-	1147840	5.51	-	-
5	Swati Jain	915516	4.40	-	915516	4.40	-	-
6	Shruti Jain	622080	2.99	-	622080	2.99	-	-
7	Ratik Jain	192000	0.92	-	192000	0.92	-	-
8	Kamal Kumar Jain	51200	0.25	-	51200	0.25	-	-
9	Anvita Jain	38400	0.18	-	38400	0.18	-	-
10	Meena Jain	30400	0.15	-	30400	0.15	-	-
11	Kamal Kumar Jain	25600	0.12	-	25600	0.12	-	-

iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	N.A.	N.A.	N.A.	N.A.
	At the End of the year	-	-	-	-

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Vijaya Jain	457988	2.20	458657	2.20
2	Manorama Jain	435238	2.09	435238	2.09
3	Vandana Jain	322480	1.55	322480	1.55
4	Vinodkumar Harakchand Daga	0	0	174895	0.84
5	Vijit Ramawat	161863	0.78	135900	0.65
6	Mahesh Vrajlal Babaria	122800	0.59	122800	0.59
7	Omprakash Agrawal	0	0	106296	0.51
8	Ankit Agrawal	0	0	97144	0.47
9	Shrijika Agrawal	0	0	95597	0.46
10	Pumarth Properties And Holdings Pvt. Ltd.	194137	0.93	0	0
11	Pumarth Infrastructure Pvt. Ltd.	100000	0.48	0	0
12	Neha Bagadia	80005	0.38	0	0
13	Vijit Asset Management Pvt. Ltd.	74236	0.36	0	0

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	For Each of the Directors and KMP	As on Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Ashok Kumar Jain (Managing Director)	01/04/2015 31/03/2016	6063040 -	29.12 -	6063040 6063040	29.12 29.12
2.	Mr. Sunil Kumar Jain (Director)	01/04/2015 31/03/2016	1606656 -	7.71 -	1606656 1606656	7.71 7.71



3.	Mr. Akhilesh Rath (Director)	01/04/2015 31/03/2016	- -	- -	- -	- -
4.	Mr. Parag Rameshbhai Shah (Director)	01/04/2015 31/03/2016	29000 -	0.13 -	29000 29000	0.13 0.13
5.	Mrs. Anita S. Gandhi (Whole Time Director)	01/04/2015 31/03/2016	- -	- -	- -	- -
6.	Mr. Pavan Kumar Ved (Additional Director)	12/02/2016 31/03/2016	- -	- -	- -	- -
7.	Mr. Pankaj Kumar Gupta (Director)	01/04/2015 10/06/2015	- -	- -	- -	- -
8.	Mr. Rakesh Jain (Director)	01/04/2015 12/02/2016	- -	- -	- -	- -
9.	Mr. Mahesh Pancholi (Company Secretary)	01/04/2015 31/03/2016	272 -	- -	272 272	- -
10.	Mr. Tarun Goyal (CFO)	01/04/2015 31/03/2016	- -	- -	- -	- -

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Amt. in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year		-	-	
i) Principal Amount	11,801	-	-	11,801
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	11,801	-	-	11,801
Change in Indebtedness during the financial year		-	-	
■ Addition		-	-	
■ Reduction	(11,801)	-	-	(11,801)
Net Change	(11,801)	-	-	(11,801)
Indebtedness at the end of the financial year		-	-	
i) Principal Amount	0	-	-	0
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	0	-	-	0

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amt. in Rs.)

S. No.	Particulars of Remuneration	Mr. Ashok Kumar Jain (Managing Director)	Mrs. Anita S. Gandhi (Whole Time Director)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	44,00,000	31,92,000	75,92,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	76,719	-	76,719
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission	24,40,000	-	24,40,000
	- as % of profit	10	-	
	- Others, specify...	-	-	
5	Others, please specify	-	-	
	Total (A)	69,16,719	31,92,000	1,01,08,719

B. Remuneration to other directors:

(Amt. in Rs.)

S. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Akhilesh Rath	Mr. Sunil Kumar Jain	Mr. Rakesh Jain	Mr. Pankaj Kumar Gupta	Mr. Parag Rameshbhai Shah	Mr. Pavan Kumar Ved	
1	Independent Directors							
	Fee for attending board / committee meetings	1,20,000	-	-	Nil	80,000	-	2,00,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	1,20,000	-	-	Nil	80,000	-	2,00,000
2	Other Non-Executive Directors							
	Fee for attending board / committee meetings	-	1,20,000	62,000	-	-	40,000	2,22,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	1,20,000	62,000	-	-	40,000	2,22,000
	Total (B)=(1+2)	1,20,000	1,20,000	62,000	Nil	80,000	40,000	4,22,000
	Total Managerial Remuneration	-	-	-	-	-	-	4,22,000
	Overall Ceiling as per the Act							

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTB**

(Amt. in Rs.)

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1	Gross salary	5,86,870	9,82,600	15,69,470
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- Others, specify...			
5	Others, please specify			
	Total	5,86,870	9,82,600	15,69,470

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

**ANNEXURE-B**

Form No. MR-3

SECRETARIAL AUDIT REPORTFOR THE FINANCIAL YEAR ENDED ON 31st March, 2016**[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,
The Members,
Arihant Capital Markets Limited
(CIN: L67120MP1992PLC007182)
E-5 Ratlam Kothi Area, Indore (M.P.) - 452001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Arihant Capital Markets Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2016 (Audit Period), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Arihant Capital Markets Limited ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the audit period);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the audit period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period);
- (vi) Other applicable Acts;
 - (a) Prevention of Money Laundering Act, 2002;
 - (b) The Employees Provident Fund & Miscellaneous Provisions Act, 1952;
 - (c) Employees State Insurance Act, 1948;
 - (d) Payment of Gratuity Act, 1972;
 - (e) The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India effective from 01st July, 2015.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 in so far as they are made applicable from time to time.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.



We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the members of the Company have not passed any resolution through postal ballot.

We further report that the Company has spent Rs. 2,00,000/- on Corporate Social Responsibility (CSR) during the year under review. Further remaining amount will be invested by the Company in upcoming Financial Year 2016-2017 in specified CSR Activities.

We further report that during the audit period, there were no instances of:

- (i) Public/Rights/Preferential issue of Shares/debentures/sweat equity.
- (ii) Redemption / buy-back of Securities.
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.
- (iv) Merger/ amalgamation/ reconstruction etc.
- (v) Foreign technical collaborations.

**For Ajit Jain & Co,
Company Secretary**

**Place: Indore
Date: 24th May 2016**

**Ajit Jain
Proprietor
FCS No.: 3933; C P No.: 2876**

This report is to be read with our letter of even date which is annexed as "Annexure I" and forms an integral part of this report.

Annexure I to **Secretarial Audit Report**

To,
The Members,
ARIHANT CAPITAL MARKETS LIMITED
(CIN: L67120MP1992PLC007182)
E-5 Ratlam Kothi Area, Indore (M.P.) - 452001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Ajit Jain & Co,
Company Secretary**

**Place: Indore
Date: 24th May 2016**

**Ajit Jain
Proprietor
FCS No.: 3933; C P No.: 2876**

ANNEXURE-C

Details Pertaining To Remuneration As Required Under Section 197(2) Of The Companies Act, 2013 Read With Rule 5(1) **Of The Companies (Appointment And Remuneration Of Managerial Personnel) Rules, 2014.**

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2015-16, ratio of the remuneration of each Director to the median remuneration of employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel(KMP) against the performance of the Company are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director /KMP for the FY 2015-16 (Rs. in Lacs)	% increase in Remuneration in the FY 2015-16	Ratio of Remuneration of each Director to median remuneration of employees	Comparison of the Remuneration of the KMP against the Performance of the company
1.	Ashok Kumar Jain*	44.76	33%	17.97	
2.	Mrs. Anita S. Gandhi*	31.92	10%	12.82	
3.	Sunil Kumar Jain	1.20	-	0.48	
4.	Akhilesh Rathi	1.20	-	0.48	
5.	Rakesh Jain	0.62	-	0.24	
6.	Pavan Ved	0.40	-	0.16	
7.	Parag Rameshbhai Shah	0.80	-	0.32	
8.	Mahesh Pancholi*	5.87	10%	N.A.	Profit after tax decreased by 15.03% for the Financial Year 2015-16
9.	Tarun Goyal*	9.82	10%	N.A.	

*KMP of the company

- (ii) The median remuneration of employees of the Company during the financial year was Rs. 2.49 Lac.
- (iii) In the financial year, there was an increase of average 10% in the median remuneration of employees.
- (iv) There were 172 permanent employees on the rolls of Company on March 31, 2016.
- (v) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive the remuneration in excess of the highest paid Director during the year - Not Applicable;
- (vi) It is hereby affirmed that the remuneration paid is as per Remuneration Policy for Directors, Key Managerial Personnel and other Employees.



Management Discussion and Analysis Report

FY2015-16: A Glance

While the global economic environment remained subdued during FY2016, the economic activity in the first nine months of fiscal 2016 saw some gradual improvement. The year saw several new initiatives, like Make in India, smart cities and digital India, launched by the government to drive growth and investments, which is setting the right foundation for future.

The Indian economy which accounts for over 70 per cent of South Asia's GDP expanded 7.6% in 2015-16 as compared to 7.2% in the previous year outpacing Chinese economy. Agricultural growth stood at 1.2%, industry grew by 7.4% and services grew by 8.9%. CAD (Current Account Deficit) was -1.1% vs. -1.3% in the previous year. Fiscal deficit came down to 3.9% from 4% in the previous year. Global growth came down to 3.1% in 2016 from 3.4% in 2015. Inflation remained moderate throughout the year, falling to 4.8% in March 2016 from 5.3% y-o-y (CPI). This helped the Reserve Bank of India in cutting down the repo rate by 75 basis points during the fiscal year to 6.75% to fuel growth.

The slowdown in China, the world's largest economy resulted in the overall slowdown in the global economy. Emerging market economies grew by 4% as against growth of 4.6% in 2015. The sluggishness in the global economy took toll on exports, bringing down Indian exports by 16%. Fortunately, sharp fall in the crude oil prices also helped in bringing down overall imports in line with fall in exports and effectively helped Indian economy to maintain trade balance. The below normal monsoon and resultant slowdown in rural and urban economy led to rising level of non-performing assets in the banking sector that caused concern for the Indian public sector banks. Reserve Bank of India under the chairmanship of Mr. Raghuram Rajan took the responsibility of cleaning the banking system. This coupled with slowdown in the credit took toll on the profitability of the PSU Banks.

The abovementioned factors led to turbulent equity movements in the equity market with Sensex and Nifty delivering negative returns during the year. The large cap benchmark Nifty 50 plummeted 8.9% during the year falling from 7738 levels on 31st March 2016 while the S&P BSE Sensex was down 9.3% closing the fiscal year at 25341. Dismal corporate earnings, sub normal monsoons, rising level of NPA's in the banking system, profit booking by FIIs, migration of money towards safer geographies and asset classes, overall reduction in exposure by FIIs in emerging markets were some of the reasons for dismal performance by Indian equities.

According to a report, out of the three calendar years with negative equity returns in the last decade, 2016 has been the only one where mid-cap stocks have outperformed the large caps. Among the emerging market (EM) peers, India remained in a bright spot amid a slowdown in global economy on the back of multiple rate cuts by the RBI and its efforts to keep inflation under check. The rate cuts by RBI helped the momentum in the automobile sales of 2 wheelers and 4 wheelers that resulted in good performance by automobile majors as well as FMCG companies. Another major event of 2016 was the 25 basis point hike in interest rates by the US Federal Reserve. The interest rates, which were maintained at zero, were raised for the first time in almost a decade since the great recession indicating signs of a pickup in the world's biggest economy. This led to bringing down the interest rates differential between the two countries resulting into some outflow of foreign funds from the equity markets. The silver lining for 2016 however, was the continued flows received by domestic institutions, particularly mutual funds by higher participation from the retail investors.

Outlook for 2017: The right foundation for growth

The demand conditions are likely to improve going forward in 2017 on improving expectations of employment and spending with rural demand aided by stronger monsoon. With good progress of rainfall, CRISIL has upgraded India's GDP estimate to 7.9% for 2017 and also expects agricultural growth to accelerate to 4% from 1.2% in 2016. The revised GDP estimate is likely to attract more foreign funds to the equity markets in India.

One of the biggest positives during the year has been control on inflation, which helped the RBI to cut the interest rates. The banks are yet to pass on the benefit to customers, which will help revive the sluggish investment cycle.

Auto sales, passenger air and freight traffic, cement production and steel consumption are showing positive traction. The priority areas for the government have been highways, railways, energy and defense. The existing demographic of young population augur well with the revised GDP estimate. Make In India mission and Smart City project will help India transform and slowly take the leap towards becoming a developed nation from its existing status of emerging economy.

Who we are and what we do

Established as a stock broking company in 1992, we are today one of India's leading integrated financial services company. Initiated with the idea to make financial products and services easily understandable and accessible to all, the Company now offers equity, commodity and currency broking services, merchant banking services, distribution of financial products, financial planning, and depository services through its 610 investment centers across India servicing over 1.30 lac customers that includes retail, high net worth individuals and domestic and foreign financial institutions. Here is a list of products and services offered by your Company:

- Equities and Derivatives Broking
- Commodities Broking
- Merchant Banking (Category I)
- Mutual Fund Investment and Advisory
- Online and mobile trading
- Currency Derivatives Broking
- Priority Client Group
- IPO, Bonds (including NHAI, REC, NABARD)

We derive majority of our revenues from our equity broking division. The Company conducts its operations along with its subsidiaries (together hereinafter referred to as Arihant or the Company).

Review of Operations

Broking business is susceptible to cyclical market fluctuations and the year under review saw a decline in revenues that was in sync with decline in trading volumes on the Exchanges during the year. To mitigate the risks of this cyclical industry, we have diversified our group portfolio in real estate through our subsidiary company. The company recognised the need of affordable housing in the industrial city of Pithampur, located near Indore and launched a residential project, Arihant Residency under Arihant Lifespace Infra Developers Ltd. During the year under review, all requisite regulatory approvals had been acquired and development work is under process.

On a consolidated basis, your Company earned total revenue of ₹55.86 Cr with a net profit of ₹8.56 Cr during FY 2016. The revenues of your Company decreased by 10.56 % in the financial year under review.

Your Company's consolidated performance during the financial year 2015-2016 is as follows:

(₹ in Lacs)

Year ended	March 31, 2016	March 31, 2015
Income from operations	5,151.71	5,760.39
Other Income	434.01	452.26
Total Income	5,585.72	6,212.65
Total Expenditure	4,298.39	4,577.96
Profit before exceptional items	1,287.32	1,634.68
Exceptional Items	0.00	37.00
Profit before Tax	1,287.32	1,597.68
Tax on Profit	431.45	489.48
Net Profit for the period	855.87	1,108.20
Earnings Per Share (Rs)	4.11	5.32

Your company continued to maintain a cautious stance on the expenditure reducing its expenses, wherever feasible. The following table outlines company's expenditure:

(₹ in Lacs)

Year ended	March 31, 2016	March 31, 2015
Commission and Brokerage	1,589.48	1,806.12
Employees Cost	1,040.04	1,119.53
Depreciation	100.63	124.02
Administrative & Other Expenditure	1,333.73	1,289.79
Financial Cost	234.51	238.51
TOTAL EXPENDITURE	4,298.39	4,577.97

Volatility is a part of our business, and hence we believe there would be periods of volatility in the Indian equity markets, like that witnessed in financial year 2016, which will also reflect in our business performance. We therefore believe in diversifying to tap on new revenue streams and continuously upgrading and improving user experience to meet and exceed client expectation and improving our offerings to counter the volatility.

To make investing simple and offer simple integrated solutions to our clients, we launched a new client dashboard for our clients that offers single sign-on facility that offers them a one click access to all their investments, portfolios and access to research. A new improved website was also introduced during the financial year to allow investors to experience and understand the various products and solutions



offered by the Company, get access to solutions to help them make better investment decisions (like financial calculators, discussion board, knowledge centre).

We understand the important role that smartphones and tablets play in today's lives and hence we enhanced our mobile trading application with a host of new features for better performance and convenience.

Our focus in 2017 is going to be on building robust mobile and online trading platforms using the cutting-edge technology and be innovators in the industry.

Risk factors relating to our business operations

The Company faces a variety of risks because of the business environment it operates in, which may affect its operations or financial results, and many of those risks are driven by factors that the Company cannot control or predict. Capital markets worldwide, including the Indian capital markets, are exposed to significant fluctuations and hence, the company is exposed to several risks apart from the fundamental risk of business operations. Hence adequate risk management system has been put in place by the management to ensure the success and financial soundness of the company. However, despite the company's attempts to identify areas of potential risks and implement policies and procedures to mitigate those risks, there can be no assurance that the company will not suffer unexpected losses in its area of operations.

The risk factors that can be specifically identified with our business operations are outlined below:

- Capital market risk is inherent in our business: The major sources of our revenues are derived from equity brokerage business. Hence, like other players in the market, our business is highly sensitive to economic and political conditions prevalent in the country and across the globe. Any sustained downturn in general economic conditions or Indian equity markets and severe market fluctuations would likely result in reduced client trading volumes and net revenues, and hence, will have a material adverse effect on our profitability.
- Technological risk plays a significant role in our industry: The substantial amount of costs involved in deployment of technology is a critical factor. Obsolescence is another major concern as upgradation of technology is an ongoing exercise. Any significant changes in technology would pose pressure on our profitability.
- Systems failures, delays and capacity constraints could harm our business
- We are exposed to credit risk with clients and counterparties: We provide exposure limits to clients, based on the collaterals of securities that we receive from them, in connection with our brokerage business. Sharp change in market values of securities and the failure by parties to honour their commitments on a timely basis could have a material adverse effect on the profitability of our operations.
- Substantial competition could reduce our market share: India has become one of the most attractive investment destinations in the world. Many foreign players have entered in the Indian financial services market and would continue to do so. There has been substantial price competition in the industry, including various free trade offers and a declining trend in the brokerage charges to the clients. We expect this competitive environment to continue in the future and this could affect our results of operations.
- We are subject to various legal actions filed against us by interested parties: In our ordinary course of business, investors, trading members or any other third party may institute complaints, arbitration proceedings, lawsuits or other actions against us. Accordingly, in some cases fines, penalties or other repercussions would be borne by us that could materially affect our results of operations or cash flows.
- Regulatory uncertainties or failure to comply with any regulatory authority could affect our business: The financial services industry is subject to extensive regulations covering all aspects of the business. Securities and Exchange Board of India (SEBI), National Stock Exchange (NSE), the Bombay Stock Exchange of Mumbai (BSE), Forward Market Commission (FMC), Central Government, State Government and other regulatory bodies can, among other things, impose fine, penalties, suspend our business or exercise other such powers in their jurisdiction, which could potentially harm our business operations.

Human Resources

Arihant's success is dependent on our ability to attract, retain and motivate highly talented human capital including sales and marketing and infrastructure professionals and good support staff. We accomplish this by ensuring that we have competitive compensation structure. Employees are the key to achievement of the Company's objectives and strategies. The Company provides employees with a fair and equitable work environment and support from the peers to develop their capabilities, trusting them with freedom to act and to take responsibility. The Company continuously invests in the development of its human resources through a series of employee friendly measures aimed at talent acquisition, development, motivation and retention.



Your Company continued to emphasise on improving and upgrading the skills of its employees and conducted several training programs in this regard. Moreover, in line with the Company's staff certification policy, employees are mandatorily required to take relevant industry standard certifications such as National Institute of Securities Markets (NISM), BSE Certification on Stock Markets (BCSM), Association of Mutual Funds of India (AMFI), Chartered Financial Analyst (CFA) and Chartered Financial Planner (CFP). Most of the Company's employees are qualified professionals (CA, CS, MBAs) or have obtained such certifications.

Arihant is committed to creating a team oriented and collegiate working environment.

Internal Control System

The Company has an internal control system commensurate with its requirements and the size of business to ensure that the assets and interests of the Company are safeguarded. The adequacy and effectiveness of the internal control across various activities, as well as compliance with laid-down system and policies, are comprehensively and frequently monitored by your Company's management at all the levels of the organization. The Company has established well defined written policies and processes across the organisation covering all major activities including authority for approvals. In all cases where monetary decision is involved, various limits and authorities are in place.

The Company has hired the services of a professional firm of chartered accountants to function as independent internal auditors and to assist the management in effective discharge of its responsibilities by furnishing it with findings, observations and pertinent comments, checking adequacy of internal controls, adherence to regulatory compliance and company's policies and procedures, analysis and recommendations concerning the activities covered for audit and conducting a review of it during the year. Findings of internal audit reports and effectiveness of internal control measures is reviewed by top management and audit committee of the Board.

In addition to a third party, the Company has in place an internal audit team for reviewing all the branches and sub-brokers on a regular basis. This team regularly visits branches and sub-brokers to ensure regulatory compliance and company's policies and procedures are fully complied with. The Company also carries out post audit reviews to ensure follow up on the observations made and their implementation.

The financial services business in India is well-regulated and compliance intensive. We have an exclusive compliance department run by a team of experts and headed by our Chief Compliance Officer. The Company is governed by the SEBI's stock brokers and sub-brokers rules, regulations, bye laws and circulars issued there under, SEBI Merchant Bankers Regulation 1992 and Association of Mutual Funds of India's regulations for mutual fund distribution. Our depository division is compliant with NSDL and CDSL requirements and is governed by the SEBI. Our subsidiary, Arihant Financial Services Ltd, is a Non-Banking Financial Corporation (NBFC) registered by the Reserve Bank of India and Arihant Futures and Commodities Ltd, commodities broking subsidiary, is governed by Forwards Contract Regulation Act, 1952 and Forward Market Commission.

Risk management

A comprehensive and integrated risk management framework forms the basis of all the de-risking efforts of the Company. Formal reporting and control mechanisms ensure timely information availability and facilitate proactive risk management. We recognise that risk is inherent in our business and the markets in which we operate. As such Arihant is committed to the creation and maintenance of strong risk management as well as rigorous control standards throughout the organisation. The Company's risk management policies encompass structured reporting and strict controls to ensure smooth running of the business and security of client's data.

Uninterrupted connectivity is vital for the company's smooth running and risk management. Technology plays an integral role in the company's business operations and we have put in place a strong Business Continuity Plan to mitigate the risk owing to technology failure. Multiple data-centres, sophisticated firewalls, dual internet bandwidth are some of the elements of our BCP. We have sophisticated risk management applications for evaluating each client's risk and our team of experts actively monitor those to take immediate action to stay within our risk management guidelines. Being in the financial services sector and predominantly a broking company, we work in a highly regulated environment and strictly abide by the policies and laws prescribed by the regulatory authorities such as SEBI, RBI, FMC, and AMFI.

The Environment

At Arihant, we follow environment friendly practices in order to leave as less environmental footprint as possible. We endeavour to pursue a 'paperless' work environment for employees. This reduces costs, saves trees and increases productivity by eliminating manual tasks, decreasing printing costs and streamlining workflow.

We also encourage our clients to go paperless by signing up for electronic trade confirmations (e-contract notes), account statements and bills. Not only is this good for the environment, but it enables clients to receive important information electronically – even if they're away from home.



Commitment to doing what is right

Our management team and Board of Directors are resolved to do what, we believe, is best for our associates, clients and shareholders.

Opportunities and Threats

Our strengths

We believe that our competitive strengths include – commitment to working for the growth of our clients, strong brand and long standing client relationships, a strong network spanning over 610 investment centres across India in over 130 cities, robust infrastructure, state-of-the-art technology, a strong understanding of the brokerage industry and ability to adapt quickly to the dynamics of the industry.

Strategy

We intend to capitalize on the growth and consolidation of the brokerage industry and leverage our infrastructure to grow our market share and profitability. To achieve these goals, we seek to keep ourselves in sync with the growing dynamics of the industry on technology front, expand our network particularly in markets where the competition is not intense and potential is high. We seek to further strengthen our position by increasing our relevance to clients by being able to understand their investment requirement and offer them a solution that best meet their needs (client centric approach).

Our long term strategy is to find new ways to engage untapped clients and help them create wealth, continuously upgrade our technology and increase our market share by giving superior offerings to long term investors, active traders and institutions. Helping our client make better investment decision and expanding our suite of diversified investment products and services to serve the investor's needs are the key elements of our strategy.

Our competition

Cyclical market conditions, ever changing technology and burgeoning compliances owing to stringent regulatory requirements is already taking its toll on the Indian broking industry. Adding to the woes, stiff competition leading to wafer-thin margins and emergence of discount brokers - makes it all the more challenging for the broking industry. We operate in a highly competitive and extremely dynamic market and compete with not only the large broking companies of the country that includes banks with huge client base but also the best broking and wealth management companies of the world.

As the competition gets stiff and the target market narrows, the margins start thinning. There is a limit to which costs can be curtailed as there are certain infrastructures and regulatory costs which cannot be trimmed; on the contrary have only been rising over the years.

We believe that the principal competitive factors in our industry is the ability to work with integrity and work for the benefit of the client, attract and retain high quality personnel, have a scalable and cost-effective business model, increase the scale and breadth of the service offering to become a one stop solution for all investment needs, keep pace with ever changing technology and customer requirements, have a proven track record of creating value for customers. We strongly believe that we compete favourably among all these factors and our dedication towards doing what's right for our client will help us grow stronger in the future.

Cautionary Statement

Statements in this report describing the Company's objectives, or outlook, opportunities, future business strategies, expectations or predictions contain certain forward looking statements within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed in this statement.

Report on **Corporate Governance**

The Directors present the Company's Report on Corporate Governance for the financial year ended March 31, 2016

1) **Company's philosophy on corporate governance**

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. Arihant Capital Markets Ltd. (hereinafter referred to as 'the Company' or 'Arihant') believes that good corporate governance consists of a combination of business practices which result in enhancement of the value of the Company to its shareholders and simultaneously enables the Company to fulfill its obligations to other stakeholders such as customers, employees, and to the society in general.

The demands of Corporate Governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. Transparency, integrity, fairness, accountability and disclosure are Arihant's business ethos that are central to the working of the Company and its directors. We are happy to inform you that our company's existing practices and policies are significantly in conformity with the requirements stipulated by SEBI and complies with the requirement of the corporate governance in terms of the Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015").

2) **Board of Directors**

a) **Composition and Category of the Board**

The Company has the policy to have an appropriate mix of executive, non executive and independent directors to maintain the independence of the Board. On March 31, 2016 the Board consists of six Directors out of which two are executive directors, two are independent directors and two are Non Executive Director.

During the financial year 2015-16 Mr. Pankaj Kumar Gupta and Mr. Rakesh Jain resigned from the Directorship of the Company. Mr. Pavan Kumar Ved, Ex-Income Tax Commissioner, has been appointed as Additional Director and is a new member of our Board. The Board believes that the current size is appropriate, based on our present circumstances.

The composition of the Board and details of the Board of Directors and their directorships/memberships held in committees of other companies as on 31st March 2016 is as under:

S. No.	Name of the Directors	DIN	Position	No. of directorship(s) held in other companies	No. of outside Committee position held	
					Member	Chairman
1.	Mr. Ashok Kumar Jain*	00184729	Chairman & Managing Director	4	Nil	Nil
2.	Mrs. Anita Surendra Gandhi	02864338	Whole-time Director	Nil	Nil	Nil
3.	Mr. Sunil Kumar Jain	00184860	Non-executive	Nil	Nil	Nil
4.	Mr. Akhilesh Rath	02002322	Non-executive Independent	3	Nil	Nil
5.	Mr. Pavan Kumar Ved	02055767	Non- executive	Nil	Nil	Nil
6.	Mr. Parag Rameshbhai Shah	00512469	Non- executive Independent	Nil	Nil	Nil

*founder member of the Board

The independent directors have confirmed that they satisfy the criteria laid down for independent directors as stipulated in Regulation 16 (1) (b) of "SEBI (LODR) Regulations, 2015".

- Other than Mr. Ashok Kumar Jain and Mr. Sunil Kumar Jain who are related as brothers, none of the directors are related to one another.
- Other directorships do not include alternate directorships, directorships of private limited companies, of companies registered under section 8 of the Companies Act, 2013 and of companies incorporated outside India.



- Chairmanship/Membership of board committees includes chairmanship/membership of audit committee and stakeholders' relationship committee only. The membership/chairmanship of board committee of private limited companies, foreign companies and companies registered under section 8 of the Companies Act, 2013 are excluded for the aforesaid purpose.

b) Board meetings held during the year

Six Board meetings were held during the year ended 31st March 2016. These were held on 29-May-2015, 08-August-2015, 18-September-2015, 07-November-2015, 12-February-2016 and 10-March-2016.

The details of director's attendance at board meetings held during financial year 2015-16 and at the last Annual General Meeting are as under:

S. No.	Name of the Director	No. of Board Meetings		Whether attended the last AGM
		Held	Attended	
1.	Mr. Ashok Kumar Jain	6	6	Yes
2.	Mr. Sunil Kumar Jain	6	6	Yes
3.	Mr. Akhilesh Rathi	6	6	Yes
4.	Mr. Rakesh Jain*	4	3	Yes
5.	Mrs. Anita Surendra Gandhi	6	5	No
6.	Mr. Pankaj Kumar Gupta*	1	0	N.A.
7.	Mr. Parag Rameshbhai Shah	6	4	No
8.	Mr. Pavan Kumar Ved**	2	2	N.A.

*Mr. Rakesh Jain has resigned as on 12th February, 2016 and Mr. Pankaj Kumar Gupta has resigned as on 10th June 2015.

**Mr. Pavan Kumar Ved joined the Board on 12th February, 2016.

Video conferencing facilities are used to facilitate Directors present at other locations to participate in the meeting.

The Company provides the information as set out in Regulation 17 (7) [Part A of Schedule II] of "SEBI (LODR) Regulations, 2015" to the Board and the Board committees to the extent it is applicable and relevant, such information is submitted either as part of the agenda papers in advance of the respective meetings or by way of presentations and discussions during the meeting.

The important decisions taken at the Board or Committee meetings are communicated to the concerned departments.

The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

Committees of the Board

Your Company has three major Board Level Committees. These committees play an important role in overall management. The Board committees meet at regular intervals and minutes of the committee meetings are placed before the board meeting.

- | | |
|--|---|
| i) Audit Committee | ii) Stakeholders Relationship Committee |
| iii) Remuneration and Nomination Committee | iv) Corporate Social Responsibility Committee |

3) Audit committee

Audit Committee of the board of directors is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The Audit Committee of Arihant consists of three members, viz., Mr. Akhilesh Rathi, Mr. Sunil Kumar Jain and Mr. Parag Rameshbhai Shah. The chairman of the committee is Mr. Akhilesh Rathi and Mr. Mahesh Pancholi acts as the secretary to the committee. The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Regulation 18 (Chapter IV) of the SEBI (LODR) Regulations, 2015. All the members of the committee have requisite financial management expertise.

The Committee held Four (4) meetings during the financial year 2015-16, on 29-May-2015, 08-August-2015, 07-November-2015, and 12-February-2016. The table below provides the attendance of the audit Committee members:

S. No.	Name of the Director	Position	No. of Meetings	
			Held	Attended
1.	Mr. Akhilesh Rathi	Chairman	4	4
2.	Mr. Sunil Kumar Jain	Member	4	4
3.	Mr. Parag Rameshbhai Shah**	Member	1	1
4.	Mr. Rakesh Jain*	Ex-Member	3	2

*Mr. Rakesh Jain resigned from Directorship with effect from 12th February, 2016.

** induced into the Committee with effect from 7th November, 2015

4) Remuneration and Nomination committee

The remuneration and nomination committee determines and recommends to the Board the compensation payable to the directors. The remuneration committee consists of three non-executive directors as members, viz., Mr. Akhilesh Rathi, Mr. Sunil Kumar Jain and Mr. Parag Rameshbhai Shah. Mr. Mahesh Pancholi acts as the secretary and Mr. Akhilesh Rathi is the chairman of the committee. The Committee's composition meets with requirements of Section 178 of the Companies Act, 2013 and Regulation 19 (Chapter IV) of the SEBI (LODR) Regulations, 2015. Two meetings i.e. 29th May 2015 and 12th Feb. 2016 of the committee was held during the financial year 2015- 2016.

The terms of reference of remuneration committee include deciding Company's policies on specific remuneration packages for all the directors, designing and implementation of performance appraisal systems and discretionary performance bonus payments for them and such other functions as may be delegated to it by the Board of Directors.

While deciding on the remuneration to the Directors, the Board and remuneration committee considers the performance of the company, the current trends in the industry, the qualifications of the appointee, his/her experience, level of responsibility, past performance and other relevant factors.

5) Remuneration to Directors

All the non-executive directors receive remuneration only by way of sitting fees for attending meeting of the board/committee. The details of the remuneration paid to chairman and managing director and whole-time director during the year is as under:

(₹ in Lacs)

S. No.	Name of the Director	Salary	Perquisite	Commission	Total
1.	Mr. Ashok Kumar Jain	44.00	0.77	24.40	69.17
2.	Mrs. Anita S. Gandhi	31.92	0.00	0.00	31.92

Sitting fees and shares held by non-executive & Independent Directors

S. No.	Name of the Director	No. of Equity Shares	Sitting fees
1.	Mr. Sunil Kumar Jain	16,06,656	₹ 1,20,000
2.	Mr. Akhilesh Rathi	0	₹ 1,20,000
3.	Mr. Rakesh Jain	0	₹ 62,000
4.	Mr. Parag Rameshbhai Shah	29,000	₹ 80,000
5.	Mr. Pavan Kumar Ved	0	₹ 40,000



6) Stakeholders Grievance Committee/ Stakeholders Relationship Committee

The shareholders'/Investors grievance committee comprising of four members, viz. Mr. Akhilesh Rath, Mr. Ashok Kumar Jain, Mr. Sunil Kumar Jain and Mr. Pavan Kumar Ved, looks into redressal of shareholder/investor complaints like non-transfer of shares, non-receipt of balance-sheet, non-receipt of dividend, etc. Mr. Akhilesh Rath is the chairman of the committee while Mr. Mahesh Pancholi, the compliance officer of the Company, acts as the secretary to the committee. This committee oversees the performance of the registrar and transfer agents and secretary who have been authorized to deal with all these matters and also recommends measures for overall improvement of the quality of investor services.

The Committee held Four (4) meetings during the financial year 2015-16, on 29-May-2015, 08-August-2015, 07-November-2015, and 12-February-2016. During the meeting all queries like non-receipt of annual reports, dividend, transfer of shares, new share certificates, change of address etc., were resolved to the satisfaction of the shareholders. Stakeholders are requested to furnish their telephone no. and e-mail addresses to facilitate prompt action. There were no complaints outstanding as on March 31, 2016.

The Committee's Composition meets with the requirements of Section 178(5) of the Companies Act, 2013 and Clause 20 (Chapter IV) of the SEBI (LODR) Regulations, 2015.

7) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is constituted on 24th May, 2014 in line with the requirements of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Terms of Reference:

- To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- To provide guidance on various CSR activities to be undertaken by the company and to monitor process.
- To oversight the implementation of Corporate Social Responsibility projects/programs/activities.
- To work with management to establish and develop the Company's strategic framework and objectives with respect to corporate social responsibility matters.
- Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

Composition and Meetings

The Corporate Social Responsibility (CSR) Committee comprises of four Directors, viz. Mr. Ashok Kumar Jain, Mr. Akhilesh Rath, Mr. Pavan Kumar Ved, and Mr. Sunil Kumar Jain. Mr. Ashok Kumar Jain is the chairman of the committee while Mr. Mahesh Pancholi, the compliance officer of the Company, acts as the secretary to the committee. The Committee held one (1) meeting during the financial year 2015-16, on 12-February-2016. The necessary quorum was present for the meeting.

8) General Body Meetings

Details of the Annual General Meetings held in the last three years are as under:

Financial Year	Venue	Date	Time
2012-2013	Hotel President, R.N.T. Marg, Indore (MP)	22/07/2013	11:00 A.M.
2013-2014	Hotel Lemon Tree, R.N.T. Marg, Indore (MP)	09/08/2014	12:30 P.M.
2014-2015	Hotel Sayaji, H/1, Scheme No. 54, Vijay Nagar, Indore (MP)	08/08/2015	12:30 P.M.

Special resolution

In the Last AGM dated 8th of August, 2015 of our Company, four special resolutions were passed by the members, which are as follows:

1. Re-appointment of Mr. Ashok Kumar Jain as a Managing Director of the Company.
2. Adoption of New Articles of Association of the company containing regulations in the conformity with the Companies Act, 2013.



3. Increase in borrowing power in terms of Section 180 (1) (c) of the Companies Act, 2013.
4. Creation of charge / mortgage etc. on Company's movable or immovable properties in terms of Section 180 (1) (a) of the Companies Act, 2013.

Postal ballot

No special resolution was passed through Postal Ballot during the last three financial years. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot. All the resolutions including special resolutions set out in respective notices were passed by shareholders through e-voting.

9) General shareholder information:

Details required to be provided in this segment is presenting by us as a Separate Section "General Shareholder Information" on page number 35 in the Annual Report.

10) Other Disclosures

- i. The Company does not have any material related parties' transactions which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in Note No. 23 of the annual accounts of the Company forming part of the annual report.
- ii. There were no instances of non-compliance on any matter related to the capital markets, resulting in disciplinary action against the Company, during the last three years.
- iii. The Company has implemented the mandatory requirements of corporate governance as set out in the listing agreement with stock exchanges. In respect of compliance with the non-mandatory requirements, the Company has constituted a Nomination and remuneration committee, details whereof are given under the heading of Nomination and remuneration committee. The quarterly, half-yearly and annual results of the Company are put up on the Company's website and are being published in national newspapers in English and Hindi language. The auditors' observations / suggestions / qualifications, if any, have been adequately explained wherever necessary in the appropriate notes to accounts and are self explanatory.
- iv. The Company has constituted a risk management committee comprising of business heads and other functional heads of the company. The Company has also adopted a risk management policy framework for risk identification, assessment and control to effectively manage risks associated with the business of the Company.
- v. The Company has adopted Whistle Blower Policy with an objective to promote ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior, wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. The Confidentiality of those reporting violations is maintained and they are subjected to any discriminatory practice.

Green Initiative

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA), by its recent circulars, enabling electronic delivery of documents including the annual report, quarterly, half yearly results to shareholders at their e-mail address previously registered with the depository participants (DPs)/company/registrars and share transfer agents.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses to help us in the Endeavour to save trees and protect the planet. Those holding shares in demat form can register their e-mail address with their concerned DP. Those shareholders who hold shares in physical form are requested to register their e-mail addresses with our registrar, Ankit Consultancy Pvt. Ltd, by sending a letter, duly signed by the first/sole holder quoting details of folio no.

Management discussion and analysis report

Management Discussion and Analysis Report forms a part of the Annual Report.

Code for prevention of insider-trading practices

The Company has instituted a comprehensive code for prevention of insider trading, for its directors and designated employees, in



compliance with SEBI (Prohibition of insider Trading) Regulations, 1992, as amended from time to time.

Code of conduct for directors and senior management

The Company has a duly approved Code of Conduct for the Board of Directors and Senior Management Personnel of the Company in place in terms of the requirements of SEBI (LODR) Regulations, 2015. The Code is applicable to all board members and senior management personnel one level below the executive directors including all functional heads. The Code requires the Directors and employees to act honestly, ethically and with integrity and in a professional and respectful manner. The code of conduct is available on the website of the Company www.arihantcapital.com.

Requisite annual affirmations of compliance with respective codes have been made by the directors and senior management of the Company. A declaration signed by the Chairman & Managing Director to this effect is enclosed at the end of this report.

CEO / CFO certification

As required under Regulation 17 (8) and Regulation 33 (2) (a) of the SEBI (LODR) Regulations, 2015 with the BSE, the CEO/CFO certificate for the financial year 2015-16 signed by Mr. Ashok Kumar Jain, Managing Director & CEO and Mr. Tarun Goyal, CFO was placed before the Board of Directors at their meeting held on 24th May, 2016.

Subsidiary Companies

The company does not have any material subsidiary as defined under as per the provisions of Regulation 16 (c) of the SEBI (LODR) Regulations, 2015. The Audit Committee reviews the consolidated financial statements of the Company and the investment made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

Compliance certificate

Certificate from the practicing company secretary confirming the compliance with all the conditions of corporate governance as stipulated in Schedule V (E) of the SEBI (LODR) Regulation, 2015 is enclosed along with this report.

Declaration by the CEO under in terms of Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding adherence to the Arihant code of conduct

In accordance with in terms of Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the directors and senior management personnel of the Company have affirmed compliance with the code of conduct applicable to all the directors and senior management, for the year ended March 31st, 2016.

For Arihant Capital Market Ltd.

Place: Indore

Dated: 24th May, 2016

**Ashok Kumar Jain
Chairman and Managing Director**

General Shareholder's Information

1	Venue of Annual General Meeting (AGM)	Hotel President ,163, R.N.T. Marg, Indore (MP) 452001
2	Date and Time AGM	September 17 th , 2016, 12:30 pm
3	Date(s) of Book Closure	11.09.2016 to 17.09.2016 (both days inclusive)
4	Financial Calendar Financial Results for*: Quarter ending June 30 th , 2016 Quarter ending September 30 th , 2016 Quarter ending December 31 st , 2016 Year ending March 31 st , 2017 *tentative dates	Second week of August, 2016 Second week of November, 2016 Second week of February, 2017 Last week of May, 2017
5	Listing of Equity Shares on the Stock Exchange at	The BSE Limited P.J. Towers, Dalal Street, Mumbai-400001 The Annual Listing Fees has been paid to the Bombay Stock Exchange for financial year 2016-2017.
6	Company Registration Details	L67120MP1992PLC007182
7	Stock Code	511605
8	Depository ISIN No. for equity shares	INE420B01028
9	Stock Market Data:	Monthly high and low stock price along with volumes of equity shares traded on BSE for the FY2015-16 is given below:

Month	High (Rs)	Low (Rs)	Volume
April 2015	22.95	17.15	24318
May 2015	19.95	16.25	41170
June 2015	22.55	16.85	72308
July 2015	25.65	18.7	123562
August 2015	25.5	20.1	115733
September 2015	21.5	17.65	126489
October 2015	21.9	18.05	192308
November 2015	23	19.2	89548
December 2015	33.9	21.7	928765
January 2016	30	21	149992
February 2016	23.9	18.1	108780
March 2016	28.6	20.3	211506

**10 Distribution schedule as on March 31st, 2016**

Shareholding of Nominal Value of		Shareholders No.	% of Total Shareholders	Share Amount (Rs.)	% of Total Equity
Rs.	Rs.				
UPTO	1000	1154	37.59	471270	0.45
1001	2000	467	15.21	729885	0.70
2001	3000	150	4.89	375560	0.36
3001	4000	637	20.75	2058400	1.98
4001	5000	211	6.87	1019670	0.98
5001	10000	209	6.81	1565675	1.50
10001	20000	94	3.06	1392665	1.34
20001	30000	46	1.50	1131740	1.09
30001	40000	18	0.59	619180	0.59
40001	50000	17	0.55	767900	0.74
50001	100000	23	0.75	1614715	1.55
100000	ABOVE	44	1.43	92366140	88.72
TOTAL		3070	100.0	104112800	100.00

11 Dematerialization of Shares

About 97.61 per cent of Company's paid up equity share capital has been dematerialized as on March 31st, 2016

12 Dematerialized at NSDL & CDSL**20324856****Physical****497704****13 Shareholding Pattern as on March 31, 2016:**

Category	No. of Shares Held	% of Shareholding
Promoters & Promoters Group	15421052	74.06
Mutual Funds & Institutional Investors	NIL	NIL
Corporate Bodies	359231	1.73
Indian Public	4908885	23.57
NRI / OCB	93685	0.45
Others – Clearing Members	39707	0.19
TOTAL	20822560	100.00

14 Share Transfer System & Dematerialization

Shares received for transfer in physical form are processed and the share certificates are returned within 7 days from the date of receipt, subject to documents being valid and complete in all respects. In case no response is received within 15 days of lodging the transfer request, the lodger should write to the Company or the registrar with the full details, so that necessary action can be

taken to safeguard the interest of the investor. The Company also obtains a certificate of compliance with the share transfer and other related formalities within the stipulated time period, from a Practicing Company Secretary, as required under Regulation 40(9) of the SEBI Listing Regulations and files a copy of the same on half yearly basis with the Bombay Stock Exchange.

A summary of all the transfers, transmissions, issue of duplicate share certificate requests, deletion requests, etc. are placed at every board meeting/ stakeholders Relationship Committee from time to time for their review.

Shareholders who wish to get their physical shares dematerialized should approach to their Depository Participant (DP) where they have a demat account. On receipt of demat request form (DRF) and share certificates by the Company/registrar, the dematerialization request is processed and the shares are, thereafter, credited in demat account provided by the shareholder.

15 Investor Correspondence/Query

A. Investor Correspondence

For transfer / dematerialization of shares, payment of dividend, for shares held in physical form and any other query relating to the shares of the Company please contact:
Ankit Consultancy Private Limited,
Plot No. 60, Electronic Complex, Pardeshipura, Indore (M.P.)
T. +91-731-2551745-46, F. +91-731-4065798

For shares held in demat form

Depository participant

B. Any other matters and unsolved complaints

Company Secretary
E-5 Ratlam Kothi, Indore - 452001, (M.P.)

Notes:

- I. Annual listing fee for the year 2016-17 has been paid to the BSE Limited, Mumbai.
- II. Annual custody fee for the year 2016-17 has been paid to NSDL and CDSL.
- III. Distribution schedule and shareholding pattern as on March 31st, 2016.
- IV. During the financial year 2015-16, the Company has credited Rs. 3,28,980 lying unpaid / unclaimed in the dividend account (2007-08) to the Investor Education & Protection Fund pursuant to Section 125(1) of the Companies Act, 2013. The Company shall be transferring the unclaimed/unpaid dividend amount for the financial year 2008-09, to the Investor Education and Protection Fund in term of the provisions of the Companies Act, 2013.
- V. The Company has also uploaded the details of unpaid/unclaimed amounts lying with the company as on August 8, 2015 (date of last Annual General Meeting) on the MCA website under the provision of IEPF (uploading of information regarding unpaid and unclaimed amount lying with the companies) Rules, 2012.
- VI. In term of Schedule V (F) of the SEBI (LODR) Regulation, 2015 the Company has opened Unclaimed Suspense Account, namely "Arihant Capital Markets Ltd. - Unclaimed Suspense Account" and the unclaimed shares lying with the registrar of the Company have been dematerialized and credited to "Arihant Capital Markets Ltd. - Unclaimed Suspense Account". As per Schedule V (F) of the SEBI (LODR) Regulation, 2015, the details of the shares in the Suspense Account are as follows:

Particulars	Number of Shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1 st , 2015	188	155840
Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	0	0
Number of shareholders and aggregate number of shares transferred to the Unclaimed Suspense account during the year	0	0
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31 st , 2016	188	155840



The voting rights on the shares in the suspense accounts as on March 31st, 2016 shall remain frozen till the rightful owners of such shares claim the shares.

- VII. Nomination: Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.
- VIII. Electronic Clearing Service: The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividends. Dividend will be credited to the Member's bank account through NECS wherever complete core banking details are available with the company. In cases where the core banking details are not available, dividend warrants will be issued to the Members with bank details printed thereon as available in the Company's records. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. The Company complies with the SEBI requirement. NECS form is attached to the Notice, if not provided.
- IX. The Company's financial results and official press releases are displayed on the Company's website www.arihantcapital.com.
- X. The financial statements, shareholding pattern, quarterly compliances and other relevant corporate communication are filed with Bombay Stock Exchange Limited electronically through BSE Listing Centre.

CERTIFICATE ON COMPLIANCE WITH CORPORATE GOVERNANCE

To
The Members
Arihant Capital Markets Limited

We have examined the relevant records of Arihant Capital Markets Limited for the purpose of certifying compliance with the conditions of corporate governance for the year ended 31st March 2016, as stipulated in Schedule V (E) of the SEBI (LODR) Regulation, 2015 of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance as stipulated in the said Clause. 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 explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

**For Ajit Jain & Co.
Company Secretary**

Place: Indore
Date: 24th May 2016

**Ajit Jain
(Proprietor)**
FCS No.: 3933; C P No.: 2876

Independent **Auditor's Report**

To
The Members,
Arihant Capital Markets Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of ARIHANT CAPITAL MARKETS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) 143 of the act, we give in the Annexure "A", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:



- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in Annexure "B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 27 to the Financial Statements.
 - ii. The Company has made provision as required under the applicable law or accounting standards for material foreseeable losses, if any, on long-term contracts including derivative contracts as referred to in Note 7 & Note 8 to the financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Arora Banthia & Tulsiyan
Chartered Accountants
Firm No :007028C

CA Ajay Tulsiyan
Partner
Membership No. : 74868
Indore, May 24th, 2016

ANNEXURE "A" REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF **ARIHANT CAPITAL MARKETS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2016**

1.
 - a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.
 - b) All fixed assets of the Company are physically verified by the management at regular intervals, which in our opinion, is reasonable considering the size of the Company and the nature of assets. During the year, as informed to us by management, no material discrepancies have been noticed on such verification.
 - c) The title deeds of immovable properties are held in the name of the Company.
2. The securities held as stock in trade have been verified by the Management with the statement of holdings provided by depository participants and brokers at reasonable intervals. In our opinion, the frequency of verification is reasonable and no material discrepancies between the book records and the statement of holdings provided by NSDL, other depository participants and brokers have been noticed.
3. The Company has granted unsecured loan to one company covered in the register maintained under section 189 of The Companies Act, 2013.
 - (a) There are no stipulations as to schedule of repayment of principal and payment of interest. The rate of interest is stipulated and paid accordingly.
 - (b) In case of loan granted to the body corporate listed in the register maintained under section 189 of the Act, the borrower has been regular in the payment of principal and interest as stipulated.
 - (c) As per records of the Company and according to the information and explanation given to us, no amount of principal and interest is overdue.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investment, guarantees and security.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public.
6. We are informed that maintenance of cost records has not been prescribed by the Central Government under section 148 of The Companies Act, 2013, in respect of the activities carried on by the Company.
7.
 - a) As per the records of the Company, the company is regular in depositing the statutory dues including provident fund, income tax, service tax, cess and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amount in respect of income tax, sales tax, service tax, custom duty, excise duty, cess applicable to it is outstanding as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
 - b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, custom duty, excise duty, cess which have not been deposited on account of any dispute.

Name of the Statute	Nature of Dues	Financial Year	Amount (₹)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2012-13	2497800	Commissioner of Appeals

8. The Company has not defaulted in payments of any dues to financial institutions, banks or debenture holders. The Company did not have any dues to financial institutions or debenture holder during the year.
9. According to the information and explanation given to us and the record examined by us, the Company has not raised any money by way of initial public offer or further public offer. Hence, clause 3(ix) of the order is not applicable.



10. Based upon the audit procedures performed and information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the period covered by our audit.
11. According to the information and explanation given to us and the record examined by us, the Company has provided managerial remuneration during the year in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
12. The Company is not Nidhi Company. Hence, clause 3(xii) of the order is not applicable.
13. According to the information and explanation given to us and the record examined by us, all the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in financial statements etc., as required by the applicable accounting standards.
14. According to the information and explanation given to us and the record examined by us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanation given to us, the Company has not entered into any non cash transactions with directors or persons connected with him.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Arora Banthia & Tulsiyan
Chartered Accountants
Firm No :007028C

CA Ajay Tulsiyan
Partner
Membership No. : 74868
Indore, May 24th, 2016

ANNEXURE "B" AS REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING OF "REPORT ON LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF **ARIHANT CAPITAL MARKETS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2016**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Arihant Capital Market Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies

Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company;
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Arora Banthia & Tulsiyan
Chartered Accountants
Firm No :007028C

CA Ajay Tulsiyan
Partner
Membership No. : 74868
Indore, May 24th, 2016

Standalone Balance Sheet **as at 31st March 2016**

Particulars	Note No.	31 st March, 2016 (₹)	31 st March, 2015 (₹)
EQUITY & LIABILITIES			
Shareholders' fund			
Share Capital	2	10,41,12,800	10,41,12,800
Reserves and Surplus	3	50,52,68,082	46,40,00,743
		60,93,80,882	56,81,13,543
Non-Current Liabilities			
Deferred Tax Liabilities (net)	4	34,00,984	36,78,405
		34,00,984	36,78,405
Current Liabilities			
Short-Term Borrowings	5	0	11,801
Trade Payables	6	20,50,49,957	17,94,08,665
Other Current Liabilities	7	11,43,48,277	10,37,07,484
Short-Term Provisions	8	23,82,765	2,25,35,950
		32,17,80,999	30,56,63,900
TOTAL		93,45,62,865	87,74,55,848
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	9	8,26,42,203	8,19,14,821
Intangible Assets	9	10,89,357	21,73,180
Non-Current Investments	10	12,32,66,980	12,31,16,980
Other Non-Current Assets	11	1,79,85,000	2,10,85,000
		22,49,83,540	22,82,89,981
Current Assets			
Current Investments	12	0	13,03,95,332
Inventories	13	14,07,50,846	3,09,10,697
Trade Receivables	14	25,24,65,838	19,07,16,484
Cash and Cash Equivalents	15	25,28,09,177	24,46,21,778
Short-Term Loans and Advances	16	0	4,32,980
Other Current Assets	17	6,35,53,463	5,20,88,595
		70,95,79,325	64,91,65,867
TOTAL		93,45,62,865	87,74,55,848

Significant Accounting Policies and Notes on Financial Statements

1 to 35

As per our report of even date

For Arora Banthia & Tulsian

Chartered Accountants

Firm No:007028C

CA Ajay Tulsian

Partner

Membership No. : 74868

Indore, 24th May, 2016

For and on behalf of the Board

Ashok Kumar Jain

(Chairman &

Managing Director)

DIN-00184729

Anita S Gandhi

(Whole Time Director)

DIN-02864338

Maresh Pancholi

(Company Secretary)

Tarun Goyal

(CFO)

Standalone Statement of Profit and Loss for the **year ended 31st March 2016**

Particulars	Note No.	31 st March, 2016 (₹)	31 st March, 2015 (₹)
Income			
I Revenue from Operations	18	43,65,00,216	46,56,04,331
II Other income	19	1,80,41,797	2,82,14,778
III Total Revenue (I+II)		45,45,42,014	49,38,19,109
IV Expenses			
Employee benefits expenses	20	8,80,11,472	9,17,68,131
Finance costs	21	1,97,38,274	2,38,33,341
Other expenses	22	24,69,70,411	26,61,54,056
Net depreciation and amortization expenses	9	91,87,754	1,07,20,044
Total (IV)		36,39,07,911	39,24,75,572
V Profit Before Exceptional and Extraordinary Items and Tax (III-IV)		9,06,34,103	10,13,43,537
VI Exceptional items		0	0
VII Profit Before Extraordinary Items and Tax (V-VI)		9,06,34,103	10,13,43,537
VIII Extraordinary Items		0	0
IX Profit Before Tax (VII-VIII)		9,06,34,103	10,13,43,537
X Tax expenses			
Current tax		3,08,48,027	3,43,69,900
Deferred tax		-2,77,421	-37,16,826
Total tax expenses		3,05,70,606	3,06,53,074
XI Profit/(loss) for the year		6,00,63,497	7,06,90,463
XII Earnings per Share	24		
Equity Shares of ₹5 each			
Basic		2.88	3.39
Diluted		2.88	3.39

Significant Accounting Policies and Notes on Financial Statements

1 to 35

As per our report of even date

For Arora Banthia & Tulsian

Chartered Accountants

Firm No:007028C

CA Ajay Tulsian

Partner

Membership No. : 74868

Indore, 24th May, 2016

For and on behalf of the Board

Ashok Kumar Jain

(Chairman &

Managing Director)

DIN-00184729

Anita S Gandhi

(Whole Time Director)

DIN-02864338

Mahesh Pancholi

(Company Secretary)

Tarun Goyal

(CFO)

Standalone Cash Flow Statement for the **year ended 31st March 2016**

Particulars	Note No.	31 st March, 2016 (₹)	31 st March, 2015 (₹)
Cash flow from operating Activities			
Net profit before taxation		9,06,34,103	10,13,43,537
Add adjustments for :			
(Profit) / Loss on sale of fixed assets		18,881	3,69,965
Provision for Loss on Option Contract		23,82,765	0
Depreciation / amortisation		91,87,754	1,07,20,044
Dividend income		-18,63,916	-16,09,044
Operating profit before working capital changes		10,03,59,588	11,08,24,502
Adjustments for changes in working capital :			
- Trade and other receivables		-6,17,49,354	-9,60,92,520
- Inventories		-10,98,40,149	60,81,867
- Loans & advances		-66,57,464	4,53,06,957
- Trade and other payables		3,62,82,085	-1,85,791
Cash generated from operation		-4,16,05,294	6,59,35,016
- Taxes paid (net)		-3,59,19,017	-3,08,36,968
Net cash from Operating Activities (A)		-7,75,24,311	3,50,98,048
Cash flow from Investing Activities			
(Purchase) / Sales of fixed assets		-88,50,195	-51,38,911
(Purchase) / Sales of investments		13,02,45,332	-7,71,40,741
Dividend received		18,63,916	16,09,044
Net cash used in Investing Activities(B)		12,32,59,053	-8,06,70,608
Cash flow from Financing Activities			
Dividend paid		-3,12,33,840	-1,56,16,920
Dividend distribution tax paid		-63,01,704	-26,54,096
Increase/ (Decrease) in secured loans		-11,801	-60,157
Net cash used in Financing Activities(C)		-3,75,47,345	-1,83,31,172
Net increase in cash and cash equivalents (A+B+C)		81,87,398	-6,39,03,731
Cash and cash equivalents at the beginning of the year		24,46,21,778	30,85,25,509
Cash and cash equivalents at the end of the year		25,28,09,177	24,46,21,778
Cash and cash equivalents comprise of			
Cash and cheques in hand		2,38,011	99,167
Balances with scheduled banks		25,25,71,166	24,45,22,612
TOTAL		25,28,09,177	24,46,21,778

Significant Accounting Policies and Notes on Financial Statements

1 to 35

As per our report of even date

For Arora Bantia & Tulsian

Chartered Accountants

Firm No:007028C

CA Ajay Tulsian

Partner

Membership No. : 74868

Indore, 24th May, 2016

For and on behalf of the Board

Ashok Kumar Jain

(Chairman &

Managing Director)

DIN-00184729

Anita S Gandhi

(Whole Time Director)

DIN-02864338

Mahesh Pancholi

(Company Secretary)

Tarun Goyal

(CFO)

Notes Forming Part of **Standalone Financial Statements**

NOTE 1: STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

(i) (a) BASIS OF PREPARATION

The financial statements have been prepared to comply with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013. The accounts are prepared on historical cost basis and on the principle of going concern. Accounting policies not specifically referred to are in consonance with prudent and generally accepted accounting practices. The accounting policies have been consistently applied unless otherwise stated.

(b) USE OF ESTIMATES

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and results of operations during the reporting periods. Although these estimates are based upon the management's best knowledge of current events & actions, actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

(ii) REVENUE RECOGNITION

- a) Company recognizes Brokerage Income on the basis of the date of trade of settlement, of respective stock exchanges.
- b) Other Income is accounted for on accrual basis.
- c) The Maintenance Charges in respect of Account Holders of the Depository Division of the Company are accounted on pro-rata basis. In case of receipt of lifetime fees, the total amount received is recognized in the period of receipt.
- d) Incentive on primary market subscription – mobilization is accounted on the basis of intimation received by the Company.

(iii) VALUATION OF INVENTORIES

Securities Shown as Inventories are valued scrip wise at Weighted Average Cost of the day or Market Value whichever is lower. Cost includes direct expenses.

(iv) FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost comprises the purchase price and all direct cost attributable to bring the asset to its working condition for intended use.

(v) DEPRECIATION

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as mentioned and envisaged under Schedule II of the Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

(vi) IMPAIRMENT OF ASSETS

Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(vii) INVESTMENTS

Investments are classified into current investments and non-current investments. Investments which are intended to be held for more than one year are classified as non-current investments and investments which are intended to be held for less than one year are classified as current investments. Investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for.



Notes Forming Part of **Standalone Financial Statements**

(viii) CASH & CASH EQUIVALENTS

Cash comprises of cash in hand and balances with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into cash and which are subject to insignificant risks of changes in value.

(ix) FOREIGN EXCHANGE TRANSACTIONS

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- (b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- (c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

(x) EARNING PER SHARE

The Company reports Basic and Diluted Earning Per Share in accordance with Accounting Standard –20, “Earning Per Share” issued by The Institute of Chartered Accountants of India. Basic Earning Per Share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted Earning Per Share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

(xi) TAXATION

- a) Current corporate tax is provided on the results for the year after considering applicable tax rates and laws.
- b) Deferred Tax is provided on timing differences between tax and accounting treatments that originate in one period and are expected to be reversed or settled in subsequent periods. Deferred tax assets and liabilities are measured using the enacted / substantially enacted tax rates and laws for continuing operations. Deferred tax assets, in the event of unabsorbed depreciation and carry forward losses under tax laws, that exceed the deferred tax liability, are recognized only where there is virtual certainty of realization. Deferred tax assets on other accounts are recognized only to the extent there is reasonable certainty of realization. The carrying amount of deferred tax assets is reviewed at each balance sheet date to reassess realization.
- c) Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

(xii) RETIREMENT BENEFITS

- i. Gratuity liability is a defined benefit obligation and is wholly unfunded. The Company accounts for liability for future gratuity benefits based on actuarial assumptions.
- ii. Provident fund is a defined contribution scheme and the contributions as required by the statute are charged to the Profit and Loss Account as incurred.

(xiii) EQUITY INDEX/ STOCK FUTURES

- a) “Initial Margin – Equity Derivative Instrument”, representing the initial margin paid for entering into contracts for equity index/stock futures which are released on final settlement/squaring-up of underlying contracts, are disclosed under Other Current Assets.

Notes Forming Part of **Standalone Financial Statements**

- b) Equity index/stock futures for arbitrage purposes are marked-to-market on a daily basis. Debit or credit balance disclosed under Other Current Assets or Other Current Liabilities, respectively, in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of index/ stock futures till the Balance Sheet date.
- c) As on the Balance Sheet date, profit/loss on open positions in equity index/ stock futures is accounted for as follows:
 - 1. Credit balance in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", being the anticipated profit, is ignored and no credit for the same is taken in the Profit and Loss Account.
 - 2. Debit balance in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", being anticipated loss, is adjusted in the Profit and Loss Account.
- d) On final settlement or squaring-up of contracts for equity index/stock futures, the profit or loss is calculated as the difference between the settlement/squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract in "Mark-to-Market Margin – Equity Index/ Stock Futures Account" after adjustment of provision for anticipated losses is recognized in the Profit and Loss Account.
- e) When more than one contract in respect of the relevant series of equity index/ stock futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

(xiv) EQUITY INDEX/ STOCK OPTIONS

- a) "Initial Margin Equity Derivative Instrument" representing the initial margin paid, and "Margin Deposit", representing the additional margin paid over and above the initial margin, for entering into contracts for equity index/ stock options, which are released on final settlement/squaring-up of the underlying contracts, are disclosed under Other Current Assets.
- b) "Equity Index/Stock Option Premium Account" represents the premium paid or received for buying or selling the options, respectively.
- c) As at the Balance Sheet date, in the case of long positions, provision is made for the amount by which the premium paid for those options exceeds the premium prevailing on the Balance Sheet date, and in the case of short positions, for the amount by which the premium prevailing on the Balance Sheet date exceeds the premium received for those options, and is reflected in "Provision for Loss on Equity Index/ Stock Option Account".
- d) When the options are squared up before expiry of the options, the premium prevailing in "Equity Index/Stock Option Premium Account" on that date is recognized in the Profit and Loss Account. If more than one option contract in respect of the same index/stock with the same strike price and expiry date to which the squared-up contract pertains is outstanding at the time of squaring-up of the contract, the weighted average method is followed for determining the profit or loss. On the expiry of the contracts and on exercising the options, the difference between the final settlement price and the strike price is transferred to the Profit and Loss Account. In both the above cases, the premium paid or received for buying or selling the option, as the case may be, is recognized in the Profit and Loss Account for all squared-up/settled contracts.

(xv) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized for present obligations, of uncertain timing or amount, arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the possibility of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, are also disclosed as contingent liabilities unless the possibility of outflow of resources embodying economic benefits is remote.

Notes Forming Part of **Standalone Financial Statements**

Particulars	31 st March, 2016 (₹)	31 st March, 2015 (₹)
2. Share Capital		
Authorised		
2,50,00,000 (2,50,00,000) equity share of ₹5/- each	12,50,00,000	12,50,00,000
Issued, Subscribed & Paid up		
2,08,22,560 (2,08,22,560) equity share of ₹5/- each #	10,41,12,800	10,41,12,800
TOTAL	10,41,12,800	10,41,12,800
# 78,08,460 (78,08,460) shares out of the issued, subscribed and paid up share capital were allotted as bonus shares in last five years by capitalisation of General Reserves.		
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		
<u>Equity Shares of face value ₹5/-</u>		
Share outstanding at the beginning of the period	2,08,22,560	2,08,22,560
Share outstanding at the end of period	2,08,22,560	2,08,22,560
b. Terms/rights attached to equity shares		
The company has one class of equity shares having a par value of ₹5 per share. Each shareholder is eligible for one vote per share held.		
c. List of the Shareholders holding more than 5% of the total number of shares issued by the company		
Name of the shareholders		
Ashok Kumar Jain	60,63,040 (29.12%)	60,63,040 (29.12%)
Kiran Jain	47,28,320 (22.71%)	47,28,320 (22.71%)
Sunil Kumar Jain	16,06,656 (7.72%)	16,06,656 (7.72%)
Arpit Jain	11,47,840 (5.51%)	11,47,840 (5.51%)
3. Reserves and Surplus		
General Reserve		
Balance as per the last financial statements	44,03,42,139	40,77,70,709
Add: Transfer from Profit & Loss	4,00,00,000	4,00,00,000
Less: Adjustment relating to Fixed Assets	0	74,28,570
Closing Balance	48,03,42,139	44,03,42,139
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	2,36,58,603	1,17,07,526
Profit for the year	6,00,63,497	7,06,90,463
Less: Appropriations		
Proposed dividend on equity shares (Dividend per share ₹0.75)	0	1,56,16,920
Interim Equity Dividend (Dividend per share ₹0.75)	1,56,16,920	0
Dividend Distribution Tax	31,79,238	31,22,466
Transfer to General Reserve	4,00,00,000	4,00,00,000
Net surplus in the statement of Profit and Loss	2,49,25,942	2,36,58,603
TOTAL	50,52,68,082	46,40,00,743

Notes Forming Part of **Standalone Financial Statements**

Particulars	31 st March, 2016 (₹)	31 st March, 2015 (₹)
4. Deferred Tax Liabilities/ (Assets)		
Deferred Tax Liabilities		
Related to Fixed Assets	63,14,056	59,68,167
TOTAL (a)	63,14,056	59,68,167
Deferred Tax Assets		
Disallowance under the Income Tax Act, 1961	29,13,072	22,89,762
TOTAL (b)	29,13,072	22,89,762
Net Deferred Tax Liabilities /(Assets) [(a)-(b)]	34,00,984	36,78,405
5. Short Term Borrowings		
Secured		
From Bank*	0	11,801
TOTAL	0	11,801
* Loans from bank are secured against pledge of fixed deposit receipt and securities owned by company.		
6. Trade Payables		
Sundry Creditors (Includes Trade Payables)		
Other than Micro, Small and Medium Enterprises	20,50,49,957	17,94,08,665
Micro, Small and Medium Enterprises (Refer Note 29)	0	0
TOTAL	20,50,49,957	17,94,08,665
7. Other Current Liabilities		
Other Payables	5,19,78,763	5,85,73,590
Unpaid Dividend #	31,73,658	21,48,102
Mark-to-Market Margin-Equity Stock Futures	7,91,560	
(Refer to Note 1(xiii)(c))		
Less: Provision for Loss	775	0
Deposits from Intermediaries	5,84,05,071	4,29,85,792
TOTAL	11,43,48,277	10,37,07,484
# Out of the above amount, the company is required to credit a sum of ₹1,99,750.50 lying in the unpaid/unclaimed dividend account, on or before 15 th October, 2016 to the Investor Education & Protection Fund pursuant to Sub-section (1) of Section 125 of The Companies Act, 2013.		

Notes Forming Part of **Standalone Financial Statements**

Particulars	31 st March, 2016 (₹)	31 st March, 2015 (₹)
8. Short-Term Provisions		
Proposed Dividend	0	1,56,16,920
Provision for current tax (net of tax)	0	37,96,564
Provision for Loss on Option Contract (Refer to Note 1(xiv)(c))	23,82,765	0
Tax on Dividend	0	31,22,466
TOTAL	23,82,765	2,25,35,950

9. Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 1 st April 2015	Additions for the Year	Deductions Adjustment for the Year	As at 31 st March, 2016	As at 1 st April 2015	For the Year	On Deductions	Adjusted with Retained Earning	As at 31 st March, 2016	As at 31 st March, 2016	As at 31 st March, 2015
Tangible Assets											
Building	6,71,44,313	0	0	6,71,44,313	44,38,812	10,61,756	0	0	55,00,568	6,16,43,745	6,27,05,501
Furniture & Fixtures	2,23,94,095	23,54,643	2,67,147	2,44,81,591	1,18,80,586	33,44,230	1,90,061	0	1,50,34,755	94,46,836	1,05,13,509
Office Equipments	1,06,40,827	13,99,044	3,38,541	1,17,01,330	82,98,717	9,55,599	3,35,857	0	89,18,460	27,82,870	23,42,110
Computers	3,37,27,063	35,18,350	81,850	3,71,63,563	3,04,90,683	17,58,725	81,650	0	3,21,67,757	49,95,805	32,36,380
Electrical Installations	14,65,846	6,41,377	1,16,117	19,91,106	7,99,174	96,985	1,10,406	0	7,85,752	12,05,354	6,66,672
Motor Vehicles	49,51,702	7,37,374	0	56,89,076	25,01,053	6,20,429	0	0	31,21,482	25,67,594	24,50,649
Sub Total (A)	14,03,23,846	86,50,788	8,03,655	14,81,70,979	5,84,09,025	78,37,725	7,17,974	0	6,55,28,775	8,26,42,203	8,19,14,821
Intangible Assets											
Software	1,40,55,266	2,66,207	0	1,43,21,473	1,18,82,086	13,50,030	0	0	1,32,32,116	10,89,357	21,73,180
Sub Total (B)	1,40,55,266	2,66,207	0	1,43,21,473	1,18,82,086	13,50,030	0	0	1,32,32,116	10,89,357	21,73,180
Total (A+B)	15,43,79,112	89,16,995	8,03,655	16,24,92,452	7,02,91,111	91,87,754	7,17,974	0	7,87,60,891	8,37,31,561	8,40,88,001
Previous year	15,16,88,711	79,58,457	52,68,056	15,43,79,112	5,42,21,040	1,07,20,044	20,78,543	74,28,570	7,02,91,111	8,40,88,001	

Notes Forming Part of **Standalone Financial Statements**

Particulars	FV (₹)	31 st March, 2016 (Qty.)	31 st March, 2016 (₹)	31 st March, 2015 (Qty.)	31 st March, 2015 (₹)
10. Non Current Investments					
Trade Investments					
<u>In Equity Shares - Unquoted, fully paid up</u>					
BSE Limited	1	1000	0	20000	0
Saurashtra Kutch Stock Exchange Limited	100	50	5,05,000	50	5,05,000
Total Trade Investment (A)			5,05,000		5,05,000
Other Investments					
<u>In Equity Shares of Subsidiary Companies</u>					
<u>Unquoted, fully paid up</u>					
Arihant Lifespace Infra Developers Limited	10	450000	4,05,00,000	450000	4,05,00,000
Arihant Futures & Commodities Limited	10	355000	79,52,045	354500	78,02,045
Arihant Insurance Broking Services Limited	10	750000	75,00,000	750000	75,00,000
Arihant Financial Services Limited	10	250000	2,06,24,435	250000	2,06,24,435
Arihant Financial Planners and Advisors Pvt. Ltd.	10	128050	12,80,500	128050	12,80,500
Ahinsa Lifespace Infraheight Ltd .	10	1900000	1,90,00,000	1900000	1,90,00,000
Arihant Housing Finance Corporation Limited	10	2500000	2,50,00,000	2500000	2,50,00,000
			12,18,56,980		12,17,06,980
<u>In Equity Shares - Unquoted, fully paid up</u>					
The Saraswat Co-Operative Bank Limited	10	500	5,000	500	5,000
Quest Global Technologies Limited	10	90000	9,00,000	90000	9,00,000
			9,05,000		9,05,000
Total Other Investment (B)			12,27,61,980		12,26,11,980
Total Non Current Investments (A+B)			12,32,66,980		12,31,16,980
11. Other Non Current Assets					
(Unsecured, considered good)					
Deposits with Exchanges / Depositories			1,79,85,000		2,10,85,000
TOTAL			1,79,85,000		2,10,85,000
12. Current Investments					
<u>Investment in Equity Shares - Quoted, fully paid up</u>					
Bajaj Corp Limited	1	0	0	60575	2,74,87,731
Dewan Housing Finance Corporation Limited	10	0	0	100000	3,32,33,769
IDBI Bank Limited	10	0	0	100000	1,62,16,582
IFB Industries Limited	10	0	0	12500	71,62,501
IDFC Limited	10	0	0	100000	1,62,11,250
Marico Limited	1	0	0	50000	1,55,13,391
WABCO India Limited	5	0	0	700	38,29,000
Whirlpool of India Limited	10	0	0	14614	1,07,41,108
(A)			0		13,03,95,332

Market value of Quoted Investments ₹Nil/- (Previous Year ₹13,96,66,119/-)

Notes Forming Part of **Standalone Financial Statements**

Particulars	FV (₹)	31 st March, 2016 (Qty.)	31 st March, 2016 (₹)	31 st March, 2015 (Qty.)	31 st March, 2015 (₹)
13. Inventories					
Stock In Trade					
<u>Quoted Equity Shares</u>					
Asian Paints Limited	1	7800	67,63,369	0	0
Bajaj Finserv Limited	5	8359	1,39,27,193	0	0
Bajaj Holding & Investment Limited	10	11764	1,67,55,467	1000	12,96,250
Blue Star Limited	2	15000	55,71,333	0	0
Century Textiles & Industries Limited	10	15000	78,14,157	0	0
Cipla Limited	2	0	0	3000	20,90,062
Dewan Housing Finance Corporation Limited	10	169600	3,06,02,099	0	0
Force Motors Limited	10	0	0	7500	96,18,671
Godrej Consumer Products Limited	1	14967	1,92,97,926	4400	45,80,180
Godrej Industries Limited	1	6500	22,06,554	0	0
Godrej Properties Limited	5	12428	35,62,568	0	0
Jamna Auto Industries Limited	5	5000	6,90,087	0	0
Mahindra Lifespace Developers Limited	10	5400	22,69,890	3011	13,92,587
Mangalam Cement Limited	10	10000	21,96,000	0	0
Marico Limited	1	58400	1,41,00,927	0	0
Multi Commodity Exchange of India Limited	10	0	0	3000	33,67,350
Oberoi Realty Limited	10	8068	19,30,929	0	0
Shilpa Medicare Limited	2	0	0	2983	27,96,424
Tata Motors Limited	2	15000	53,14,971	0	0
Timken India Limited	10	0	0	4368	24,51,546
Torrent Power Limited	10	22853	51,83,112	0	0
Torrent Pharmaceuticals Limited	5	0	0	2943	33,17,627
VIP Industries Limited	2	25000	25,64,265	0	0
			14,07,50,846		3,09,10,697
Aggregate Value of Stock-in-Trade					
- At Cost			14,08,95,077		3,12,52,020
- At Market Value			14,67,48,500		3,23,20,954

Notes Forming Part of **Standalone Financial Statements**

Particulars	31 st March, 2016 (₹)	31 st March, 2015 (₹)
14. Trade Receivables		
(Unsecured Considered good, except where provided for)		
Debts over six months	92,86,943	2,38,86,753
Other Debts	24,31,78,895	16,68,29,731
TOTAL	25,24,65,838	19,07,16,484
15. Cash and Cash Equivalents		
Balances with banks		
On current accounts	5,46,47,508	96,49,509
On deposit account*	19,47,50,000	23,27,25,000
On Unclaimed dividend account	31,73,658	21,48,102
Cash on hand	2,38,011	99,167
TOTAL	25,28,09,177	24,46,21,778
* Fixed deposits with bank include deposits of ₹1,62,50,000/- (previous year ₹17,83,00,000) with maturity of more than 12 months		
16. Short-Term Loans and Advances		
(Unsecured, considered good)		
Loan to related parties (Refer note 23)	0	4,32,980
TOTAL	0	4,32,980
17. Other Current Assets		
Deposits with Exchanges / Depositories	1,33,21,000	1,00,000
Deposit with Related parties (Refer Note 23)	1,53,75,000	2,93,75,000
Other Deposits	44,24,682	39,50,990
Initial Margin- Equity Derivative Instrument	1,15,24,919	0
Other Advances	1,29,87,465	1,40,16,633
Advance income-tax (net)	59,20,397	46,45,972
TOTAL	6,35,53,463	5,20,88,595
18. Revenue From Operations		
Brokerage	31,40,87,312	34,63,01,413
Commission Received (Net)	1,37,82,510	1,67,50,537
Fees From Merchant Banking	1,05,76,700	72,95,259
Deferred Payment Charges	7,11,20,920	5,51,49,372
Depository Receipts	1,66,66,434	2,09,35,836
Profit/(Loss) on Trading*	44,09,755	1,17,27,150
Profit on Sale of Investments (net)	39,92,670	58,35,721
Dividend Income	18,63,916	16,09,044
TOTAL	43,65,00,216	46,56,04,331

Notes Forming Part of **Standalone Financial Statements**

Particulars	31 st March, 2016 (₹)	31 st March, 2015 (₹)
*Trading details in cash segment		
Opening Stock	3,09,10,697	3,69,92,565
Purchase (including charges)	220,62,55,032	37,77,27,794
Sales	209,49,05,801	39,70,39,575
Closing Stock	14,07,50,846	3,09,10,697
19. Other Income		
Interest Received	1,78,00,271	2,48,86,702
Rent	0	27,28,685
Bad debts recovered	0	2,95,869
Miscellaneous income	2,41,526	3,03,522
TOTAL	1,80,41,797	2,82,14,778
20. Employee Benefits Expenses (Includes Managerial Remuneration)		
Salaries, wages and bonus	8,50,75,836	8,61,70,396
Contribution to provident and other fund	3,40,153	3,29,334
Gratuity expense	8,53,930	34,30,247
Staff welfare expenses (Refer Note No.25)	17,41,553	18,38,155
TOTAL	8,80,11,472	9,17,68,131
21. Finance Costs		
Interest expenses	1,97,38,274	2,38,33,341
TOTAL	1,97,38,274	2,38,33,341
22. Other Expenses		
Advertisement	3,00,197	8,66,324
<u>Auditors' Remuneration</u>		
Audit fee	4,50,000	4,50,000
Taxation matters	3,00,375	62,500
Limited review	60,200	45,000
Other services	0	51,000
Bad Debts Written Off	1,32,12,506	73,25,011
Bank & Depository Charges	54,64,346	44,18,054
Business Development	28,28,308	22,28,116
Corporate Social Responsibility	2,00,000	0
Communication including V-Sat	86,78,111	80,66,388
Depository Charges	56,74,032	87,20,794
Electricity	47,42,192	44,29,800
Exchange Transaction Charges	2,38,10,348	2,28,26,970
Insurance	2,96,760	3,02,691

Notes Forming Part of **Standalone Financial Statements**

Particulars	31st March, 2016 (₹)	31st March, 2015 (₹)
Legal and Professional	35,88,858	57,54,175
Loss on Sale of Fixed Assets	18,881	3,69,965
Membership Fee & Subscription	28,74,792	21,70,115
Miscellaneous	20,75,240	25,79,150
Office Expenses	17,00,251	14,52,046
Rent	1,01,63,659	1,15,08,834
Repairs & Maintenance	44,74,726	59,38,877
Software Maintenance	73,09,473	55,31,241
Stationery & Printing	15,26,210	14,72,504
Sub Brokerage/Referral Fees	14,40,05,896	16,59,17,981
Travelling, Conveyance and Motor Car	32,15,052	36,66,520
TOTAL	24,69,70,411	26,61,54,056

23. **Related party transactions**

Related party disclosures, as required by Accounting Standard 18, "Related Party Disclosures" issued by the Institute of Chartered Accountants of India for the year ended 31st March, 2016 are given below:

Relationships (During the year)	
Key Management Personnel	Mr. Ashok Kumar Jain, Chairman & Managing Director Mrs. Anita S. Gandhi, Whole Time Director Mr. Sunil Kumar Jain, Director Mr. Akhilesh Rathi, Director Mr. Pavan Kumar Ved, Director (Join from 12.02.2016) Mr. Parag R. Shah, Director Mr. Pankaj Kumar Gupta, Director (till 10.06.2015) Mr. Rakesh Jain, Director (till 12.02.2016)
Subsidiaries	Arihant Futures & Commodities Limited Arihant Financial Services Limited Arihant Lifespace Infra Developers Limited Arihant Insurance Broking Services Limited Arihant Financial Planners & Advisors Private Limited Ahinsa Lifespace Infraheight Limited Arihant Housing Finance Corporation Limited
Relatives of Key Management Personnel	Arpit Jain Ashok Kumar Jain HUF Kiran Jain Shruti Jain
Enterprises over which Control	Shyam Developers



Notes Forming Part of **Standalone Financial Statements**

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Enterprise over which control	Total
Brokerage Received					
Arihant Lifespace Infra Developers Limited	0	0	168198	0	168198.4
	0	0	441944	0	441944
Depository Charges Received					
Arihant Financial Services Limited	0	0	4971	0	4971
	0	0	2657	0	2657
Arihant Lifespace Infra Developers Limited	0	0	32974	0	32974
	0	0	130628	0	130628
Arihant Futures & Commodities Ltd	0	0	9416	0	9416
	0	0	8736	0	8736
Interest Received					
Arihant Financial Services Limited	0	0	214732	0	214732
	0	0	0	0	0
Expenses Recovered					
Arihant Futures & Commodities Ltd	0	0	491975	0	491975
	0	0	450912	0	450912
Expenses					
Salary & Incentive *	10108719	495000	0	0	10603719
	11301500	619831	0	0	11921331
Rent #	0	2853797	0	105000	2958797
	0	2850000	0	0	2850000
Sitting Fees %	422000	0	0	0	422000
	320000	0	0	0	320000
Interest Paid					
Arihant Financial Services Limited	0	0	3349339	0	3349339
	0	0	6818779	0	6818779
Commission Paid					
Arihant Financial Planners & Advisors Pvt. Ltd	0	0	30283	0	30283
	0	0	21566	0	21566
Assets					
Rent Deposits ^	0	2375000	0	13000000	15375000
	0	2375000	0	27000000	29375000
Loans Given					
Arihant Financial Services Limited					
(Maximum Outstanding)	0	0	102145000	0	102145000
	0	0	18750000	0	18750000
Liabilities					
Loans Taken					
Arihant Financial Services Limited					
(Maximum Outstanding)	0	0	165900000	0	165900000
	0	0	178575000	0	178575000

Notes Forming Part of **Standalone Financial Statements**

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Enterprise over which control	Total
Corporate Guarantee Given					
Arihant Futures & Commodities Ltd	0	0	400000000	0	400000000
	<i>0</i>	<i>0</i>	<i>250000000</i>	<i>0</i>	<i>250000000</i>
Equity Contribution made during the year					
Arihant Financial Planners and Advisors Private Limited	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>1075500</i>	<i>0</i>	<i>1075500</i>
Ahinsa Lifespace Infraheight Limited	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>18500000</i>	<i>0</i>	<i>18500000</i>
Arihant Housing Finance Corporation Limited	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>25000000</i>	<i>0</i>	<i>25000000</i>

Figure in italics represents previous year figures

*Payment to key management personnel for Salaries and Incentive includes to Ashok Kumar Jain ₹ 6916719 (Previous Year ₹8305500) and Anita Gandhi ₹ 3192000 (Previous Year ₹2996000) and to relatives of key management personal includes Shruti Jain ₹495000 (Previous Year ₹619831).

Rent paid to Kiran Jain ₹2028797 (Previous Year ₹2025000), Ashok Kumar Jain HUF ₹412500 (Previous Year ₹412500), Arpit Jain ₹412500 (Previous Year ₹412500) and Shyam Developers ₹105000 (Previous Year ₹Nil).

% Sitting fees paid to Sunil Kumar Jain ₹120000 (Previous Year ₹60000), Rakesh Jain ₹62000 (Previous Year ₹80000), Pankaj Kumar Gupta ₹Nil (Previous Year ₹40000), Paragbhai Shah ₹80000 (Previous Year ₹60000), Pavan Ved ₹40000 (Previous Year ₹Nil) and Akhilesh Rathi ₹120000 (Previous Year ₹80000).

^ Rent Deposit given includes Kiran Jain ₹1687500 (Previous Year ₹1687500), Ashok Kumar Jain HUF ₹ 343750 (Previous Year ₹343750), Arpit Jain ₹343750 (Previous Year ₹343750) and Shyam Developers ₹13000000 (Previous Year ₹27000000).

24. Earning Per Share

Earning Per Share	2015-2016	2014-2015
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	6,00,63,497	7,06,90,463
ii) Weighted Average number of equity shares used as denominator for calculating EPS	2,08,22,560	2,08,22,560
iii) Basic and Diluted Earnings per Share (₹)	2.88	3.39
iv) Face value per Equity Share (₹)	5	5

25. As per Accounting Standard 15 "Employee Benefits", the disclosure as defined in the Accounting Standard are given below:

Defined Contribution Plans	2015-2016	2014-2015
Employer's Contribution to Provident Fund	3,40,153	3,29,334

Defined Benefit Plan

The gratuity paid by the company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the financial obligation. The company does not has any policy for leave encashment.

Notes Forming Part of **Standalone Financial Statements**

Actuarial Assumptions	2015-2016	2014-2015
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	7.79%	7.93%
Rate of escalation in salary (per annum)	5%	5%

26. Income in foreign currency ₹11143 (previous year ₹11809). Expenditure in foreign currency ₹Nil (previous year ₹Nil).

27. Contingent Liability & Capital Commitments

- (i) Bank Guarantees of ₹11000000 (Previous Year ₹11000000) extended to Bombay Stock Exchange Limited under the mandatory rules for membership and ₹56000000 (Previous Year ₹66000000) towards additional margin.
- (ii) Bank Guarantees of ₹7500000 (Previous Year ₹7500000) extended to National Securities Clearing Corporation Limited under the mandatory rules for membership and ₹45000000 (Previous Year ₹39700000) towards additional margin.
- (iii) Bank Guarantees of ₹1500000 (Previous Year ₹1500000) extended to MCX-SX Clearing Corporation Limited under the mandatory rules for membership and ₹Nil (Previous Year ₹1000000) towards additional margin.
- (iv) Corporate guarantee of ₹400000000 (Previous Year ₹250000000) given to banks on behalf of subsidiary M/s Arihant Futures and Commodities Limited.
- (v) Claims against the Company not acknowledged as debts ₹Nil (Previous Year ₹Nil).
- (vi) Income Tax Demand for various years ₹62,27,187 (₹36,07,534)

28. Fixed Deposits

Fixed deposits with scheduled banks include ₹5390743 (Previous Year ₹4321522) which is under the lien of National Securities Clearing Corporation Limited, ₹Nil (Previous Year ₹14000000) which is under the lien of Bombay Stock Exchange Limited, ₹3000000 (Previous Year ₹5500000) which is under the lien of MCX-SX Clearing Corporation Limited.

29. Disclosures under The Micro, Small, & Medium Enterprises Development Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises (SME). The Company is in the process of compiling relevant information from its suppliers about their coverage under the said act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the management, the amounts due to the suppliers are paid within the mutually agreed credit period and therefore, there will not be any interest that may be payable in accordance with the provisions of the Act.

30. Company has following open position in derivatives as on March 31, 2016

Instrument Name	No of Contract	No of Units	Notional Amount
Stock Future	50	77050	2,51,75,628
Stock Option Short	95	189200	4,11,36,070

The above contracts are held for trading purposes
No Open Position in Previous Year

31. Securities are normally held by the Company in its own name except securities pledged with exchange. Securities, which are not registered in the name of the Company, are held by the Company with valid transfer documents.

32. Securities received from clients as collateral for margins are held by the Company in its own name in a fiduciary capacity.

Notes Forming Part of **Standalone Financial Statements**

33. Segment Reporting

As per the definition of 'Business Segment' and 'Geographical Segment' contained in Accounting Standard 17 "Segment Reporting", the management is of the opinion that the Company's operation comprise of operating in Primary and Secondary market and incidental activities thereto, there is neither more than one reportable business segment nor more than one reportable geographical segment, and, therefore, segment information as per Accounting Standard 17 is not required to be disclosed.

34. Previous year figures

The previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year presentation.

35. In accordance with the General Circular No.2 and 3 dated 8th Feb 2011 and 21st Feb 2011 issued by The Ministry of Corporate Affairs, Government of India, The Balance sheet, the Statement of profit and loss and other documents of the subsidiary are not being attached with the Annual Accounts of the company, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

As per our report of even date

For Arora Banthia & Tulsian
Chartered Accountants
Firm No:007028C

CA Ajay Tulsian

Partner
Membership No. : 74868
Indore, 24th May, 2016

For and on behalf of the Board

Ashok Kumar Jain
(Chairman &
Managing Director)
DIN-00184729

Anita S Gandhi
(Whole Time Director)
DIN-02864338

Mahesh Pancholi
(Company Secretary)

Tarun Goyal
(CFO)

Salient features of Financial Statements of Subsidiaries as per Companies Act , 2013
[Pursuant to first proviso to Sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 – AOC-I]

S NO	Particulars Name of the Subsidiary	Amount (₹)									
		Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Invest- ments	Turnover/ Total Income	Profit before Taxation	Provi- sion for Taxation	Profit after Taxation	% of Share- holding
1	Arihant Financial Services Limited	25,00,000	4,99,39,599	18,47,75,415	18,47,75,415	-	3,31,07,695	72,19,923	23,95,688	48,24,235	100.00%
2	Arihant Lifespace Infra Developers Limited	45,00,000	10,87,46,826	11,32,46,826	11,32,46,826	-	21,53,350	46,179	4,972	41,207	100.00%
3	Arihant Futures & Commodities Limited	35,50,000	12,24,44,275	32,92,03,884	32,92,03,884	-	9,16,67,264	2,87,85,420	95,34,743	1,92,50,677	100.00%
4	Arihant Insurance Broking Services Limited	75,00,000	8,91,960	84,70,819	84,70,819	-	8,06,122	99,865	30,155	69,710	100.00%
5	Arihant Financial Planners & Advisors Private Limited	25,00,000	2,24,333	27,35,782	27,35,782	8,37,605	1,95,002	33,854	10,468	23,386	51.22%
6	Arihant Housing Finance Corporation Limited	2,50,00,000	13,43,679	2,64,38,223	2,64,38,223	-	33,80,350	19,32,834	6,04,494	13,28,340	100.00%
7	Ahinsa Lifespace Infraheight Limited	1,90,00,000	-2,47,965	1,87,60,622	1,87,60,622	-	6,940	-18,381	-5,679	-12,702	100.00%



Independent **Auditor's Report**

To
The Members,
Arihant Capital Markets Limited

Report On the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ARIHANT CAPITAL MARKETS LIMITED ("the Holding Company"), and its subsidiaries (collectively referred to as "the Company" or "the Group") which comprise the Consolidated Balance Sheet as at March 31st, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting policies generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and its consolidated profit and its consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the holding company as on 31st March, 2016 taken on record by the Board of Directors of the holding company and the report of the subsidiary companies, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in Annexure "A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 28 to the Consolidated Financial Statements.
 - ii. The Company has made provision as required under the applicable law or accounting standards for material foreseeable losses, if any, on long-term contracts including derivative contracts as referred to in Note 7 & Note 8 to the Consolidated financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and subsidiary companies.

For Arora Bantia & Tulsiyan
Chartered Accountants
Firm No :007028C

CA Ajay Tulsiyan
Partner
Membership No. : 74868
Indore, May 24th, 2016

ANNEXURE "A" AS REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING OF "REPORT ON LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF **ARIHANT CAPITAL MARKETS LIMITED ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2016**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("The Act")

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of Arihant Capital Market Limited ("The Holding Company") and its subsidiary companies, as of that date.

Management's Responsibility for Internal Financial Controls

The respective management of the holding company and its subsidiaries companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.



Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company;
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2016, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Arora Banthia & Tulsiyan
Chartered Accountants
Firm No.: 007028C

CA Ajay Tulsiyan
Partner
Membership No. : 74868
Indore, May 24th, 2016

Consolidated Balance Sheet as at 31st March, 2016

Particulars	Note No.	31 st March, 2016 (₹)	31 st March, 2015 (₹)
EQUITY & LIABILITIES			
Shareholders' fund			
Share Capital	2	10,41,12,800	10,41,12,800
Reserves and Surplus	3	72,99,74,878	66,31,95,408
		83,40,87,678	76,73,08,208
Minority Interest		13,28,930	14,68,207
Non-Current Liabilities			
Deferred Tax Liabilities (net)	4	27,71,495	32,35,894
		27,71,495	32,35,894
Current Liabilities			
Short-Term Borrowings	5	0	11,801
Trade Payables	6	40,94,14,929	47,16,84,288
Other Current Liabilities	7	15,27,43,239	12,05,93,332
Short-Term Provisions	8	29,33,808	2,36,55,781
		56,50,91,976	61,59,45,203
TOTAL		140,32,80,079	138,79,57,513
ASSETS			
Non-Current Assets			
Fixed Assets	9		
Tangible Assets		17,98,72,417	10,49,45,511
Intangible Assets		11,93,932	23,21,350
Non-Current Investments	10	22,47,605	21,47,606
Other Non-Current Assets	11	2,07,05,000	2,38,05,000
		20,40,18,955	13,32,19,467
Current Assets			
Current Investments	12	0	13,03,95,332
Inventories	13	35,52,99,361	19,13,84,809
Trade Receivables	14	27,33,00,630	27,66,78,132
Cash and Cash Equivalents	15	45,83,42,181	57,61,57,937
Other Current Assets	16	11,23,18,952	8,01,21,835
		119,92,61,124	125,47,38,046
TOTAL		140,32,80,079	138,79,57,513

Significant Accounting Policies and Notes on Financial Statements

1 to 36

As per our report of even date

For Arora Banthia & Tulsiyan
Chartered Accountants
Firm No:007028C

CA Ajay Tulsiyan

Partner
Membership No. : 74868
Indore, 24th May, 2016

For and on behalf of the Board

Ashok Kumar Jain
(Chairman &
Managing Director)
DIN-00184729

Anita S Gandhi
(Whole Time Director)
DIN-02864338

Mahesh Pancholi
(Company Secretary)

Tarun Goyal
(CFO)

Consolidated Statement of Profit and Loss for the **year ended 31st March, 2016**

Particulars	Note No.	31 st March, 2016 (₹)	31 st March, 2015 (₹)
Income			
I Revenue from Operations	17	51,51,70,738	57,60,39,308
II Other income	18	4,34,00,601	4,52,25,893
III Total Revenue (I+II)		55,85,71,340	62,12,65,202
IV Expenses			
Change in Inventories	19	0	0
Employee benefits expenses	20	10,40,03,831	11,19,53,111
Finance costs	21	2,34,50,986	2,38,50,698
Other expenses	22	29,23,21,208	30,95,90,960
Net depreciation and amortization expenses	9	1,00,62,833	1,24,01,694
Total (IV)		42,98,38,858	45,77,96,464
V Profit Before Exceptional and Extraordinary Items and Tax (III-IV)		12,87,32,482	16,34,68,738
VI Exceptional items		0	37,00,000
VII Profit Before Extraordinary Items and Tax (V-VI)		12,87,32,482	15,97,68,738
VIII Extraordinary Items		0	0
IX Profit Before Tax (VII-VIII)		12,87,32,482	15,97,68,738
X Tax expenses			
Current tax		4,36,09,845	5,33,24,807
Deferred tax		-4,64,398	-43,76,490
Total tax expenses		4,31,45,447	4,89,48,317
XI Profit/(loss) for the year before Minority Interest		8,55,87,035	11,08,20,421
Less : Minority Interest		11,408	-14,678
XII Profit/(loss) for the year		8,55,75,627	11,08,35,099
XIII Earnings per Share			
Equity Shares of ₹5 each	25		
Basic		4.11	5.32
Diluted		4.11	5.32

Significant Accounting Policies and Notes on Financial Statements

1 to 36

As per our report of even date

For Arora Banthia & Tulsian

Chartered Accountants

Firm No:007028C

CA Ajay Tulsian

Partner

Membership No. : 74868

Indore, 24th May, 2016

For and on behalf of the Board

Ashok Kumar Jain

(Chairman &

Managing Director)

DIN-00184729

Anita S Gandhi

(Whole Time Director)

DIN-02864338

Maresh Pancholi

(Company Secretary)

Tarun Goyal

(CFO)

Consolidated Cash Flow Statement for the **year ended 31st March, 2016**

Particulars	Note No.	31 st March, 2016 (₹)	31 st March, 2015 (₹)
Cash flow from operating Activities			
Net profit before taxation		12,87,32,482	15,97,68,738
Add adjustments for :			
(Profit) / Loss on sale of fixed assets		18,881	3,69,965
(Profit) / Loss on sale of Investments		-40,30,925	-58,50,904
Profit on De-subsidiarisation		0	-9,71,439
Provision on Standard Assets		4,61,078	0
Provision for Loss on Option Contract		23,82,765	0
Preliminary Expenses		0	11,66,860
Depreciation / amortisation		1,01,93,422	1,24,01,694
Dividend Income		-30,40,595	-27,76,845
Operating profit before working capital changes		13,47,17,108	16,41,08,068
Adjustments for changes in working capital :			
- Trade and other receivables		-2,57,20,300	-4,28,81,923
- Inventories		-16,39,14,551	-15,43,92,245
- Trade and other payables		-3,01,19,453	8,93,05,671
Cash generated from operation		-8,50,37,197	5,61,39,571
- Taxes paid (net)		-4,84,36,276	-4,53,52,819
Net cash from Operating Activity (A)		-13,34,73,472	1,07,86,752
Cash flow from Investing Activities			
(Purchase) / Sales of fixed assets		-8,40,11,792	8,97,71,480
(Purchase) / Sales of Investments		13,41,76,258	-2,78,78,492
Dividend received		30,40,595	27,76,845
NET CASH USED IN INVESTING ACTIVITY (B)		5,32,05,061	6,46,69,833
Cash flow from Financing Activities			
Dividend Paid		-3,12,33,840	-1,56,16,920
Preliminary Expenses		0	-11,66,860
Proceeds from secured loans		-11,801	-60,156
Issue Of Share Capital		0	10,19,500
Dividend distribution tax paid		-63,01,704	-26,54,096
Net cash used in Financing Activities(C)		-3,75,47,345	-1,84,78,532
Net increase in cash and cash equivalents (A+B+C)		-11,78,15,756	5,69,78,053
Cash and cash equivalents at the beginning of the year		57,61,57,937	51,91,79,883
Cash and cash equivalents at the end of the year		45,83,42,181	57,61,57,937
Cash and cash equivalents comprise of			
Cash and cheques in hand		8,57,368	4,38,376
Balances with scheduled banks		45,74,84,813	57,57,19,561
TOTAL		45,83,42,181	57,61,57,937

Significant Accounting Policies and Notes on Financial Statements

1 to 36

As per our report of even date

For Arora Banthia & Tulsian

Chartered Accountants

Firm No:007028C

CA Ajay Tulsian

Partner

Membership No. : 74868

Indore, 24th May, 2016

For and on behalf of the Board

Ashok Kumar Jain

(Chairman &

Managing Director)

DIN-00184729

Anita S Gandhi

(Whole Time Director)

DIN-02864338

Maresh Pancholi

(Company Secretary)

Tarun Goyal

(CFO)



Notes Forming Part of **Consolidated Financial Statements**

NOTE 1: STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

The financial statements have been prepared to comply with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013. The accounts are prepared on historical cost basis and on the principle of going concern. Accounting policies not specifically referred to are in consonance with prudent and generally accepted accounting practices. The accounting policies have been consistently applied unless otherwise stated.

B. USE OF ESTIMATES

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and results of operations during the reporting periods. Although these estimates are based upon the management's best knowledge of current events & actions, actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. REVENUE RECOGNITION

- i. Group recognises Brokerage Income and Profit/ (Loss) from Trading of Securities on the basis of the date of trade of settlement, of respective stock exchanges.
- ii. Income from interest on Loans is recognized on accrual basis.
- iii. Other Income is accounted for on accrual basis.
- iv. The Annual Maintenance Charges in respect of Account Holders of the Depository Division of the Group are accounted at the time of opening of account or completion of the year irrespective of the period they pertain to.

D. FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost comprises the purchase price and all direct cost attributable to bring the asset to its working condition for intended use.

E. DEPRECIATION

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as mentioned and envisaged under Schedule II of the Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

F. INVESTMENTS

Investments are classified into long term investments and current investments. Investments which are intended to be held for more than one year are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments. Investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for.

G. CASH & CASH EQUIVALENTS

Cash comprises cash on hand and balances with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into cash and which are subject to insignificant risks of changes in value.

H. RETIREMENT BENEFITS

- i. Gratuity liability is a defined benefit obligation and is wholly unfunded. The Group accounts for liability for future gratuity benefits based on actuarial valuation.

Notes Forming Part of **Consolidated Financial Statements**

- ii. Provident fund is a defined contribution scheme and the contributions as required by the statute are charged to the Profit and Loss Account as incurred.

I. EQUITY INDEX/ STOCK FUTURES

- (a) "Initial Margin – Equity Derivative Instrument", representing the initial margin paid for entering into contracts for equity index/stock futures which are released on final settlement/squaring-up of underlying contracts, are disclosed under Loans and Advances.
- (b) Equity index/stock futures for arbitrage purposes are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and Advances or Current Liabilities, respectively, in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of index/ stock futures till the Balance Sheet date.
- (c) As on the Balance Sheet date, profit/loss on open positions in equity index/ stock futures are accounted for as follows:
 - Credit balance in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", being the anticipated profit, is ignored and no credit for the same is taken in the Profit and Loss Account.
 - Debit balance in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", being anticipated loss, is adjusted in the Profit and Loss Account.
- (d) On final settlement or squaring-up of contracts for equity index/stock futures, the profit or loss is calculated as the difference between the settlement/squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract in "Mark-to-Market Margin – Equity Index/ Stock Futures Account" after adjustment of provision for anticipated losses is recognised in the Profit and Loss Account.

When more than one contract in respect of the relevant series of equity index/ stock futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

J. EQUITY INDEX/ STOCK OPTIONS

- (a) "Initial Margin Equity Derivative Instrument" representing the initial margin paid, and "Margin Deposit", representing the additional margin paid over and above the initial margin, for entering into contracts for equity index/ stock options, which are released on final settlement/squaring-up of the underlying contracts, are disclosed under Loans and Advances.
- (b) "Equity Index/Stock Option Premium Account" represents the premium paid or received for buying or selling the options, respectively.
- (c) As at the Balance Sheet date, in the case of long positions, provision is made for the amount by which the premium paid for those options exceeds the premium prevailing on the Balance Sheet date, and in the case of short positions, for the amount by which the premium prevailing on the Balance Sheet date exceeds the premium received for those options, and is reflected in "Provision for Loss on Equity Index/ Stock Option Account".
- (d) When the options are squared up before expiry of the options, the premium prevailing in "Equity Index/Stock Option Premium Account" on that date is recognised in the Profit and Loss Account. If more than one option contract in respect of the same index/stock with the same strike price and expiry date to which the squared-up contract pertains is outstanding at the time of squaring-up of the contract, the weighted average method is followed for determining the profit or loss.

On the expiry of the contracts and on exercising the options, the difference between the final settlement price and the strike price is transferred to the Profit and Loss Account.

In both the above cases, the premium paid or received for buying or selling the option, as the case may be, is recognised in the Profit and Loss Account for all squared-up/settled contracts.

K. STOCK IN TRADE

Securities Shown as Inventories are valued scrip wise at Weighted Average Cost of the day or Market Value whichever is lower. Cost includes direct expenses.



Notes Forming Part of **Consolidated Financial Statements**

Inventories (Land) are valued at Cost or Market Value whichever is lower. Cost includes direct expenses.

L. TAXES ON INCOME

- a) Current corporate tax is provided on the results for the year after considering applicable tax rates and laws.
- b) Deferred Tax is provided on timing differences between tax and accounting treatments that originate in one period and are expected to be reversed or settled in subsequent periods. Deferred tax assets and liabilities are measured using the enacted / substantively enacted tax rates and laws for continuing operations. Deferred tax assets, in the event of unabsorbed depreciation and carry forward losses under tax laws, that exceed the deferred tax liability, are recognized only where there is virtual certainty of realization. Deferred tax assets on other accounts are recognized only to the extent there is reasonable certainty of realization. The carrying amount of deferred tax assets is reviewed at each balance sheet date to reassess realization.
- c) Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

M. EARNING PER SHARE

The Group reports Basic and Diluted Earning Per Share in accordance with Accounting Standard –20, “Earning Per Share” issued by The Institute of Chartered Accountants of India. Basic Earning Per Share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted Earning Per Share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

N. FOREIGN CURRENCY TRANSACTIONS

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- (b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.
- (c) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

O. IMPAIRMENT OF ASSETS

Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

P. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized for present obligations, of uncertain timing or amount, arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the possibility of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, are also disclosed as contingent liabilities unless the possibility of outflow of resources embodying economic benefits is remote.

Notes Forming Part of **Consolidated Financial Statements**

Q. BASIS OF CONSOLIDATION

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies have been combined on a line-by line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.
- b) The excess of cost to the Company of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus' in the consolidated financial statements.
- c) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
- d) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated Profit and Loss Statement being the profit or loss on disposal of investment in subsidiary.
- e) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- f) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

Notes on Consolidation Financial Statements for the **year ended 31st March, 2016**

Particulars	31 st March, 2016 (₹)	31 st March, 2015 (₹)
2. Share Capital		
Authorised		
2,50,00,000 (2,50,00,000) equity share of ₹5/- each	12,50,00,000	12,50,00,000
Issued, Subscribed & Paid up		
2,08,22,560 (2,08,22,560) equity share of ₹5/- each #	10,41,12,800	10,41,12,800
TOTAL	10,41,12,800	10,41,12,800
# 78,08,460 (78,08,460) shares out of the issued, subscribed and paid up share capital were allotted as bonus shares in last five years by capitalisation of General Reserves.		
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		
Equity Shares of face value ₹5/-		
Share outstanding at the beginning of the period	2,08,22,560	2,08,22,560
Share outstanding at the end of period	2,08,22,560	2,08,22,560
b. List of the Shareholders holding more than 5% of the total number of shares issued by the company		
Name of the shareholders		
Ashok Kumar Jain	60,63,040 (29.12%)	60,63,040 (29.12%)
Kiran Jain	47,28,320 (22.71%)	47,28,320 (22.71%)
Sunil Kumar Jain	16,06,656 (7.72%)	16,06,656 (7.72%)
Arpit Jain	11,47,840 (5.51%)	11,47,840 (5.51%)
3. Reserve and Surplus		
General Reserve		
Balance as per the last financial statements	59,72,61,965	53,23,43,955
Add: Transfer from Profit & Loss	6,30,00,000	7,25,00,000
Less: Adjustment relating to Fixed Assets	0	75,81,990
Closing Balance	66,02,61,965	59,72,61,965
Statutory Reserve		
Balance as per last Balance Sheet	64,82,000	48,56,000
Add : Transfer from Profit and Loss Account	9,65,000	16,26,000
Closing Balance	74,47,000	64,82,000
Capital Reserve on Consolidation		
Balance as per last Balance Sheet	34,05,129	34,05,129
Add : Change during the year	0	0
Closing Balance	34,05,129	34,05,129

Notes on Consolidation Financial Statements for the **year ended 31st March, 2016**

Particulars	31 st March, 2016 (₹)	31 st March, 2015 (₹)
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	5,60,46,315	3,80,76,602
Profit for the year	8,55,75,627	11,08,35,099
Less: Appropriations		
Proposed dividend on equity shares (Dividend per share ₹0.75)	0	1,56,16,920
Interim Equity Dividend (Dividend per share ₹0.75)	1,56,16,920	0
Dividend Distribution Tax	31,79,238	31,22,466
Transfer to General Reserve	6,30,00,000	7,25,00,000
Transfer to Statutory Reserve	9,65,000	16,26,000
Net surplus in the statement of Profit and Loss	5,88,60,784	5,60,46,315
TOTAL	72,99,74,878	66,31,95,408
4. Deferred Tax Liabilities /(Assets)		
Deferred Tax Liabilities		
Related to Fixed Assets	64,69,347	61,85,966
TOTAL (a)	64,69,347	61,85,966
Deferred Tax Assets		
Disallowance under the Income Tax Act, 1961	35,92,513	28,77,589
MAT Credit Entitlement	9,380	0
Unabsorbed Losses	95,959	72,484
TOTAL (b)	36,97,852	29,50,072
Net Deferred Tax Liabilities /(Assets) [(a)-(b)]	27,71,495	32,35,894
5. Short Term Borrowings		
Secured		
From Bank*	0	11,801
Unsecured		
From Others	0	0
TOTAL	0	11,801
* Loans from bank are secured against pledge of fixed deposit receipt and securities owned by company.		
6. Trade Payables		
Sundry Creditors (Includes Trade Payables)		
Other than Micro, Small and Medium Enterprises	40,94,14,929	47,16,84,288
Micro, Small and Medium Enterprises (Refer Note 30)	0	0
TOTAL	40,94,14,929	47,16,84,288



Notes on Consolidation Financial Statements for the year ended 31st March, 2016

Particulars		31 st March, 2016 (₹)	31 st March, 2015 (₹)
7. Other Current Liabilities			
Other Payables		6,00,86,268	6,74,95,242
Advance Recieved against Sale of Plot		1,17,98,200	0
Unpaid Dividend #		31,73,658	21,48,102
Mark-to-Market Margin-Equity Stock Futures	7,91,560		
(Refer to Note 1(I)(c))			
Less: Provision for Loss	775	7,90,785	0
Deposits from Intermediateries		7,68,94,328	5,09,49,988
TOTAL		15,27,43,239	12,05,93,332
# Out of the above amount, the company is required to credit a sum of ₹1,99,750.50 lying in the unpaid/unclaimed dividend account, on or before 15 th October, 2016 to the Investor Education & Protection Fund pursuant to Sub-section (1) of Section 125 of The Companies Act, 2013.			
8. Short-Term Provisions			
Proposed Dividend		0	1,56,16,920
Provision for Loss on Option Contract		23,82,765	0
(Refer to Note 1(J)(c))			
Tax on Dividend		0	31,22,466
Contingent Provisions against Standard Assets		4,61,078	0
Provision for tax (Net)		89,965	49,16,395
TOTAL		29,33,808	2,36,55,781

9. Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 1 st April 2015	Additions for the Year	Deductions Adjustment for the Year	As at 31 st March, 2016	As at 1 st April 2015	For the Year	On Deductions	Adjusted with Retained Earning	As at 31 st March, 2016	As at 31 st March, 2016	As at 31 st March, 2015
Tangible Assets											
Freehold Land	1,85,27,180	7,33,19,400	0	9,18,46,580	0	0	0	0	0	9,18,46,580	1,85,27,180
Premises	6,71,44,313	0	0	6,71,44,313	44,38,812	10,61,756	0	0	55,00,568	6,16,43,745	6,27,05,501
Furniture & Fixtures	2,24,89,882	23,54,643	2,67,147	2,45,77,378	1,19,09,750	33,54,689	1,90,061	0	1,50,74,378	95,03,000	1,05,80,132
Office Equipments	1,06,76,656	13,99,044	3,38,541	1,17,37,159	83,12,864	9,66,392	3,35,857	0	89,43,399	27,93,760	23,63,792
Computers	3,53,48,674	35,28,150	81,850	3,87,94,974	3,19,12,184	18,82,565	81,650	0	3,37,13,099	50,81,875	34,36,490
Electrical Installations	14,65,846	6,41,377	1,16,117	19,91,106	7,99,174	96,985	1,10,406	0	7,85,752	12,05,354	6,66,672
Motor Vehicles	1,09,76,594	26,62,374	4,50,000	1,31,88,968	43,10,851	14,37,410	3,57,397	0	53,90,864	77,98,104	66,65,743
Sub Total (A)	16,66,29,145	8,39,04,988	12,53,655	24,92,80,478	6,16,83,634	87,99,798	10,75,371	0	6,94,08,061	17,98,72,417	10,49,45,511
Intangible Assets											
Software	1,60,72,417	2,66,207	0	1,63,38,624	1,37,51,368	13,93,625	0	0	1,51,44,993	11,93,631	23,21,049
MCX Membership	3,51,000	0	0	3,51,000	3,50,900	0	0	0	3,50,900	100	100
NCDEX Member-ship	50,000	0	0	50,000	49,900	0	0	0	49,900	100	100
NSE Membership	5,00,000	0	0	5,00,000	4,99,900	0	0	0	4,99,900	100	100
Sub Total (B)	1,69,73,417	2,66,207	0	1,72,39,624	1,46,52,067	13,93,625	0	0	1,60,45,692	11,93,932	23,21,350
Total (A+B)	18,36,02,562	8,41,71,195	12,53,655	26,65,20,102	7,63,35,702	1,01,93,422	10,75,371	0	8,54,53,752	18,10,66,349	10,72,66,861
Previous year figure	27,65,01,045	2,68,76,750	11,97,75,233	18,36,02,562	5,91,09,055	1,24,01,694	27,57,038	75,81,990	7,63,35,701	10,72,66,861	

Notes:

- Out of the depreciation for the year ₹1,30,589 transferred to Land Development Cost in Arihant Litespace Infra developers Ltd.
- Addition to Land includes ₹2,93,30,900 transferred from Inventory in Arihant Litespace Infra developers Ltd.

Notes on Consolidation Financial Statements for the **year ended 31st March, 2016**

Particulars	FV (₹)	31 st March, 2016 (Qty.)	31 st March, 2016 (₹)	31 st March, 2015 (Qty.)	31 st March, 2015 (₹)
10. Non Current Investments					
Trade Investments					
In Equity Shares - Unquoted, fully paid up					
BSE Limited	1	1000	0	20000	0
Saurashtra Kutch Stock Exchange Limited	100	50	5,05,000	50	5,05,000
Total Trade Investment (A)			5,05,000		5,05,000
Other Investments					
In Equity Shares - Unquoted, fully paid up					
The Saraswat Co-Operative Bank Limited	10	500	5,000	500	5,000
Quest Global Technologies Limited	10	90000	9,00,000	90000	9,00,000
Quoted Mutual Fund					
Reliance Money Manager Fund - Growth Plan Growth Option			8,37,605		7,37,606
Total Other Investment (B)			17,42,605		16,42,606
Total Non Current Investments (A+B)			22,47,605		21,47,606
Market value of Quoted Investments ₹9,44,694 (₹7,77,409)					
11. Other Non Current Assets					
(Unsecured, considered good)					
Deposits with Exchanges / Depositories			2,07,05,000		2,38,05,000
TOTAL			2,07,05,000		2,38,05,000
12. Current Investments					
Investment in Equity Shares - Quoted, fully paid up					
Bajaj Corp Limited	1	0	0	60575	2,74,87,731
Dewan Housing Finance Corporation Limited	10	0	0	100000	3,32,33,769
IDBI Bank Limited	10	0	0	100000	1,62,16,582
IDFC Limited	10	0	0	100000	1,62,11,250
IFB Industries Limited	10	0	0	12500	71,62,501
Marico Limited	1	0	0	50000	1,55,13,391
WABCO India Limited	5	0	0	700	38,29,000
Whirlpool of India Limited	10	0	0	14614	1,07,41,108
TOTAL			0		13,03,95,332

Market value of Quoted Investments ₹Nil/- (Previous Year ₹13,96,66,119/-)

Notes on Consolidation Financial Statements for the **year ended 31st March, 2016**

	FV (₹)	31st March, 2016 (Qty.)	31st March, 2016 (₹)	31st March, 2015 (Qty.)	31st March, 2015 (₹)
13. Inventories					
A. Shares					
<u>Quoted Equity Shares</u>					
Asian Paints Limited	1	7800	67,63,369	0	0
Bajaj Finserv Limited	5	8359	1,39,27,193	0	0
Bajaj Holding & Investment Limited	10	11764	1,67,55,467	1000	12,96,250
Blue Star Limited	2	15000	55,71,333	0	0
Century Textiles & Industries Limited	10	15000	78,14,157	0	0
Cipla Limited	2	0	0	3000	20,90,062
Dewan Housing Finance Corporation Limited	10	169602	3,06,02,099	0	0
Force Motors Limited	10	0	0	7500	96,18,671
Godrej Consumer Products Limited	1	14967	1,92,97,926	4400	45,80,180
Godrej Industries Limited	1	6500	22,06,554	0	0
Godrej Properties Limited	5	12428	35,62,568	0	0
Jamna Auto Industries Limited	5	5000	6,90,087	0	0
Mahindra Lifespace Developers Limited	10	5400	22,69,890	3011	13,92,587
Mangalam Cement Limited	10	10000	21,96,000	0	0
Marico Limited	1	58400	1,41,00,927	0	0
Multi Commodity Exchange of India Limited	10	0	0	3000	33,67,350
Oberoi Realty Limited	10	8068	19,30,929	0	0
Shilpa Medicare Limited	2	0	0	2983	27,96,424
Tata Motors Limited	2	15000	53,14,971	0	0
Timken India Limited	10	0	0	4368	24,51,546
Torrent Power Limited	10	22853	51,83,112	0	0
Torrent Pharmaceuticals Limited	5	0	0	2943	33,17,627
VIP Industries Limited	2	25000	25,64,265	0	0
			14,07,50,846		3,09,10,697
Aggregate Value of Stock-in-Trade					
- At Cost			14,08,95,077		3,12,52,020
- At Market Value			14,67,48,500		3,23,20,954
B. Land					
Land and Development Cost (WIP)			21,45,48,515		16,04,74,112
			21,45,48,515		16,04,74,112
TOTAL (A+B)			35,52,99,361		19,13,84,809

Notes on Consolidation Financial Statements for the **year ended 31st March, 2016**

Particulars	31st March, 2016 (₹)	31st March, 2015 (₹)
14. Trade Receivables		
(Considered good, except where provided for)		
Debts over six months		
-Secured	80,17,094	5,79,77,368
-Unsecured	1,92,54,720	3,72,18,489
Other Debts		
-Secured	0	0
-Unsecured	24,60,28,816	18,14,82,275
TOTAL	27,33,00,630	27,66,78,132
15. Cash and Cash Equivalents		
Balances with banks		
On current accounts	12,17,57,021	18,24,27,544
On deposit account*	33,25,54,134	39,11,43,915
On Unclaimed dividend account	31,73,658	21,48,102
Cash on hand	8,57,368	4,38,376
TOTAL	45,83,42,181	57,61,57,937
* Fixed deposits with bank include deposits of ₹4,98,25,000 (previous year ₹28,24,68,914) with maturity of more than 12 months		
16. Other Current Assets		
Deposits with Exchanges / Depositories	2,01,02,000	1,34,40,637
Deposit with Related parties (Refer Note 24)	1,61,87,500	3,01,87,500
Advance against Property	2,13,77,420	55,53,000
Other Deposits	44,64,682	39,50,990
Initial Margin- Equity Derivative Instrument	1,15,24,919	0
Other Advances	3,08,24,813	1,89,42,243
Advance income-tax (net of provision for taxation)	78,37,619	80,47,465
TOTAL	11,23,18,952	8,01,21,835
17. Revenue From Operations		
Brokerage	36,03,42,430	38,68,47,004
Commission Received (Net)	1,37,82,510	1,67,52,437
Fees From Merchant Banking	1,05,76,700	72,95,259
Income From Fees	0	33,62,242
Deferred Payment Charges	7,11,20,920	5,51,49,372
Depository Receipts	1,66,19,073	2,07,93,813
Interest on Loans and Deposit	2,97,58,356	2,46,00,526
Profit/(Loss) on Share Trading*	51,51,736	4,94,11,005
Profit/(Loss) on Commodity Trading	2,69,878	91,182
Profit on Sale of Investments (net)	40,30,925	58,50,904

Notes on Consolidation Financial Statements for the **year ended 31st March, 2016**

Particulars	31 st March, 2016 (₹)	31 st March, 2015 (₹)
Dividend Income	30,40,595	27,76,845
Consultancy Charges	74,725	2,59,638
Income from Software Development	0	18,33,644
Other	4,02,889	10,15,437
TOTAL	51,51,70,738	57,60,39,308
*Trading details in cash segment		
Opening Stock	3,09,10,697	3,69,92,565
Purchase (including charges)	3,88,24,27,015	4,47,65,04,705
Sales	3,77,45,41,230	4,54,49,48,493
Closing Stock	14,07,50,846	3,09,10,697
18. Other Income		
Interest Received	4,22,01,142	4,05,48,309
Rent	0	27,28,685
Bad Debts Recovered	0	2,95,869
Gain/(loss) on Foreign exchange fluctuation (net)	0	17,794
Profit on De-subsidiarisation	0	9,71,439
Miscellaneous Income	11,99,459	6,63,798
TOTAL	4,34,00,601	4,52,25,893
19. Change in Inventories		
Opening Stock	16,04,74,112	0
Add:-		
Transfer (to)/from Fixed Assets	-2,93,30,900	11,12,72,660
Land Purchased during the year	3,99,36,500	4,71,79,600
Land development cost		
Cost of Material Purchased	56,99,905	0
Freight & Cartage	2,100	0
Operating & Project Expenses Incurred During the Year:-		
Architect Fees	3,21,700	0
Preliminaries & Site Expenses	16,86,342	0
Civil, Electrical, Contracting etc.	19,33,460	0
Electricity	94,480	0
Electrical Development & Supervision Charges	3,86,348	0
Payment to Local Agencies & Permission Charges	1,55,51,698	20,21,852
Finance Cost	1,66,64,438	0
Depreciation (Refer Note No 9)	1,30,589	0
Other Overheads	9,97,742	0
TOTAL	21,45,48,515	16,04,74,112
Less : Closing Stock	21,45,48,515	16,04,74,112
TOTAL	0	0

Notes on Consolidation Financial Statements for the **year ended 31st March, 2016**

Particulars	31st March, 2016 (₹)	31st March, 2015 (₹)
20. Employee Benefit Expenses (Includes Managerial Remuneration)		
Salaries, Wages and Bonus	10,09,24,217	10,56,49,488
Contribution to Provident and other Fund	3,40,153	3,29,334
Gratuity Expense	8,53,930	34,30,247
Staff Welfare Expenses	18,85,532	25,44,043
TOTAL	10,40,03,831	11,19,53,111
21. Finance Cost		
Interest Expenses	2,34,50,986	2,38,50,698
TOTAL	2,34,50,986	2,38,50,698
22. Other Expenses		
Advertisement	3,20,297	13,65,254
<u>Auditors' Remuneration</u>		
Audit fee	6,02,593	6,13,427
Taxation matters	4,90,506	1,97,647
Limited review	60,200	45,000
Other services	0	51,000
Bad Debts Written Off	1,39,34,851	88,06,957
Bank & Depository Charges	77,77,387	67,19,432
Business Development	28,57,131	25,37,559
Corporate Social Responsibility	2,00,000	0
Communication including V-Sat	93,20,657	88,83,246
Depository Charges	57,20,135	87,09,401
Electricity	52,07,786	51,19,711
Exchange Transaction Charges	4,33,60,128	3,68,25,392
Insurance	4,32,990	4,51,094
Legal and Professional	39,29,835	67,79,317
Loss on Sale of Assets	18,881	3,69,965
Membership Fee & Subscription	32,07,792	24,24,351
Miscellaneous Expenses	35,12,767	30,55,124
Office Expenses	17,00,251	15,06,754
Preliminary	0	11,66,860
Rent, Rates & Taxes	1,17,02,426	1,41,25,459
Repairs & Maintenance	46,04,206	62,29,220
Provision on Standard Assets	4,61,078	0
Software Maintenance	81,95,723	65,64,016
Stationery & Printing	15,76,334	16,61,026
Sub Brokerage/Referral Fees and Expenses	15,89,47,731	18,06,11,990
Travelling, Conveyance and Motor Car Expenses	41,79,527	47,71,760
TOTAL	29,23,21,208	30,95,90,960

Notes on Consolidation Financial Statements for the **year ended 31st March, 2016**

23. Companies included in consolidation

Name of Subsidiaries	Country of Incorporation	Proportion of Interest	
		as on 31.03.16	as on 31.03.15
Arihant Financial Services Limited	India	100.00%	100.00%
Arihant Futures & Commodities Limited	India	100.00%	99.86%
Arihant Lifespace Infra Developers Limited (Formerly known as Arihant Finsec Limited)	India	100.00%	100.00%
Arihant Insurance Broking Services Limited	India	100.00%	100.00%
Arihant Financial Planners and Advisors Private Limited	India	51.22%	51.22%
Arihant Housing Finance Corporation Limited	India	100.00%	100.00%
Ahinsa Lifespace Infraheight Limited	India	100.00%	100.00%

24. Related party transactions

"Related party disclosures, as required by Accounting Standard 18, "Related Party Disclosures" issued by the Institute of Chartered Accountants of India for the year ended 31st March, 2016 are given below:

Relationships (During the year)

Key Management Personnel	Mr. Ashok Kumar Jain, Chairman & Managing Director Mrs. Anita S Gandhi, Whole Time Director Mr. Sunil Kumar Jain, Director Mr. Akhilesh Rathi, Director Mr. Pavan Kumar Ved, Director (Join from 12.02.2016) Mr. Parag R. Shah, Director Mr. Pankaj Kumar Gupta, Director (till 10.06.2015) Mr. Rakesh Jain, Director (till 12.02.2016)
Relatives of Key Management Personnel	Arpit Jain Ashok Kumar Jain HUF Kiran Jain Mohini Doshi Shruti Jain Swati Jain
Enterprises over which Control	Shyam Developers

Particulars	Key Management Personnel	Relarives of Key Management Personal	Total
Salary & Incentive *	10108719 <i>11301500</i>	1753027 <i>1418711</i>	11861746 <i>12720211</i>
Rent #	0 <i>0</i>	3950467 <i>3839836</i>	3950467 <i>3839836</i>
Sitting Fees %	422000 <i>320000</i>	0 <i>0</i>	422000 <i>320000</i>
Assets			
Rent Deposits ^	0 <i>0</i>	16187500 <i>30187500</i>	16187500 <i>30187500</i>

Figure in italics represents previous year figures

Notes on Consolidation Financial Statements for the **year ended 31st March, 2016**

*Payment to key management personnel for Salaries includes payment to Ashok Kumar Jain ₹6916719 (Previous Year ₹8305500), Anita Gandhi ₹3192000 (Previous Year ₹2996000), and to relatives of key management personal includes Shruti Jain ₹495000 (Previous Year ₹619831), Swati Jain ₹474027 (Previous Year ₹267457), Kiran Jain ₹274000 (Previous Year ₹250000), Arpit Jain ₹460000 (Previous Year ₹281423) and Mohini Doshi ₹50000 (Previous Year ₹Nil).

Rent paid to Kiran Jain ₹2652967 (Previous Year ₹2647336), Ashok Kumar Jain HUF ₹596244 (Previous Year ₹596244), Arpit Jain ₹596256 (Previous Year ₹596256) and Shyam Developers ₹105000 (Previous Year ₹Nil).

% Sitting fees paid to Sunil Kumar Jain ₹120000 (Previous Year ₹60000), Rakesh Jain ₹62000 (Previous Year ₹80000), Pankaj Kumar Gupta ₹Nil (Previous Year ₹40000), Paragbhai Shah ₹80000 (Previous Year ₹60000), Pavan Ved ₹40000 (Previous Year ₹Nil) and Akhilesh Rathi ₹120000 (Previous Year ₹80000).

^ Deposit given includes Kiran Jain ₹2193750 (Previous Year ₹2193750), Ashok Kumar Jain HUF ₹496875 (Previous Year ₹496875), Arpit Jain ₹496875 (Previous Year ₹496875) and Shyam Developers ₹13000000 (Previous Year ₹27000000).

25. Earning Per Share

Particulars	2015-2016	2014-2015
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	8,55,75,627	11,08,35,099
ii) Weighted Average number of equity shares used as denominator for calculating EPS	2,08,22,560	2,08,22,560
iii) Basic and Diluted Earnings per Share (₹)	4.11	5.32
iv) Face value per Equity Share (₹)	5	5

26. As per Accounting Standard 15 "Employee Benefits", the disclosure as defined in the Accounting Standard are given below:

Defined Contribution Plans	2015-2016	2014-2015
Employer's Contribution to Provident Fund	4,70,090	4,49,508
Employer's Contribution to ESIC	87,454	1,06,428

Defined Benefit Plan

The gratuity paid by the company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the financial obligation. The company does not has any policy for leave encashment.

Actuarial Assumptions	2015-2016	2014-2015
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	7.79%	7.93%
Rate of escalation in salary (per annum)	5%	5%

27. Income in foreign currency ₹11143 (previous year ₹1580248). Expenditure in foreign currency ₹Nil (previous year ₹168871).

28. Contingent Liability & Capital Commitments

- Bank Guarantees of ₹11000000 (Previous Year ₹11000000) extended to Bombay Stock Exchange Limited under the mandatory rules for membership and ₹56000000 (Previous Year ₹66000000) towards additional margin.
- Bank Guarantees of ₹7500000 (Previous Year ₹7500000) extended to National Securities Clearing Corporation Limited under the mandatory rules for membership and ₹45000000 (Previous Year ₹397000000) towards additional margin.
- Bank Guarantees of ₹1500000 (Previous Year ₹1500000) extended to MCX-SX Clearing Corporation Limited under the mandatory rules for membership and ₹Nil (Previous Year ₹10000000) towards additional margin.



- (iv) Bank Guarantees of ₹138500000 (Previous Year ₹188500000) extended to National Commodity Clearing Corporation Limited under the mandatory rules for membership and towards additional margin.
- (v) Bank Guarantees of ₹61500000 (Previous Year ₹41500000) extended to Multi Commodity Exchange of India Ltd under the mandatory rules for membership and towards additional margin.
- (vi) Income Tax Demand for various years ₹7606037 (₹4986384)
- (vii) Claims against the Company not acknowledged as debts ₹Nil (Previous Year ₹Nil).

29. Fixed Deposits

Fixed deposits with scheduled banks include ₹5390743 (Previous Year ₹4321522) which is under the lien of National Securities Clearing Corporation Limited, ₹Nil (Previous Year ₹14000000) which is under the lien of Bombay Stock Exchange Limited, ₹3000000 (Previous Year ₹5500000) which is under the lien of MCX-SX Clearing Corporation Limited ₹ 12500000 (Previous Year ₹10000000), which is under the lien of National Commodity Clearing Corporation Limited and ₹Nil (Previous Year ₹Nil) which is under the lien of Multi Commodity Exchange of India Ltd.

30. Disclosures under The Micro, Small, & Medium Enterprises Development Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises (SME). The Company is in the process of compiling relevant information from its suppliers about their coverage under the said act. Since the relevant information is not readily available, no disclosures have been made in the accounts. however, in view of the management, the amounts due to the suppliers are paid within the mutually agreed credit period and therefore, there will not be any interest that may be payable in accordance with the provisions of the Act.

31. Company has following open position in derivatives as on March 31st, 2016

Instrument Name	No of Contract	No of Units	Notional Amount
Stock Future	50	77050	2,51,75,628
Stock option Short	95	189200	4,11,36,070

The above contracts are held for trading purposes, no open position in previous year.

- 32. Securities are normally held by the Group in its own name except securities pledged with exchange. Securities, which are not registered in the name of the Group, are held by the Group with valid transfer documents.
- 33. Securities received from clients as collateral for margins are held by the Group in its own name in a fiduciary capacity.
- 34. During the year the company has transferred Freehold Land amounting to ₹2,93,30,900/- from stock in trade to fixed assets since the Company intend to hold the said Land as asset.
- 35. **Segment Reporting**
As per the definition of 'Business Segment' and 'Geographical Segment' contained in Accounting Standard 17 "Segment Reporting", the management is of the opinion that the Company's operation comprise of operating in Primary and Secondary market and incidental activities thereto, there is neither more than one reportable business segment nor more than one reportable geographical segment, and, therefore, segment information as per Accounting Standard 17 is not required to be disclosed.
- 36. **Previous year figures**
The previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year presentation.

As per our report of even date

For Arora Banthia & Tulsiyan

Chartered Accountants

Firm No:007028C

CA Ajay Tulsiyan

Partner

Membership No. : 74868

Indore, 24th May, 2016

For and on behalf of the Board

Ashok Kumar Jain

(Chairman &

Managing Director)

DIN-00184729

Anita S Gandhi

(Whole Time Director)

DIN-02864338

Mahesh Pancholi

(Company Secretary)

Tarun Goyal

(CFO)



ARIHANT Capital Markets Ltd.

www.arihantcapital.com

CIN: L67120MP1992PLC007182 | Regd. Off.: E/5, RATLAM KOTHI, INDORE (MP)

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : _____

Registered address : _____

E-mail Id : _____

Folio No. / Client ID No. : _____ DPID No. _____

I/We, being the member(s) of _____ shares of Arihant Capital Markets Limited, hereby appoint

1. Name: _____ E-mail Id: _____

Address: _____

Signature: _____

Or failing him

2. Name: _____ E-mail Id: _____

Address: _____

Signature: _____

Or failing him

3. Name: _____ E-mail Id: _____

Address: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on Saturday 17th September, 2016 at 12.30 pm at Hotel President, 163 RNT Marg, Indore (M.P.)-452001, and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

Resolution No.	Resolutions
1	Consider and adopt the Audited Balance Sheet as at 31st March, 2016, the statement of Profit & Loss Account of the Company for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2	Confirmation of the payment of interim dividend on equity shares as Interim dividend for the financial year ended 31 st March, 2016.
3	Appointment of director in place of Mr. Sunil Kumar Jain (DIN: 00184860), who retires by rotation and being eligible offers himself for re-appointment.
4	Appointment of Auditors and fixing their remuneration.

Special Business

Resolution No.	Resolutions
5	Re-appointment of Mrs. Anita Surendra Gandhi (DIN: 02864338) as Whole Time Director of the Company.
6	Regularization of Additional Director, Mr. Pavan Kumar Ved.

Signed this.....day of..... 2016.

Signature of shareholder _____ Signature of Proxyholder(s) _____

Affix
Revenue
Stamp

- Note:**
- This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at E-5 Ratlam Kothi, Indore 452 001, not less than 48 hours before the commencement of the meeting.
 - Those Members who have multiple folios with different jointholders may use copies of this Attendance slip/Proxy.



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CIN: L67120MP1992PLC007182 | Regd. Off.: E/5, RATLAM KOTHI, INDORE (MP)

ATTENDANCE SLIP

(To be presented at the entrance)

24th ANNUAL GENERAL MEETING ON 17th September, 2016 AT 12.30 P.M.

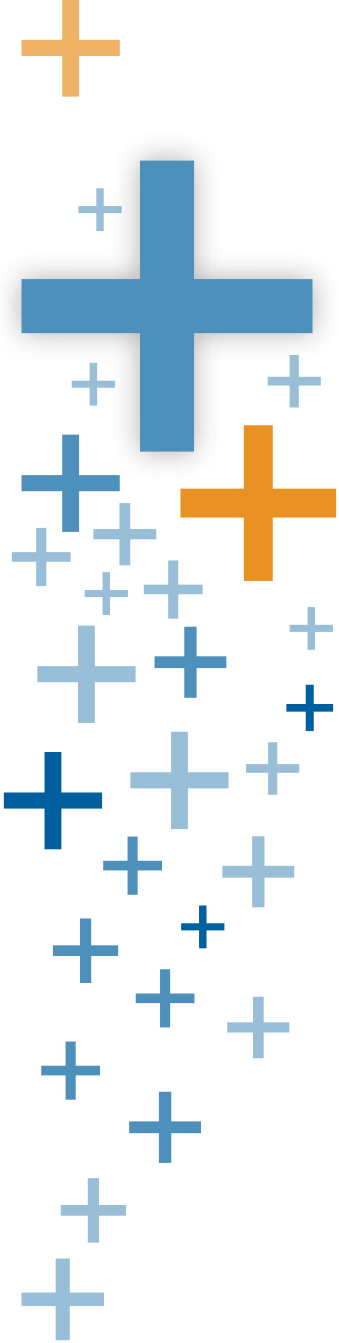
At Hotel president, 163, RNT Marg, Indore (M.P.)-452001

Folio No. _____ DP ID No. _____ Client ID No. _____

Name of the Member: _____ Signature: _____

Name of the Proxyholder: _____ Signature: _____

1. Only Member /Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.



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ARIHANT Capital Markets Ltd.

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