



## ARIHANT Capital Markets Ltd.

**Date: September 19<sup>th</sup>, 2017**

To,  
Department of Corporate Affairs,  
Bombay Stock Exchange Limited.,  
P J Towers, Dalal Street,  
Mumbai- 400001

**Sub. : Submitting 25<sup>th</sup> Annual Report for the year 2016-17.**

**Ref. : ISIN – INE420B01028; Security Code- 511605.**

Dear Sir/Madam,


In terms of Regulation 34(1) of the SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015, we are enclosing herewith Annual Report for the Year 2016-17 duly approved and adopted in the Annual General Meeting held on 09<sup>th</sup> September, 2017

This is for your information and record.

Thanking You,

Yours faithfully,

**For Arihant Capital Markets Limited**

  
**Mahesh Pancholi**  
**(Company Secretary)**  
**M. No. F-7143**



Member of NSE, BSE, MSEI, DP-NSDL, CDSL

**Regd. Office :** E/5 Ratlam Kothi, Indore-452001, India. **Admin Office :** 6 Lad Colony, Y.N. Road, Indore-452003 T. +91.731.3016100 F. +91.731.3016027

**Corporate Office :** #1011 Solitaire Corporate Park, Building No 10, 1<sup>st</sup> Floor, Andheri Ghatkopar Link Road,

Chakala, Andheri (East), Mumbai-400093. T. +91.22.42254800 / 67114800

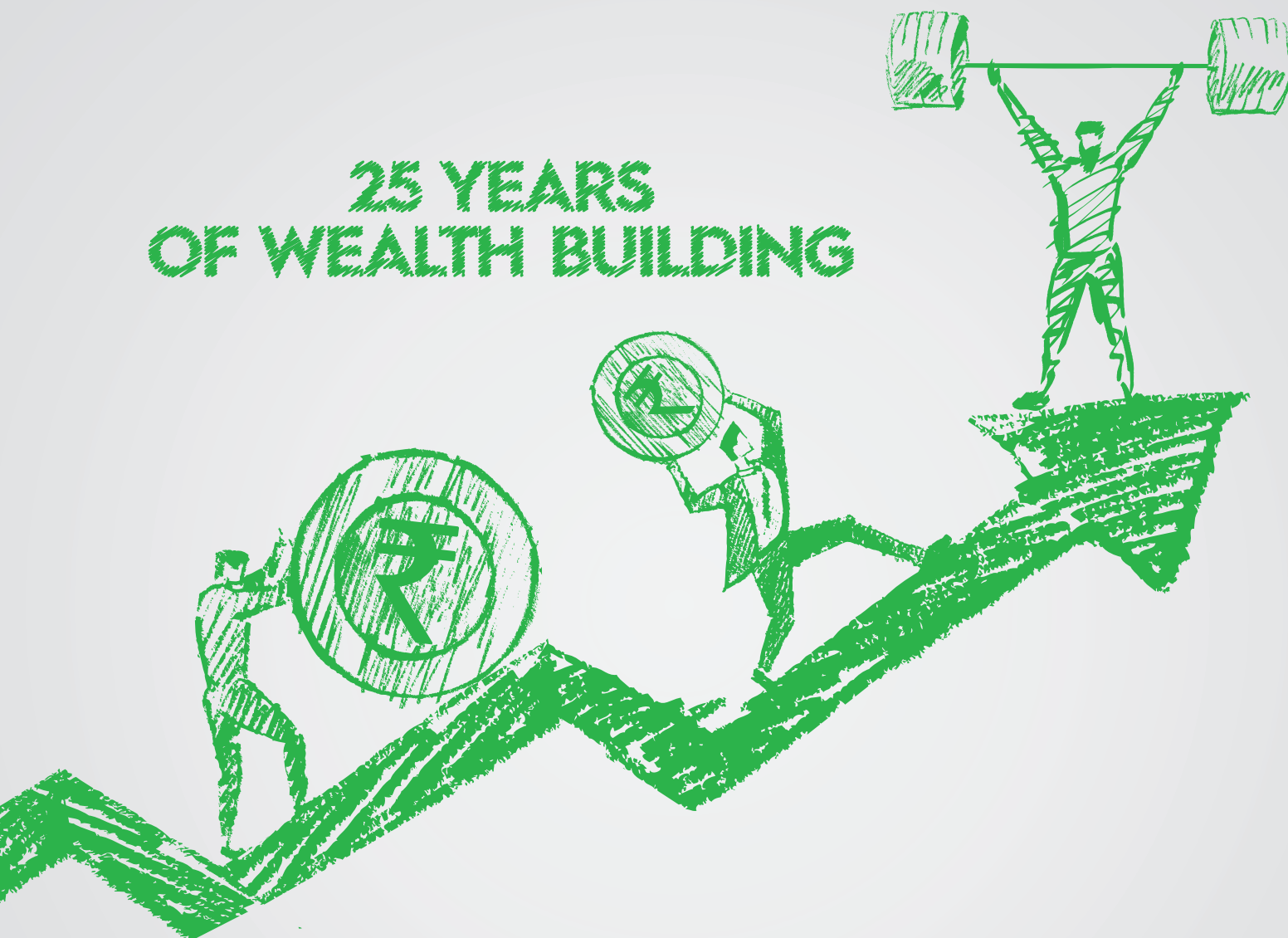
www.arihantcapital.com E-mail : contactus@arihantcapital.com

CIN : L67120MP1992PLC007182

Arihant Capital Markets Ltd.



## 25 YEARS OF WEALTH BUILDING

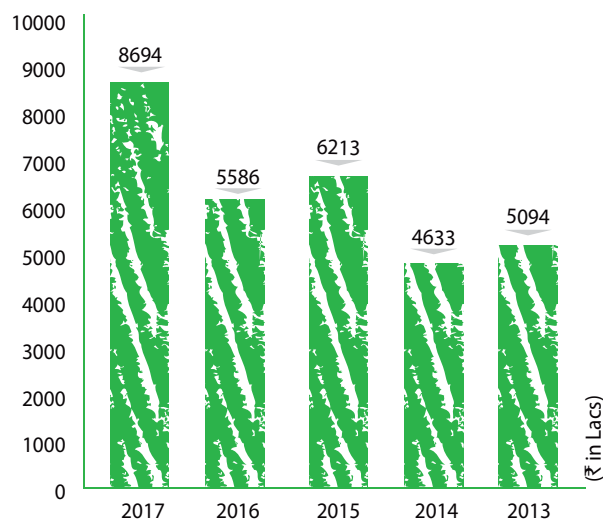


**ArihantCapital**  
Invest Better

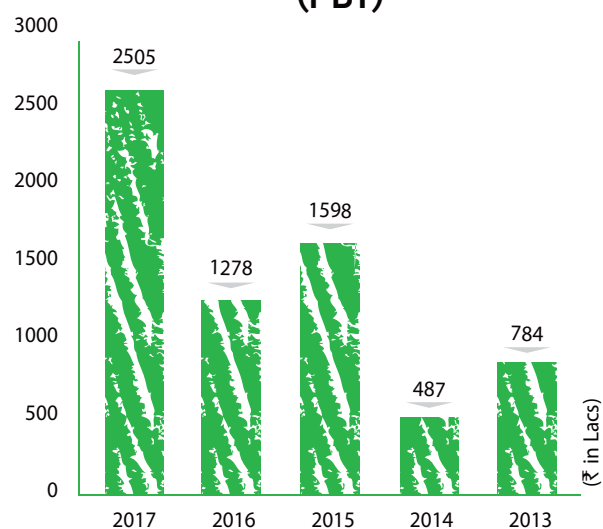
ANNUAL REPORT 2016-17

# CONSOLIDATED PERFORMANCE HIGHLIGHTS

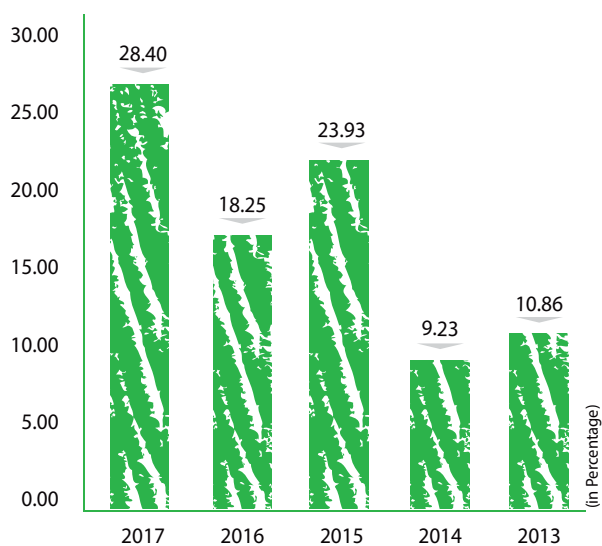
## TOTAL INCOME



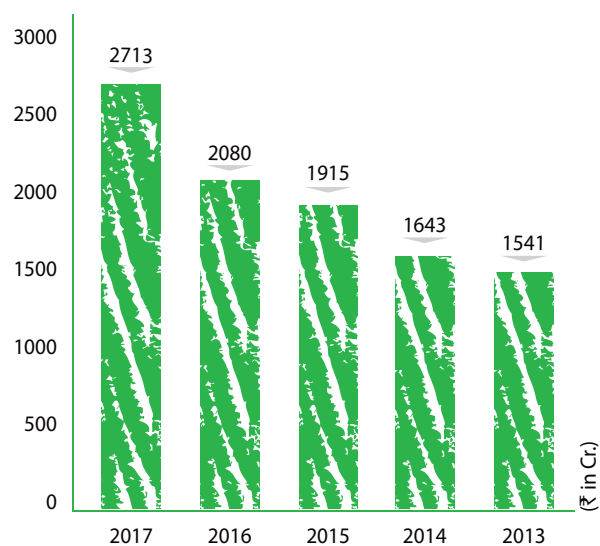
## PROFIT BEFORE TAX (PBT)



## RETURN ON CAPITAL EMPLOYED (ROCE)



## TOTAL CLIENT ASSETS



Dear Shareholders,

The financial year 2017 completes 25 years of our journey of delivering value to you and helping investors meet their financial goals, while maintaining the highest levels of integrity. We have come a long way traversing through the various vicissitudes of the market, yet generating wealth for our investors and clients remains the guiding principle imbibed in our roots.

It's a fascinating time that we are living in. Self-driving cars, artificial intelligence, deliveries by drone, and disrupting technologies that are making lives easier and convenient for us.

Today, thanks to technology, reaching out to people and making the markets available to them has become much easier. Access to information, transparency and right tools has made investing more meaningful for them. We are humbled at the opportunity to lead Arihant forward in this new "smart" age.

I've always believed in the power of investing. With the right financial provider and active engagement, investors can make better decisions that bring greater value to their financial lives. From day one our goal has been to provide a platform for investors to build wealth, focus on long-term value rather than short-term profits and always offer professional objective advice.

I am pleased to inform you that these guiding principles have helped us to deliver a strong performance in FY2017. During the financial year your company's total income stood at ₹86.95 crore and reported a profit after tax of ₹16.69 crore. Our focus on distribution, incrementing value proposition to existing clients, focus on widening our network and, of course, support from stock market buoyance has helped us in recording a strong growth in our topline and bottomline.

Over the years, I've been reiterating my belief in India's growth story and I am confident that the best times are yet to come. We are already witnessing the global economic order shifting towards emerging economies in the recent times. With the strong reforms already in order, the value is yet to unlock and there is a huge potential both for the investors and for us as a company to grow.

Indian mutual fund industry is undergoing a very exciting phase with the average assets under management surpassing 19.92 lakh crore in June, 2017 - a three fold increase in past 5 years. Interesting to note is the fact that small towns contribution to mutual fund's asset base surged 46% owing to aggressive campaigns by SEBI and AMFI signifying the increased penetration of the equity asset class among domestic investors. This has reduced historical dependence on foreign institutional investors reducing market volatility. With the advent of technology and increased awareness, the share of household in the domestic equity markets is going to increase. It will not only provide the much-needed fillip capital to domestic companies to increase their business operations and support the equity markets, it also offers us a huge opportunity to grow.

I believe that in this journey we are always learning new things, improving everyday and building new relationships. It's always work-in-progress. As I feel nostalgic reminiscing about the past 25 years of our journey, I am ready to embrace the future. I installed a strong and experienced leadership team to propel our business. Our unique strategic position based on client first approach, a rich experience of 25 years in the industry, a diversified product range and a young team is poised to drive considerable growth in the coming years. I am geared up to take the next leg of journey forward.

The industry may be crowded today with incumbents and disruptors trying to do the same, but we have something that many of the others don't right intent, strong network and deeper understanding of the business.

We've set the bar high but we are confident about the future. I take this opportunity to thank you for your continued support, acknowledge the commitment and hard work of the complete Arihant family who has made this successful journey possible, to our customers for instilling trust in us and the regulators and all the stakeholders for their support.

**ASHOK KUMAR JAIN**  
Chairman & Managing Director





# MILESTONES



1992

1995



2004



1996

2000



2003



2001



2002



2016



Established  
unit in Gift City



NSDL Star Performer Award  
'Top Performer In  
New Accounts Opened'

2015



NSDL Star Performer Award  
'Top Performer In  
New Accounts Opened'

2014



Launched Arihant Residency-  
affordable housing project



NSDL Star Performer Award  
'Top Performer In  
New Accounts Opened'



Issued  
bonus shares



Launch of Mobile  
Trading Services



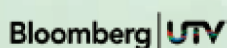
NSDL Star  
Performer Award  
'Top Performer in  
Active Accounts'

2013

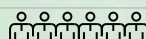
2011



Ranked in Forbes Asia  
'200 Best under a \$ Billion' List



Awarded 'Best Emerging Commodities  
Broker of India' by Bloomberg UTV



Crossed 1 Lakh Customers



First Public Issue handled by Arihant MBD

2005



Launch of  
Internet Trading  
Platform



Launch of currency  
derivatives &  
interest rate  
futures trading

2008



Arranger of  
NHAI and  
REC bonds

2009

2010

# INDEX

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# ARIHANT CAPITAL AT A GLANCE

For last **25 years**, Arihant Capital has been in the business of helping people create and grow wealth. Today we are proud to be one of India's leading diversified financial services company providing a range of financial products and services to a diverse range of clients including individuals, institutions and corporates.

At Arihant we want to make financial products and services easily understandable and accessible to all. With your support and trust in us, we have expanded our network in over 175 cities serving over 1.30 lac customers through 750+ investment centres across India.

## PRODUCTS & SERVICES

Equities and Derivatives	Priority Client Group Services
Commodities	Online and Mobile trading
Currency	Depository Services
Mutual Funds Advisory	Real Estate
IPO, Bonds (including NHAI, REC, NABARD)	Merchant Banking (Category I)

## CREATING VALUE FOR EACH STAKEHOLDER



**SHAREHOLDERS**  
From day one our goal has been clear – we want to generate sustainable long-term returns for our shareholders who have supported us and helped us be where we are today.



**CLIENTS**  
We aim to provide superior services to help customers and clients create, preserve, and grow wealth in a sustainable way. Our client's growth is always our top priority.



**EMPLOYEES**  
Cultivating a work environment that encourages and challenges people to grow and learn is an important pillar of our foundation.



**COMMUNITIES**  
Employment in over 175 cities across India in which we operate, delivering social inclusion, empowering people through investment education seminars and financially supporting social causes is our way of giving back to the community who has helped us build and grow.



# 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**

**Mr. Ashish Maheshwari**

## AUDITORS

**M/s Arora, Bantia & Tulsiyan**  
Chartered Accountants

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

T. +91-731- 2534318

F. +91-731-2433519

## 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

## COMPANY SECRETARY

**Mr. Mahesh Pancholi**

## CHIEF FINANCIAL OFFICER

**Mr. Tarun Goyal**

## 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

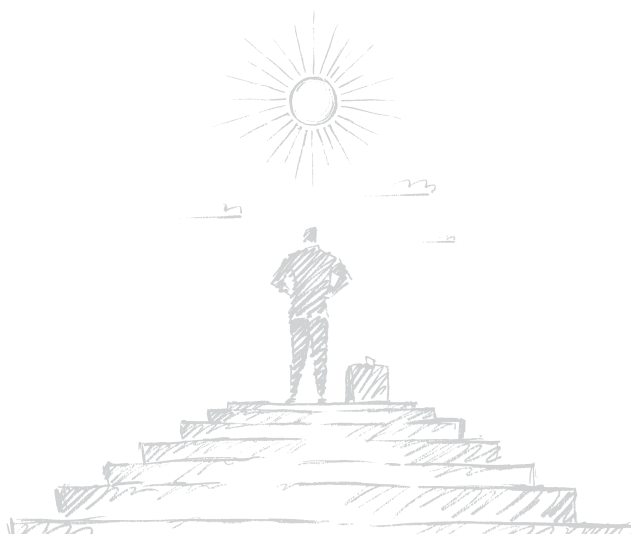
F. +91-731-3048915

## CORPORATE OFFICE

1011, Solitaire Corporate Park,  
Building No. 10, 1<sup>st</sup> Floor, Andheri  
Ghatkopar Link Road, Chakala,  
Andheri (East), Mumbai – 400093

T. 022-42254800

F. 022-42254800



## Notice

Notice is hereby given that the **TWENTY FIFTH ANNUAL GENERAL MEETING (AGM)** of the Members of **ARIHANT CAPITAL MARKETS LIMITED (CIN:L67120MP1992PLC007182)** will be held on **Saturday, 9<sup>th</sup> September, 2017 at 12:30 P.M. at Lemon Tree Hotel, 3, R.N.T. Marg, Indore (M.P.) - 452001**, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Company (including Audited Consolidated Financial Statements) for the financial year ended March 31<sup>st</sup>, 2017, and the Reports of the Board of Directors and Auditors Report thereon.
2. To declare Dividend for the Financial Year 2016-17.
3. To appoint a Director in place of Mrs. Anita Surendra Gandhi (DIN: 02864338), who retires by rotation and being eligible offers herself for re-appointment.
4. **Appointment of Statutory Auditors of the Company.**

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 Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof), M/s Dinesh Ajmera & Associates (Firm Registration No. 011970C), be and are hereby appointed as the Statutory Auditors of the Company (in place of M/s Arora, Banthia & Tulsiyan, Chartered Accountants (Firm Registration No. 007028C), Statutory Auditors of the Company retiring at the conclusion of this Annual General Meeting) for a period of 5 years i.e. from the conclusion of this 25<sup>th</sup> Annual General Meeting till the conclusion of 30<sup>th</sup> Annual General Meeting of the Company, subject to annual ratification by the shareholders at every Annual General Meeting and at such remuneration as may be fixed by the Board of Directors of the Company on the recommendation of the Audit Committee.”

### SPECIAL BUSINESS

5. **Regularisation of Additional Independent Director, Mr. Ashish Maheshwari**

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

**“RESOLVED THAT** Mr. Ashish Maheshwari (DIN: 00185949), who was appointed by the Board of Directors as an Additional Independent Director of the Company with effect from 27<sup>th</sup> May, 2017 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 an Independent Director of the Company.”

6. **Increase in Borrowing Powers in Terms of Section 180 (1) (c) of the Companies Act, 2013.**

To Consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** Subject to the provisions of Section 180(1)(c) and other applicable provisions if any of the Companies Act, 2013, and other applicable provisions and relevant rules made thereto, and statutory modifications and re-enactment thereof and in suppression of all the earlier resolutions passed in this regard, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time, for the purpose of the Company’s business, such sum or sums of money, as they in their absolute discretion think fit, notwithstanding that the monies so borrowed together with the monies already borrowed by the Company and remaining outstanding shall be in excess of the aggregate of the paid-up share capital and free reserves, but not exceeding ₹ 200 Crore (Rupees Two Hundred Crore only) over and above the paid up share capital and free reserves for the time being of the Company.”

7. **Creation of Charge / Mortgage etc. on Company’s Movable or Immovable Properties in Terms of Section 180 (1) (a) of the Companies Act, 2013.**

To Consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** Subject to the provisions of Section 180(1)(a) and other applicable provisions if any of the Companies Act, 2013, and other applicable provisions and relevant rules made thereto, and statutory modifications and re-enactment thereof and

in suppression of all the earlier resolutions passed in this regard, consent of the Company be and is hereby accorded and authorizes Board of Directors, for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the movable and / or immovable assets and properties of the Company, wherever situated, present and future, whether presently belonging to the Company or not, in favour of any person including, but not limited to, Financial / Investment Institution(s), Bank(s), Insurance Company(ies), Mutual Fund(s), Corporate Body(ies), Trustee(s) to secure the loans, borrowings, debentures, hire purchase and / or working capital facilities and other credit facilities up to a sum not exceeding ₹ 200 Crore (Two Hundred Crore Rupees Only).

**“RESOLVED FURTHER THAT** the Board of Directors or such Committee or person/(s) as may be authorized by the Board be and is hereby authorized to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto to give effect to this resolution and for matters connected therewith or incidental thereto and for reserving the aforesaid right and for performing all such acts and things as may be necessary for giving effect to this resolution.”

**By the order of the Board of Directors**

**Place: Indore**

**Dated: 25<sup>th</sup> July, 2017**

**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. Further, a Member holding more than total share capital of the Company carrying voting rights may appoint a single proxy and such person shall not act as proxy for any other person or Member.
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. Explanatory Statement pursuant to section 102 of the Companies Act, 2013 forms part of this Notice.
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. Pursuant to the provisions of section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Sunday, 3<sup>rd</sup> September, 2017 to Saturday, 09<sup>th</sup> September, 2017 (both days inclusive) in connection with the AGM and the purpose of payment of dividend, if approved by the Members.
6. The dividend as recommended by the Board, if declared at the meeting, will be paid on or after 21<sup>st</sup> September, 2017 to those Members:
  - a) Whose names appeared as beneficial owners as at the end of 2<sup>nd</sup> September, 2017 as per the list to be furnished by Depositories in respect of shares held in electronic form; and
  - b) Whose names appeared as Members in Register of the Members of the Company after giving effect of valid transfer in physical form, which are lodged with Company/Registrar and Share Transfer Agent on or before 2<sup>nd</sup> September, 2017 as per the list to be furnished by registrar in respect of shares held in physical form
7. As per the SEBI Listing Regulations, 2015 the Company shall use any electronic mode of payments approved by the Reserve Bank of India for making payments to the Members. Where the dividend cannot be paid through electronic mode, the same shall be paid by warrants with bank accounts details printed thereon. In case of non availability of bank account details, address of the Members will be printed on warrants.
8. 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.
9. 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.
10. 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.
11. 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.
12. Shareholders who are still holding physical share certificate(s) are requested to consider converting their holding to de-materialize form to eliminate all risk associated with physical Share and for ease of portfolio management. Members can contact to Company for assistance in this regard.
13. 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.
14. 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.

15. 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.

16. 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.
17. 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.
18. 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.
19. Dividend for the financial year ended 31<sup>st</sup> March 2010, 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 31<sup>st</sup> October 2017. Members, who have not yet encashed their dividend warrants for the financial year ended 31<sup>st</sup> March, 2010 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.
20. 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.
21. The Notice of the AGM along with the Annual Report 2016-17 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.
22. A route map showing directions to reach the venue of the 25<sup>th</sup> AGM is given at the end of this Notice.
23. 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.



## Shareholder Instructions For E-Voting

In compliance with provisions of Section 108 of the Companies Act, 2013, 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 SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide Members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

- I. The facility for voting either through electronic voting system or through ballot / polling paper shall also be made available at the venue of the 25<sup>th</sup> AGM. The Member attending the meeting who have not already cast their vote through remote e-voting shall be able to exercise 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. However, in case a Member casts his/her vote both by electronic voting at the AGM and by remote e-voting, then voting done through remote e-voting shall be considered and voting done by electronic voting at the AGM will be treated as invalid.
  3. The remote e-voting period commences on 06<sup>th</sup> September, 2017 (9:00 am) and ends on 08<sup>th</sup> September, 2017 (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 02<sup>nd</sup> September, 2017, 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 Members, 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.  
NOTE: Shareholders already registered with NSDL for e-voting will not receive the PDF file "remote e-voting.pdf".
  - 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 (I) 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 "EVEN" (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 [scrutinizer@icibank.com](mailto:scrutinizer@icibank.com) or [evoting@icibank.com](mailto:evoting@icibank.com) with a copy marked to [evoting@nsdl.co.in](mailto: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 (I) above, to cast vote.
6. 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](http://www.evoting.nsdl.com).
7. 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).
8. 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 02<sup>nd</sup> September, 2017
9. 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.
10. 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. 02<sup>nd</sup> September, 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA.  
  

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
11. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
12. The Company has appointed Mr. Virendra Bhatt, Practicing Company Secretary as the scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.
13. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow e-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 General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote 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 person authorized by him in writing, who shall countersign the same and 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](http://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.

## **Annexure to Notice**

### **Explanatory Statement as required by Section 102 of the Companies Act, 2013 ('The Act').**

#### **Item No. 5**

Mr. Ashish Maheshwari (DIN 00185949) was appointed as an Additional Independent Director w.e.f. May 27<sup>th</sup>, 2017 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.

He has submitted the declaration of independence, as required pursuant to section 149(7) of the companies act 2013 stating that he meets the criteria of independence as provide in section 149(6) and regulation 16 of SEBI Listing Regulations, 2015. Mr. Ashish Maheshwari is not disqualified from being appointed as a Director in terms of section 164 of the Act.

In this regard the Company has received request in writing from a Member of the Company proposing Mr. Ashish Maheshwari 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.

According to section 152 of the Companies Act, 2013, read with Schedule IV of the Companies Act, 2013, in the opinion of the Board, the proposed appointment of Mr. Ashish Maheshwari as an Independent Director fulfills the condition specified in the Act and the Rules made there under as also the SEBI Listing Regulations, 2015 and that the proposed appointment of Mr. Ashish Maheshwari is Independent of the management.

The Board feels that presence of Mr. Ashish Maheshwari on the Board is desirable and would be beneficial to the Company and hence recommend resolution No. 5 for adoption.

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

#### Item No. 6

The Board of Directors of the Company envisage requirements of funds in future, hence it is proposed to empower and authorize the Board of Directors of the Company to borrow money from any Bank(s), Financial Institutions (FIs), Bodies Corporate or Business Associates etc., in excess of paid up capital and free reserves of the Company by a sum not exceeding ₹ 200 Crore (Two Hundred Crore) for the purposes of business activities of the Company. As per Section 180(1)(c) of the companies Act, 2013, borrowings apart from temporary loans obtain from Company's bankers in the ordinary course of business) by the Company beyond the aggregate of the paid up capital of the Company and its free reserve requires approval from the shareholders of the Company.

The shareholders of the Company had by way of special resolution passed in previous Annual General Meetings authorized the Board of Directors to borrow monies (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from time to time on behalf of the Company not exceeding upto the existing limit, for the business of the Company. However, keeping in view of enhanced requirement of loan and also the legal requirement that Section 180(1) of the Companies Act, 2013 provides that the Board of Directors of a Company shall exercise the said power only with the consent of the Company by a special resolution. Hence, the Special Resolution at Resolution No. 6 for authorizing the Board of Directors to borrow monies (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from time to time on behalf of the Company not exceeding ₹ 200 Crores is intended for this purpose.

The Directors recommends the resolution for Members' approval as a Special Resolution.

None of the Directors or Key managerial personnel of the Company or the relatives is concerned or interested, financially or otherwise, in the said resolution.

#### Item No. 7

In term of provision of Section 180(1) (a) of the Companies Act, 2013 the Board of Director of the Company cannot, except with the consent of the Company in General Meeting, create Charge/Mortgage/hypothecation in order to secure such borrowings in favor of all or any of the Financial institutions/banks/lenders/ other investing agencies or other persons bodies corporate by private placement or otherwise. the resolution set out in the Resolution No.7 seek Members approval to authorize Board of Directors to secure borrowings by way of creation charge/mortgage/hypothecation on the assets of the Company in favor of all or any of the Financial institutions/banks/lenders/ other investing agencies or other persons bodies corporate.

The Directors recommends the resolution for Members' approval as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or the relatives is concerned or interested, financially or otherwise, in the said resolution.

**Details of Directors seeking appointment /re-appointment at the AGM**

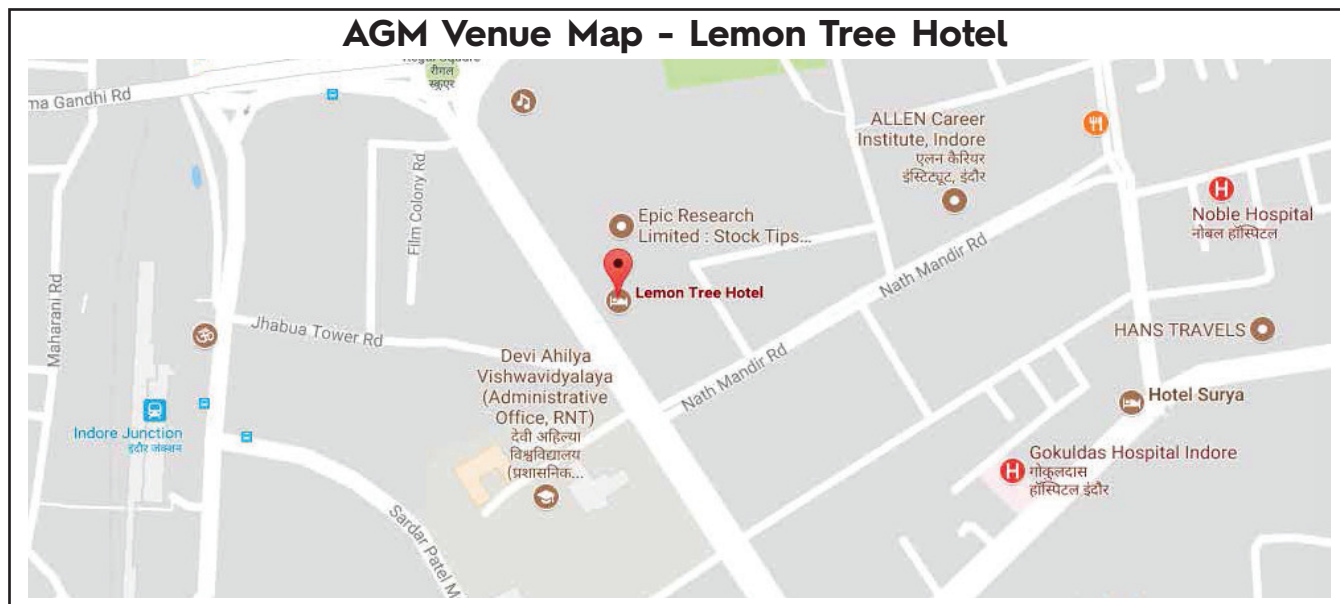
Particulars	Mr. Ashish Maheshwari	Mrs. Anita Surendra Gandhi
DIN No.	00185949	02864338
Date of Birth	February 19, 1974	December 11, 1963
Date of Appointment	May 27, 2017	January 30, 2010
Qualifications	MBA Finance	B.Com, CA, ICWA
Expertise in Specific functional Area	Capital Market and Financial Sector	Wide experience in primary and secondary market research
Directorship held in other public companies (excluding private companies, foreign companies and section 8 companies)	Nil	Nil
Memberships/ Chairmanship of Committees of other public companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil
No. of shares held in the Company	Nil	Nil

**By the order of the Board of Directors**

**Place: Indore**

**Dated: 25<sup>th</sup> July, 2017**

**Sd/-  
Mahesh Pancholi  
(Company Secretary)  
M. No. F7143**

**AGM Venue Map - Lemon Tree Hotel**


## Director's Report

Dear Shareholders,

Your Directors are pleased to present the Twenty Fifth Annual Report on the business and operations of your Company together with the audited financial statements and accounts for the year ended 31<sup>st</sup> March, 2017.

### Financial Highlights

The following table gives the financial highlights of your Company on a standalone and consolidated basis for the financial year 2016-17:

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Gross income	7694.15	4545.42	8694.62	5585.71
Profit before depreciation	2322.87	998.22	2588.90	1387.95
Depreciation	75.78	91.87	83.59	100.62
Profit before tax	2247.08	906.34	2505.31	1287.32
Provision for taxation	756.05	305.70	836.79	431.45
Net profit after taxation	1491.03	600.63	1668.51	855.87
Balance of profit and loss a/c (b/f)	249.26	236.58	588.60	560.46
Profit available for appropriation	1740.29	837.22	2257.12	1416.22
<b>Appropriations:</b>				
Transfer to general reserve	800.00	400.00	1040.00	630.00
Transfer to statutory reserve	Nil	Nil	11.25	9.65
Dividend (inclusive of dividend tax)	0.00	187.96	0.00	187.96
Balance carried to balance sheet	940.29	249.25	1205.87	588.60

### Review Of Operations

During the year under review, the Company has posted gross income of ₹7,694.15 lacs (previous year ₹4,545.42) on a standalone basis and a net profit after tax, for the year 2016-17, of ₹1491.03 Lacs compared to ₹600.63 Lacs in the previous year. On a consolidated basis during the year under review, the Company has posted gross income of ₹8,694.62 Lacs (previous year ₹5,585.71). The consolidated net profit during the same period stands at ₹1668.51 lacs compared to ₹855.87 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 ₹800.00 lacs to the general reserves out of the amount available for appropriations and an amount of ₹940.29 lacs are proposed to be retained in the Profit and Loss Account.

### Share Capital

The paid up Equity Share Capital as at March 31<sup>st</sup>, 2017 stood at ₹10.41 Crore. During the previous year under review, the Company has neither issued shares with differential voting rights nor has granted any stock options or sweat equity.

### Dividend

Your Directors recommended the dividend ₹0.75 (15% per share) on the Equity Shares of the Company for the financial year 2016-17. The dividend payout is subject to approval of Member at the ensuing 25<sup>th</sup> Annual General Meeting.

### Public Deposits

During the Financial Year 2016-17 under review, the Company has neither invited nor accepted any public deposits within the meaning of



section 73 & 74 of the Companies Act, 2013 read with Companies (Acceptance or Deposit) Rules 2014.

### Subsidiaries

As on 31<sup>st</sup> March, 2017 Your Company had eight Wholly Owned 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 Finance Corporation Limited
8. Arihant Capital (IFSC) Limited.\*

\* This Company Incorporated on 20<sup>th</sup> December, 2016

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, your Company has prepared Consolidated Financial Statements of your Company which is forming 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-I, pursuant to Section 129(3) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is annexed with 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](http://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 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, Mrs. Anita Surendra Gandhi, who is due to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment. The Board recommends her re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

Further Mr. Ashish Maheshwari is appointed an Additional Independent Director with effect from 27<sup>th</sup> May, 2017. By virtue of provision of Section 161 of the Companies Act, 2013 his term expires at the ensuing Annual General Meeting of the Company. The Members are requested to approve his appointment as recommended by the Board.

### 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 Disclosure 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.

## 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.

## Number of Meetings of the Board

The details of the number of meetings of the Board held during the financial year 2016-17 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/ Vigil Mechanism

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.

During the year under review, no protected disclosure concerning any reportable matter in accordance with the Vigil Mechanism and Whistle Blower Policy of the Company was received by the Company.

The Whistle Blower Policy has been posted on the website of the Company [www.arihantcapital.com](http://www.arihantcapital.com).

## Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the Section 123 & 125 of the Companies Act, 2013, the relevant amounts which remained unpaid or unclaimed for a period of seven years from the date they become due for payment 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. The Company has been continuously

using technology in its operations, however efforts are made to further reduce energy consumption.

During the year, The Company did not have any foreign exchange inflow and outflow.

### **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 31<sup>st</sup> March, 2017.

Disclosure relating to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as provided in the Annual Report.

Having regard to the provision of the first proviso to section 136 (1) of the Act and as advised the Annual Report excluding the aforesaid information is being sent to the Members of the Company. The said information is available for inspection by the Members at the Registered Office of the Company during business hours and any Member interested in obtaining such information may write to the Company Secretary and same will be furnished on request.

### **Risk Management & Internal Financial Control and its Adequacy**

Your Company has in place a mechanism to identify, assess, monitor, and mitigate various risks to key business objectives. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis. These are also discussed at the meeting of the Audit Committee and the Board of your Company.

Your Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested by Statutory as well as Internal Auditors. Significant audit observation and action taken thereon are reported to the Audit Committee.

### **Performance Evaluation**

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual Directors pursuant the provision of the Act and the Corporate Governance requirement as prescribed by the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement, Regulation 2015 (SEBI Listing Regulation).

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as Board composition and structure, effectiveness of Board processes, information and functioning, etc. as provided by the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5<sup>th</sup>, 2017

The performance of the committee was evaluated by the Board after seeking inputs from the committee Members on the basis of criteria such as the composition of the committee, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual Director on the basis of criteria such as the contribution of the individual Directors to the Board and committee meeting like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meeting, etc.

### **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 31<sup>st</sup> March, 2017, 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 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March, 2017 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**

As per the provision of the Act, the period of office of M/s Arora Banthia & Tulsian, Chartered Accountants, Statutory Auditors of the Company, expires at the ensuing Annual General Meeting of the Company. The Board has recommended the appointment of M/s Dinesh Ajmera & Associates, Chartered Accountants as the Statutory Auditor of the Company in their place, for a term of Five Consecutive Years, from the conclusion of the 25<sup>th</sup> Annual General Meeting of the Company scheduled to be held in the year 2017 till the conclusion of the 30<sup>th</sup> Annual General Meeting to be held in 2022, for approval of Shareholder of the Company, based on the recommendation of the Audit Committee.

The Notes on financial statement referred to in the Auditors report are self explanatory and do not call for any further comments. The Auditors Report does not contain any qualifications, reservations, adverse remarks or disclaimers.

### **Management Discussion and Analysis Report**

The Management Discussion and Analysis Report covering the matters listed in Clause 34(2) (e) of the SEBI (LODR), 2015, for the year under review is given as a separate Annexure 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](http://www.arihantcapital.com).

### **Corporate Social Responsibility**

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in annexure of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance report, which is a part of this report. The policy is available on the website of the Company.

### **Extract of Annual Return**

As provide under Section 92(3) of the act, the extract of the Annual return is given in "Annexure A" in the prescribed Form MGT-9, which is a part of this report.

### **Secretarial Auditor**

The Board 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". The Secretarial Audit Report does contain any qualifications, reservations, adverse remarks or disclaimer.

**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 any 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: 27<sup>th</sup> May, 2017**

**Ashok Kumar Jain  
(Chairman)**



**ANNEXURE -A**

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31/03/2017

**[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	L67120MPI992PLC007182
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	98%

**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	100%	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, 1 <sup>st</sup> Floor, Chakala, Andheri (E), Mumbai-400 093	U67190MH2014PLC265689	Subsidiary Company	100%	Section 2(87)
8	ARIHANT CAPITAL (IFSC) LIMITED Add: Unit No. 38/8 GIFT Aspire-I Business Centre, Ground Floor, Block 12, Road 1D, Zone - I GIFT SEZ Gandhinagar GJ 382355	U65990GJ2016PLC094776	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 (01/04/2016)				No. of Shares held at the end of the year (31/03/2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
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....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	15421052	-	15421052	74.06	15421052	-	15421052	74.06	-
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	15421052	-	15421052	74.06	15421052	-	15421052	74.06	-

<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
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)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	291711	67520	359231	1.73	271768	67520	339288	1.63	-0.10
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	1766696	430184	2196880	10.55	1792227	420264	2212491	10.63	0.08
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	2712005	-	2712005	13.02	2808217	-	2808217	13.49	0.47
c) Others (specify)									
i) NRI & OCB	93685	-	93685	0.45	32941		32941	0.16	-0.29
ii) Clearing Member	39707	-	39707	0.19	8571		8571	0.04	-0.15
<b>Sub-total (B)(2):-</b>	<b>4903804</b>	<b>497704</b>	<b>5401508</b>	<b>25.94</b>	<b>4913724</b>	<b>487784</b>	<b>5401508</b>	<b>25.94</b>	<b>0.00</b>
Total Public Shareholding (B)=(B)(1) + (B)(2)	4903804	497704	5401508	25.94	4913724	487784	5401508	25.94	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>20324856</b>	<b>497704</b>	<b>20822560</b>	<b>100.00</b>	<b>20334776</b>	<b>487784</b>	<b>20822560</b>	<b>100.00</b>	<b>0.00</b>

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 (HUF)	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.	Top 10 Shareholders	Shareholding at the beginning of the year 01-04-2016		Cumulative Shareholding at the end of the year 31-03-2017	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Vijaya Jain	458657	2.20	442269	2.12
2	Manorama Jain	435238	2.09	435238	2.09
3	Vandana Jain	322480	1.55	322480	1.55
4	Vinodkumar Harakchand Daga	174895	0.84	290895	1.40
5	Vijit Ramawat	135900	0.65	108185	0.52
6	Mahesh Vrajlal Babaria	122800	0.59	110800	0.53
7	Omprakash Agrawal	106296	0.51	0	0.00
8	Ankit Agrawal	97144	0.47	74520	0.36
9	Shrijika Agrawal	95597	0.46	100764	0.48
10	Rashi Daga	90000	0.43	90000	0.43
11	Sushila Paras Kumar Daga	0	0.00	116000	0.56
12	Paras Kumar Harakchand Daga	0	0.00	118202	0.57

(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)	01/04/2016 31/03/2017	6063040 -	29.12 -	6063040 6063040	29.12 29.12
2.	Mr. Sunil Kumar Jain (Director)	01/04/2016 31/03/2017	1606656 -	7.71 -	1606656 1606656	7.71 7.71
3.	Mr. Akhilesh Rathie (Director)	01/04/2016 31/03/2017	- -	- -	- -	- -
4.	Mr. Parag Rameshbhai Shah (Director)	01/04/2016 31/03/2017	29000 -	0.13 -	29000 29000	0.13 0.13
5.	Mrs. Anita S. Gandhi (Whole Time Director)	01/04/2016 31/03/2017	- -	- -	- -	- -
6.	Mr. Pavan Kumar Ved (Director)	01/04/2016 31/03/2017	- -	- -	- -	- -
7.	Mr. Shailesh Kumath (Additional Director)	14/11/2016 31/03/2017	- -	- -	- -	- -
8.	Mr. Mahesh Pancholi (Company Secretary)	01/04/2016 31/03/2017	272 -	- -	272 272	- -
9.	Mr. Tarun Goyal (CFO)	01/04/2016 31/03/2017	- -	- -	- -	- -

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amt. in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>		-	-	
i) Principal Amount	0	-	-	0
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	0	-	-	0
<b>Change in Indebtedness during the financial year</b>		-	-	
▪ Addition	8,46,31,609	-	-	8,46,31,609
▪ Reduction	-	-	-	-
<b>Net Change</b>	8,46,31,609	-	-	8,46,31,609
<b>Indebtedness at the end of the financial year</b>		-	-	

i) Principal Amount	8,46,31,609	-	-	8,46,31,609
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>8,46,31,609</b>	<b>-</b>	<b>-</b>	<b>8,46,31,609</b>

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

(Amt. in ₹)

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	48,00,000	31,92,000	79,92,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	77,052	-	77,052
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	1,45,00,000	-	1,45,00,000
	- as % of profit	10	-	10
	- Others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>1,93,77,052</b>	<b>31,92,000</b>	<b>2,25,69,052</b>

**B. Remuneration to other Directors:**

(Amt. in ₹)

S. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Akhilesh Rathi	Mr. Sunil Kumar Jain	Mr. Parag Rameshbhai Shah	Mr. Pavan Kumar Ved	Mr. Shailesh Kumath	
1	Independent Directors						
	Fee for attending Board / committee meetings	20,000	-	80,000	-	40,000	1,40,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>20,000</b>	<b>-</b>	<b>80,000</b>	<b>-</b>	<b>40,000</b>	<b>1,40,000</b>
2	Other Non-Executive Directors						
	Fee for attending Board / committee meetings	-	80,000	-	80,000	-	1,60,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>80,000</b>	<b>-</b>	<b>80,000</b>	<b>-</b>	<b>1,60,000</b>
	<b>Total (B)=(1+2)</b>	<b>20,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>40,000</b>	<b>3,00,000</b>



Total Managerial Remuneration	-	-	-	-	-	2,25,69,052
Overall Ceiling as per the Act	-	-	-	-	-	2,47,38,972

Note: 1. Overall ceiling as per Act is not applicable to sitting fees paid to Non executive Directors.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(Amt. in ₹)

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,23,992	10,45,367	16,69,359
	(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	-	-	-
	<b>Total</b>	6,23,992	10,45,367	<b>16,69,359</b>

**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)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**FORM NO. AOC-I****Statement containing Salient features of Financial Statements of Subsidiaries/ associate companies/joint ventures [Pursuant to first proviso to Sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014]**

(Information in respect of each subsidiary to be presented with amounts in ₹)

S NO	Particulars Name of the Subsidiary	Amount (₹)										
		Paid up Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	In- vest- ments	Turnover	Profit before Taxation	Provi- sion for Taxation	Profit after Taxation	Pro- posed Divi- dent	% of Share- holding
1	Arihant Financial Services Limited	25,00,000	5,55,63,184	7,84,91,219	7,84,91,219	-	2,57,62,275	82,17,716	25,94,131	56,23,585	-	100%
2	Arihant Lifespace Infra Developers Limited	45,00,000	11,08,13,212	42,80,68,519	42,80,68,519	-	95,46,557	25,56,699	4,90,313	20,66,386	-	100%
3	Arihant Futures & Commodities Limited	35,50,000	13,12,50,047	43,11,82,092	43,11,82,092	-	7,72,10,989	1,31,30,949	43,25,177	88,05,772	-	100%
4	Arihant Insurance Broking Services Limited	75,00,000	10,08,856	85,63,114	85,63,114	-	7,62,507	1,66,690	49,793	1,16,897	-	100%
5	Arihant Financial Planners & Advisors Private Limited*	25,00,000	5,28,105	31,16,231	31,16,231	-	7,28,565	3,92,337	88,564	3,03,773	-	100%
6	Arihant Housing Finance Corporation Limited	2,50,00,000	25,29,589	2,76,64,438	2,76,64,438	-	32,08,029	17,16,115	5,30,205	11,85,910	-	100%
7	Ahinsa Lifespace Infraheight Limited	1,90,00,000	-2,56,474	1,87,52,151	1,87,52,151	-	6,900	-12,314	-3,805	-8,509	-	100%
8	Arihant Capital (IFSC) Limited#	1,10,00,000	-3,45,920	1,10,00,000	1,10,00,000	-	-	-3,45,920	-	-3,45,920	-	100%

# This Company incorporated on 20<sup>th</sup> December, 2016\* This Company Converted into 100% subsidiary w.e.f. 16<sup>th</sup> April, 2016

**ANNEXURE-B**

Form No. MR-3  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> March, 2017**  
**[Pursuant to section 204(I) 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 31<sup>st</sup> March, 2017 (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 31<sup>st</sup> March, 2017 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, 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 I and II as issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited Read with the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

During the year under review, the Company has complied with the provision of the Act, Rules, Regulation, Guidelines, standards etc. mentioned above.

**We further report that**

Board of Directors of the Company is duly constituted with Executive Directors including one woman Director. The total composition of Independent Director on the Board was reduced below the required number, during the year one Independent Director was appointed and the Company is in process of appointing one more Independent Director in the upcoming Board meeting. 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 referred to herein above.

**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** 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: 27<sup>th</sup> May, 2017**

**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, 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: 27<sup>th</sup> May, 2017**

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

## Annual Report on CSR Activities

**1. A brief Outline of the Company's CSR policy, including overview of projects or programs to be undertaken to the CSR policy and projects or programs.**

The CSR activities shall mean all the Corporate Social Responsibility activities/ programs/ initiatives of the Company, either ongoing or new, dealing with the activities mentioned in thrust areas. The activities shall conform to those specified the CSR Committee and approved by the Board.

CSR Policy of Arihant Capital Markets Limited is available on our website [www.arihantcapital.com](http://www.arihantcapital.com)

**2. The Composition of the CSR Committee.**

Mr. Ashok Kumar Jain	:	Chairman of the Committee
Mr. Akhilesh Rathi	:	Member
Mr. Pavan Kumar Ved	:	Member
Mr. Sunil Kumar Jain	:	Member

**3. Average net profit of the company for last three financial years.**

The average Net Profit for the last three years is ₹ 754.15 Lacs

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above).**

The Company is required to spend ₹15.08 Lacs towards CSR for the Financial Year 2016-2017.

**5. Details of CSR spent during the Financial Year:**

- Total amount to be spent for the Financial Year 2016-17: ₹15.08 Lacs
- Amount Spent : ₹15.72 Lacs.
- Amount unspent: NIL (FY 2016-17) & ₹8.87 Lac (FY 2015-16)  
Unspent amount to be spent in the future in prospects government project, health care, education etc.
- Manner in which the amount spent during the Financial Year: Attached

**6. In case the company has failed to spend the two percent of the average net profit of the last three financial year or any part thereof, the company shall provide the reason for not spending the amount in its Board Report.**

Please refer to item no. 5(b) above.

**7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the company.**

We hereby declare that implementation and monitoring of the CSR policy, is in compliance with CSR objectives and policy of the Company.

**Ashok Kumar Jain**  
Chairman

Manner in which the amount spent during the Financial Year is detailed below:

S. No.	CSR Project or Activity identified	Sector in which the project is covered	Project or programs 1. Local area or other 2. Specify the State and District where projects or programmes were undertaken	Amount Outlay (budget) project or programmes wise	Amount spent on the projects or programmes 1. Direct 2. Overhead	Cumulative Expenditure upto the reporting period	Amount Spent: Direct through implementing agency
1.	Contribution to the Prime Minister's National Relief Fund	Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;	Pan India	11	11	11	Direct
2.	Contribution to "Shree Vardhman Nyas"	Promoting education.	Blind (M.P)	2	2	2	Direct
3.	Contribution to "Sanyogitaganj Digamber Jain Panchayati Pathshala"	Promoting education.	Indore	2	2	2	Direct
4.	Contribution to "Seva Bharti Shiksha Samiti"	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	Indore	0.51	0.51	0.51	Direct
5.	Contribution to Nishaktian adhar welfare society "Divyango (AASRA)"	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	Indore	0.21	0.21	0.21	Direct
	Sub total			15.72	15.72	15.72	-
	Overhead			-	-	-	-
	Total CSR Spend			15.72	15.72	15.72	-



## Management Discussion and Analysis Report

The financial year 2017 was an eventful year for both the Indian and the global economy. In India, we saw several landmark reforms undertaken by the Indian government that has added positive momentum in the Indian financial markets and will drive sustainable growth going forward. The two most significant reforms were the currency swap (demonetization) exercise by the BJP government and enabling legislations for the introduction of nationwide Goods and Services Tax (GST). In fact, as we speak GST has already been rolled out and implemented. These together with the performance of the NDA in recent polls will put the agenda of economic reforms on a firm footing.

Globally, we witnessed some shocking developments starting from the United Kingdom's decision to exit the European Union, followed by the election of Donald Trump as the President of United States to the growing unrest in the Gulf. While there was a moderation of growth globally, both in the developed and emerging economies, India remained one of the fastest growing economies in the world.

India's GDP grew 7.1% yoy during FY2017. The latter half witnessed some slowdown, mainly owing to demonetization, while the first half of the financial year clocked a healthy ~7.7% growth (as per CSO estimates). The Indian rupee also strengthened during the FY2017 to close at ₹ 64.84 to USD, up 2%, after falling ~6% in FY2016. Consumer inflation, as measured by Consumer Price Index, eased to 3.8% in March 2017 compared to 4.8% in March 2016, leaving room for policy rate cuts in coming quarters. 10-year bond yields have fallen by more than 50 bps in last 3 quarters from 7.17% to 6.51% adding to the possibility of interest rate cut. However, there are certain data points that still are areas of concern. Index of Industrial Production (IIP) has shown descending trend over last 3 quarters with May IIP at 1.7%. Rising trade deficit still remains a concern with sluggish growth in exports and rising imports. Passenger car sales had shown good growth and stability in last 2 quarters, however, last two months have shown a descending trend.

During the financial year 2017, equity markets gave a strong performance, reaffirming the initiatives taken by the government as a positive step for the long-term growth of the economy. The benchmark index Nifty 50 closed at 9184 points, up 18.55% yoy and was one of the best performing asset classes during the year.

There is a growing shift in the attitude of Indian savers, who are warming up to other financial assets – other than traditional avenues like gold and fixed deposits and have increased their allocation to equities. This has been one of the main reasons for record surge in the asset under management (AUM) of Indian mutual funds and continuous inflow in the mutual fund schemes. According to the data released by Association of Mutual Funds of India (AMFI), the financial year ended with an AUM of 18.29 lakh crore in March 2017 compared to 13.5 lakh crore in March 2016. What is even more interesting is that while the AUM grew 35.5% in FY2017, it has more than doubled over the last three years, from ₹ 9 lakh crore in March 2014. The renewed interest in Indian households in the equity markets is a big positive for the economy and the industry in general.

### Review of Operations

We take pride in finishing 25 years of relentless wealth building for our clients. Arihant has come a long way since its inception, with research, right advice, integrity and innovation being the key drivers of Company's growth.

This financial year 2017 has seen strong growth in our revenues and profitability. On a consolidated basis, our total revenues for FY2017 grew 55.65% over FY2016 to ₹86.94 Cr. with a net profit of ₹16.68 Cr. Below is a snapshot of the consolidated performance during the financial year 2016-2017:

(₹in Lacs)

Year ended	March 31, 2017	March 31, 2016
Income from operations	8296.41	5151.71
Other Income	398.20	434.01
<b>Total Income</b>	<b>8694.61</b>	<b>5585.72</b>
Total Expenditure	6189.31	4298.39
Profit before Tax	2505.31	1287.32
Tax on Profit	836.79	431.45
<b>Net Profit for the period</b>	<b>1668.51</b>	<b>855.87</b>
Earnings Per Share (₹)	8.01	4.11

We believe in diversification and have added multiple revenue streams over the years. Our Company launched an affordable housing project in last fiscal, which we discussed in our previous annual report. We are happy to inform you that the progress of Arihant Residency project located in Pithampur has been promising. During the year under review, development of Sector I has been successfully completed and sale of plots is well under progress. Few families have already moved to their houses in the township enjoying a quality life.

The Company also formed a new subsidiary in the name of Arihant Capital (IFSC) Limited during the year for establishing a unit in GIFT SEZ to provide international financial services.

We are proud to achieve several accolades during the year.

The Company won Star Performer Award in “Top Performer in New Accounts Opened” category by NSDL and Star Performer Award in “Leader in Go Green initiative” 2016 category by NSDL.

## FY2018 FOCUS AREAS

The economic landscape in FY2018 is likely to be quite different from the one in previous years. The world of investing is changing. Technological changes are significantly impacting customer expectations, more and more investors are opting to invest in mutual funds {especially via the SIP mode} and the clients are looking for the best infrastructure at most competitive cost. The rapid speed of innovation, disruption in the financial technology space present challenges and opportunities and we are geared up for both.

We intend to capitalize on the growth of the retail brokerage industry, focus on attracting active traders, long term investors and franchises. The renewed interest in the equity markets will help us reach out to a wider population. We strive to enhance the client experience by providing wide range of investment products and services, enhanced trading tools and capabilities and unbiased objective advice customized to our customer’s needs.

In FY2018 our key focus areas would be -

### FOCUS ON DISTRIBUTION

India is already seeing increased allocation of the savings towards financial assets like equities over the traditional avenues like fixed deposits and gold.

We aim to tap this opportunity and further develop our mutual fund and third-party product distribution through leveraging existing infrastructure, enhancing our digital investment platforms and reaching out to existing customers and acquiring new ones.

### DIGITISATION

We have always believed in investing for the future and are therefore actively working on developing new technology and investing in digital and mobile capabilities to improve and differentiate our offering. You will see launch of exciting new products and updates in our existing platforms to take customer’s investing experience to a new level.

**“We would invest in people, processes and future technologies in order to continue to play a leading role in the industry and help our customers move forward every day.”**

## Risk factors relating to our business operations

Every business has some inherent risks – some generic to all and others specific to industry, size and other factors. We have listed out some key significant risks that may affect our operations, financial results and stock price. 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. While we proactively take steps to mitigate the risks ensuring the success and financial soundness of the company, there are many risks that the Company cannot control or predict. The risk factors that can be specifically identified with our business operations are outlined below:

- **Influence of economic conditions:** 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:** The substantial amount of costs involved in deployment of technology is a critical factor. Disruption in the fintech space may significantly affect our revenues. Obsolescence is another major concern as upgradation of technology is an ongoing exercise. Any significant changes in technology would pose pressure on our profitability.
- **Aggressive price competition:** The financial services industry, particularly the security brokerage space, is characterized by aggressive price competition. While we continually monitor the rates of our competitors and try to remain competitive, increased price competition from other financial services firms could impact the company’s operations and financial condition.
- **System delays, failures and capacity constraints:** The trade order routing system in our securities brokerage business is dependent on a variety of electronic channels, including the internet and mobile trading applications. These methods of trading are heavily dependent on the integrity of the electronic systems supporting them. Our systems and operations are vulnerable to damage or interruption from human error, natural disasters, computer viruses, spam attacks, intentional acts of vandalism, power loss, and

similar events. In an event of any disruption, it could take hours or even longer to restore full functionality. Any extraordinary jump in trading volumes could cause our computer systems to operate at an unacceptably slow speed or even fail. Although we have made significant investments to upgrade the reliability and scalability of our systems and have back-ups and disaster management systems in place, there can be no assurance that our systems will be sufficient to handle such extraordinary circumstances. The occurrence of any of these events could have a material adverse effect on our business, operations and financial condition.

- 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. Any extraordinary movements in the market or changes 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.
- We are subject to various legal actions filed against us by interested parties: The financial services industry faces significant litigation and regulatory risks. 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, some of which include claims for substantial or unspecified damages. Actions brought against the Company may result in settlements, awards, fines, penalties or other results adverse to the Company including reputational harm.
- 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), 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.

## Opportunities and Threats

### Opportunities

- **Growth in financial savings:** Increased allocation towards equities and other financial assets by Indian savers and renewed interest in equity markets has opened vast opportunities for us to grow our distribution business and clock higher revenue in the brokerage segment.
- **Technology as an enabler:** Internet is changing the way of life for everyone and has also changed the way organisations conduct their business and services their clients. From being an enabler, technology has gradually evolved to being a key product differentiator. We are using technology to offer innovative solutions to our clients, make our systems more efficient and we believe we have the right resources to offer customer-friendly investment tools, seamless experience and superior customer experience. Going forward, technology (via the use of artificial intelligence, robo-investing platforms and customer intelligence) will be the most important factor in driving revenue growth and profitability.
- **The millennials are new HNIs:** The new class of young population has deep pockets, they are well-educated and smart with the use of the technology. They are willing to take risk and prefer equities over traditional avenues of investment. This new HNI segment opens up new market for us to grow our distribution and brokerage business.

### Threats

- **Technology as a disruptor:** While technology is an opportunity, it is also a big threat. Technology is disrupting the financial services industry at a quickening pace. Fintech start-ups are encroaching upon established players and while some of them may not offer the experience and expertise of an established service provider like Arihant, they may succeed in shaking-up the industry, bring down the pricing, affect our customer base, and adversely impact our earnings.
- **Volatile markets and geopolitical factors:** The global financial stability risks have increased in recent times because of higher economic risks, concerns about policies emanating from United States, the weakness of eurozone economy after Brexit, political upheavals in the Middle East. Any negative event can translate into financial distress and possibility of sharp market corrections, which could result in material adverse effect on our profitability.
- **Aggressive price competition** is a big threat to our company. It has been discussed in detail in the Risk Factors section above.
- **Security breaches and cyber-attacks:** Our business involves secure processing, storage and transmission of confidential information about the Company and its clients. As a financial services company, we are always vulnerable to cyber-attacks by third parties. In addition, we depend on third party technology service providers for various functions and any vulnerabilities of our external service providers and other third parties could pose security risks to client information. Any such event can damage our reputation and could have a material adverse effect on our results of operations.

## Human Resources

Our employee is our most important asset. We believe that the quality and level of service that our professionals deliver are among the highest in the global industry. We are committed to remaining among the industry's leading employers.

Our culture and reputation as a leader in the broker and depository services industry enable us to recruit and retain some of the best available talent in India. The key element that defines our culture include recruitment, training, development and compensation.

At Arihant Capital, it has been our attempt to create an employee-centric culture. We continue to emphasise on improving and upgrading the skills of our people and conduct 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), 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.

## Corporate Social Responsibility (CSR)

The Corporate Social Responsibility Committee (CSR Committee) has been formulated and recommended to the Board including a Corporate Social Responsibility policy (CSR Policy) indicating the activities to be undertaken by the Company. The details of our CSR policy may be accessed from the Company's website [www.arihantcapital.com](http://www.arihantcapital.com)

The key philosophy of the Company 'CSR initiatives' is to promote development through social and economic transformation. During the year, the Company has spent in the following CSR activities:

- We believe that the Prime Minister National Relief Fund, which is established for providing relief to families of those killed in natural calamities like floods, cyclones and earthquake, etc., is the right platform to give back to the community and hence we donated a part of our profits to this fund.
- We contributed to various other organizations that are working towards eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.

Further details of CSR activities are a part of Board Report.

## Internal Control System

The company's internal control systems are adequate and provide, among other things, reasonable assurance of recording transactions of operations in all material respects and of providing protection against significant misuse or loss of company assets. Internal audit is conducted by M/s. Jain Doshi & Company, to assess the adequacy of the internal controls procedures and processes and their reports are reviewed by the Audit Committee of the Board. Policy and process corrections are undertaken based on inputs from the internal auditors.

## Risk Management

The Company has in place a Risk Management policy which was reviewed by the Audit Committee and approved by the Board of Director of the Company. The policy provides for a robust risk management framework to identify and assess risks such as safety, health, environment, operational, strategic, financial, security, property, regulatory, reputational and other risk and put in place an adequate risk management infrastructure capable of addressing this risk. Further, a risk assessment group has been constituted by the Board of Director of the Company, comprising functional executive /experts to identify, monitor and report on the potential risk associated with the Company's business and periodically keeps the Audit Committee and the Board of Director apprised by of such risk and the measure taken by the Company to mitigate such risk.

## The Environment

At Arihant, we follow environment friendly practices 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.

In addition to minimising the use of paper, we promote conserving energy by encouraging our employees to switch off lights, charging stations and air conditioning in all our offices, when not in use.

### **Commitment to doing what is right**

Our Top Management Team and Board of Directors are Resolved to do what, we believe, is best for our associates, clients and shareholders.

### **Strength**

Arihant Capital is a well-established trusted brand in financial services space. Our leadership team is strong and has a strong experience and a successful track record that will help us drive growth in the coming years.

We believe in building long term relationships with our clients and business partners, which has helped us gain trust among our clients and establish a strong countrywide franchise network who have stayed with us over the years, sailing through all the vagaries of the markets, staying strong and committed. Our deeper understanding of equity as an asset class and business fundamental drives the quality of research and differentiates us from our competitors.

### **Strategy**

The buoyancy in capital markets will drive our broking and distribution business in the coming year. We intend to capitalize on the growth and leverage our network and infrastructure to grow our market share and profitability.

Complacency leads to annihilation and in this era of digital disruption this cannot be more true. In order to maintain and grow our position in the business we are trying to constantly reinvent ourselves. Complex automated algorithms and chatbots are starting to replace humans in the financial industry. Hence, we acknowledge the need to leverage technology to serve dynamic needs and fuel investor aspirations. 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 meets their needs.

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 decisions and expanding our suite of diversified investment products and services to serve the investor's needs are the key elements of our strategy.

### **Compliance**

The Compliance function of the Company is responsible for independently ensuring that operating and business units comply with regulatory and internal guidelines. The Compliance department of the Company is continued to play a pivotal role in ensuring implementation of compliance functions in accordance with the directives issued by regulators, the Company's Board of Directors and the Company's Compliance Policy. The Audit Committee of the Board reviews the performance of the Compliance Department and the status of compliance with regulatory / internal guidelines on a periodic basis. New instructions/ guidelines issued by the regulatory authorities were disseminated across the Company to ensure that the business and the functional units operate within the boundaries set by regulators and that compliance risks are suitably monitored and mitigated in their course of their activities and processes. New products and process launched during the year were subjected to scrutiny from compliance standpoint and proposals of financial services were screened from risk control prospective. The Company has complied with all requirements of regulatory authorities. No penalties / strictures were imposed on the Company by the stock exchanges or SEBI or any statutory authority on any matter related to capital market during the year.

### **Outlook and challenges**

We will constantly endeavour to maximise value to all our stakeholders and are hopeful of making full use of the growth opportunities available. However, the challenges remain on being able to leverage these initiatives to carve out a space in the competitive broking industry and being able to take the Company to the masses efficiently and at optimal cost.

### **Cautionary Statement**

Statement made in this MD&A describing the group's objective, projections, estimates, general market trends, expectations etc., may constitute 'forward looking statement'. While we believe that the expectations in these statements are reasonable, yet by their very nature forward-looking statements involve risks and uncertainties as they relate to events and circumstances that are beyond company's ability to predict or control and may or may not occur. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategies, future levels of non-performing advances, our growth and expansion, the adequacy of our allowances for credit losses, our provisioning policies, technological changes investment income, cash flow projections, our exposures to market risks or other risks.

## Report on Corporate Governance

In accordance with the provision of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 (Listing Regulation) the report containing the details of Corporate Governance systems and processes at Arihant Capital Markets Limited is as follows:

### 1) Company's philosophy on Corporate Governance

Corporate Governance at Arihant Capital Markets Limited has been a continuous journey and the business goals of the Company are aimed at the overall well being and welfare of all the constituents of the system. The Company has laid a strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of experts of eminence and integrity, forming a core group of top level executive, inducting competent professionals across the organization and putting in place appropriate systems, process and technology.

At the heart of Company's Corporate Governance policy is the ideology of transparency and openness in the effective working of the management and the Board. It is believed that the imperative for good Corporate Governance lies not merely in drafting a code of Corporate Governance but in practicing it.

Your Company confirms the compliance of Corporate Governance as contained in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulation) as amended, the details of which are given below:

### 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<sup>st</sup>, 2017 the Board consists of 7 (seven) Directors out of which 2 (two) are Executive Directors, 3 (three) are Independent Directors and 2 (two) are Non-Executive Director.

During the financial year 2016-17, Mr. Shailesh Kumath has been appointed as an Additional Independent Director. The Board believes that one more Independent Director required 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 31<sup>st</sup> March 2017 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	6	Nil	Nil
2.	Mrs. Anita Surendra Gandhi	02864338	Whole-time Director	Nil	Nil	Nil
3.	Mr. Sunil Kumar Jain	00184860	Non-executive Director	Nil	Nil	Nil
4.	Mr. Akhilesh Rathi	02002322	Non-executive Independent Director	3	Nil	Nil
5.	Mr. Pavan Kumar Ved	02055767	Non- executive Director	Nil	Nil	Nil
6.	Mr. Parag Rameshbhai Shah	00512469	Non- executive Independent Director	Nil	Nil	Nil
7.	Mr. Shailesh Kumath	01471071	Non- executive Additional Independent Director	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 Directorship do not include alternate Directorship, Directorship 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**

Four Board meetings were held during the year ended 31<sup>st</sup> March, 2017. These were held on 24<sup>th</sup> May, 2016, 11<sup>th</sup> August, 2016, 14<sup>th</sup> November, 2016, and 04<sup>th</sup> February, 2017.

The details of Director's attendance at Board meetings held during financial year 2016-17 and at the last Annual General Meeting are as under

S. No.	Name of the Directors	No. of Board Meetings		Whether attended the last AGM
		Held	Attended	
1.	Mr. Ashok Kumar Jain	4	4	Yes
2.	Mr. Sunil Kumar Jain	4	4	Yes
3.	Mr. Akhilesh Rathi	4	1	No
4.	Mrs. Anita Surendra Gandhi	4	4	No
5.	Mr. Paragbhai Rameshbhai Shah	4	3	No
6.	Mr. Pavan Kumar Ved	4	4	Yes
7.	Mr. Shailesh Kumath*	2	2	N.A.

\*Mr. Shailesh Kumath joined the Board on 14<sup>th</sup> November, 2016.

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.

**Committees of the Board**

Your Company has 4 (Four) 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. In case of absence of Chairman in the meeting, Mr. Parag Rameshbhai Shah shall act as Chairman of the meeting. 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 2016-17, on 24<sup>th</sup> May, 2016, 11<sup>th</sup> August, 2016, 14<sup>th</sup> November, 2016, and 04<sup>th</sup> February, 2017. The table below provides the attendance of the Audit Committee Members:

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

#### 4) Nomination and Remuneration Committee

The Nomination and Remuneration Committee determines and recommends to the Board the compensation payable to the Directors. The remuneration committee consists of four non-executive Directors as Members, viz., Mr. Akhilesh Rathi, Mr. Sunil Kumar Jain, Mr. Parag Rameshbhai Shah and Mr. Pavan Kumar Ved. Mr. Mahesh Pancholi acts as the Secretary and Mr. Akhilesh Rathi is the Chairman of the committee. In case of absence of Chairman in the meeting, Mr. Pavan Kumar Ved shall act as Chairman of the meeting. 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. One meetings of the committee was held during the financial year 2016-17.

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.

The attendance of each Member at the Committee Meeting is as given below:

S. No.	Name of the Directors	Position	No. of Meetings	
			Held	Attended
1.	Mr. Akhilesh Rathi	Chairman	1	0
2.	Mr. Sunil Kumar Jain	Member	1	1
3.	Mr. Parag Rameshbhai Shah	Member	1	1
4.	Mr. Pavan Kumar Ved	Member	1	1

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:

(Amount in ₹)

S. No.	Name of the Directors	Salary	Perquisite	Commission	Total
1.	Mr. Ashok Kumar Jain	48,00,000	77,052	1,45,00,000	1,93,77,052
2.	Mrs. Anita S. Gandhi	31,92,000	-	-	31,92,000

### Sitting fees and shares held by Non-Executive & Independent Directors

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

### 6) Stakeholders Relationship Committee

The shareholders/investors grievance committee comprising of four Members, viz. Mr. Akhilesh Rathi, 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 Rathi is the Chairman of the committee while Mr. Mahesh Pancholi, the Company Secretary of the Company, acts as the Secretary to the committee. In case of absence of Chairman in the meeting, Mr. Pavan Kumar Ved shall act as Chairman of the meeting.

The term of reference of the Committee is as follows:

1. To review the reports submitted by the Registrars and Share Transfer Agents of the Company at Quarterly Intervals.
2. To periodically interact with the Registrars and Share Transfer Agent to ascertain and look into the quality of the Company Shareholder / investor grievance redressal system and to review the report on the functioning of the Investor grievances redressal system.
3. To follow up on the implementation of suggestion for improvement, if any.
4. To periodically report to the Board about serious concern, if any.
5. To consider and resolve the grievances of the security holders of the Company.

The attendance of each Member at the Committee Meeting is as given below:

S. No.	Name of the Directors	Position	No. of Meetings	
			Held	Attended
1.	Mr. Akhilesh Rathi	Chairman	4	1
2.	Mr. Ashok Kumar Jain	Member	4	4
3.	Mr. Sunil Kumar Jain	Member	4	4
4.	Mr. Pavan Kumar Ved	Member	4	4

The Committee held Four (4) meetings during the financial year 2016-17, on 24<sup>th</sup> May, 2016, 11<sup>th</sup> August, 2016, 14<sup>th</sup> November, 2016, and 04<sup>th</sup> February 2017. 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. During the year Company had received total 12 complaints and resolved. There were no complaints outstanding as on March 31<sup>st</sup>, 2017.

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 was constituted 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:**

- Review the mission of the Organization from time to time and ensure it stays aligned to the changing context of the Organisation.
- Review all the social activities of the Company and suggest to the Board of trustees suitable measure for enhancing the efficacy of these activities.
- Review the amount spent on social activities and advises the Board on its efficacies.
- 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 Rathi, Mr. Pavan Kumar Ved, and Mr. Sunil Kumar Jain. Mr. Ashok Kumar Jain is the Chairman of the committee while Mr. Mahesh Pancholi, the Company Secretary of the Company, acts as the Secretary to the committee. The Committee held one (1) meeting during the financial year 2016-17, on 04<sup>th</sup> Feb, 2017. The necessary quorum was present for the meeting.

The attendance of Member at the Committee Meeting is as given below:

S. No.	Name of the Directors	Position	No. of Meetings	
			Held	Attended
1.	Mr. Ashok Kumar Jain	Chairman	1	1
2.	Mr. Akhilesh Rathi	Member	1	0
3.	Mr. Sunil Kumar Jain	Member	1	1
4.	Mr. Pavan Kumar Ved	Member	1	1

**8) General Body Meetings**

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

Financial Year	Venue	Date	Time
2013-2014	Lemon Tree Hotel, 3, R.N.T. Marg, Indore (MP)	09/08/2014	12:30 P.M.
2014-2015	Hotel Sayaji, H/I, Scheme No. 54, Vijay Nagar, Indore (MP)	08/08/2015	12:30 P.M.
2015-2016	Hotel President, R.N.T. Marg, Indore (MP)	17/09/2016	12:30 P.M.

**Special resolution**

In the last AGM dated 17<sup>th</sup> of September, 2016 of our Company no special resolution was passed in the meeting.

**Postal ballot**

No special resolution was passed through Postal Ballot during the last three financial year. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing of special resolution through postal ballot.

## 9) General shareholder information:

Details required to be provided in this segment is presented by us as a separate section "General Shareholder Information" on page number 39 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 where of are given under the heading of Nomination and remuneration committee.
- iv. The quarterly, half-yearly and annual results of the Company are put up on the Company's website ([www.arihantcapital.com](http://www.arihantcapital.com)) and are being published in English (Free Press) and Hindi language (Chautha Sansar). The auditor's observations/suggestions/qualifications, if any, have been adequately explained wherever necessary in the appropriate notes to accounts and are self explanatory.
- 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 address so far are requested to register their e-mail address to help us in the Endeavour to save trees and protect the planet. Those holding shares in demat form can register their email address with their concerned DP. Those shareholders who hold shares in physical form are requested to register their e-mail address 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, 2015, 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 that complies with 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](http://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 and 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 2016-17 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 27<sup>th</sup> May, 2017.

**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 Affirming Compliance of Code of Conduct**

As provided under Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and senior management personnel have confirmed compliance with the code of conduct for the year ended March 31<sup>st</sup>, 2017.

**For Arihant Capital Markets Ltd.**

**Place: Indore**

**Dated: 27<sup>th</sup> May, 2017**

**Ashok Kumar Jain**  
**Chairman and Managing Director**



## General Shareholder's Information

1	<b>Date and Time of 25<sup>th</sup> AGM</b>	September 9 <sup>th</sup> , 2017, 12:30 P.M.
2	<b>Venue of Annual General Meeting (AGM)</b>	Lemon Tree Hotel 3, RNT Marg, Indore 452001 (M.P.)
3	<b>Date(s) of Book Closure</b>	03.09.2017 to 09.09.2017 (both days inclusive)
4	<b>Financial Calendar</b> <b>Financial Results for*:</b> Quarter ending June 30 <sup>th</sup> , 2017 Quarter ending September 30 <sup>th</sup> , 2017 Quarter ending December 31 <sup>st</sup> , 2017 Year ending March 31 <sup>st</sup> , 2018 *tentative dates	Second week of August, 2017 Second week of November, 2017 Second week of February, 2018 Last week of May, 2018
5	<b>Financial Year</b>	1 <sup>st</sup> April to 31 <sup>st</sup> March
6	<b>Dividend Payment Date</b>	On or after 18 <sup>th</sup> September, 2017
6	<b>Listing of Equity Shares on the Stock Exchange at</b>	The BSE Limited P.J. Towers, Dalal Street, Mumbai-400001 The Annual Listing Fees as applicable have been paid.
7	<b>CIN of the Company</b>	L67120MP1992PLC007182
8	<b>Security Code</b>	511605
8	<b>ISIN</b>	INE420B01028
9	<b>Stock Market Data:</b>	Monthly high and low stock price along with volumes of equity shares traded on BSE for the FY 2016-17 is given below:

Month	High (₹)	Low (₹)	Volume (No)
April 2016	31.00	25.50	466841
May 2016	45.40	27.80	232018
June 2016	43.85	35.50	90383
July 2016	44.80	31.95	122995
August 2016	42.95	34.50	106589
September 2016	68.25	38.50	567037
October 2016	63.00	50.40	130541
November 2016	63.00	41.10	86747
December 2016	53.40	40.20	87274
January 2017	55.00	44.25	55462
February 2017	57.75	50.90	136379
March 2017	57.35	49.10	108041

**10 Distribution schedule as on March 31<sup>st</sup>, 2017**

Shareholding of Nominal Value of		Shareholders No.	% of Total Shareholders	Share Amount (₹)	% of Total Equity
₹	₹				
UPTO	1000	1,090	36.81	425350	0.41
1001	2000	456	15.40	709695	0.68
2001	3000	161	5.44	400725	0.38
3001	4000	616	20.80	1993225	1.91
4001	5000	195	6.59	939540	1.90
5001	10000	187	6.32	1395685	1.34
10001	20000	106	3.58	1572655	1.51
20001	30000	43	1.45	1070850	1.03
30001	40000	26	0.87	878025	0.84
40001	50000	12	0.41	561370	0.54
50001	100000	25	0.84	1733855	1.67
100000	ABOVE	44	1.49	92431825	88.78
<b>TOTAL</b>		<b>2961</b>	<b>100.00</b>	<b>104112800</b>	<b>100.00</b>

**11 Dematerialization of Shares**

About 97.65 percent of Company's paid up equity share capital has been dematerialized as on March 31<sup>st</sup>, 2017

**12 Dematerialized at NSDL & CDSL**

**20334776**

**Physical**

**487784**

**13 Shareholding Pattern as on March 31<sup>st</sup>, 2017**

Category	No. of Shares Held	% of Shareholding
Promoters & Promoters Group	15421052	74.06
Mutual Funds & Institutional Investors	NIL	NIL
Corporate Bodies	339288	1.63
Indian Public	5020708	24.11
NRI / OCB	32941	0.16
Others – Clearing Members	8571	0.04
<b>TOTAL</b>	<b>20822560</b>	<b>100.00</b>

**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/registrars, the dematerialization request is processed and the shares are, thereafter, credited in demat account of 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:

Registrar and Share Transfer Agent:  
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

to the depository participant

### B. Any other matters and unsolved complaints

Company Secretary  
Arihant Capital Markets Limited  
E-5 Ratlam Kothi, Indore - 452001, (M.P.)  
Telephone No. : 731-4217192  
Fax No. : 731-4217199  
Email: mahesh.pancholi@arihantcapital.com

## Notes:

- I. Annual listing fee for the Year 2017-18 has been paid to the BSE Limited, Mumbai.
- II. Annual Custody Fee for the Year 2017-18 has been paid to NSDL and CDSL.
- III. Distribution schedule and Shareholding Pattern as on March 31<sup>st</sup>, 2017.
- IV. During the Financial Year 2016-17, the Company has credited ₹ 2,01,102/- lying unpaid /unclaimed in the dividend account (2008-09) to the Investor Education & Protection Fund pursuant to Section 125(I) of the Companies Act, 2013. The Company shall be transferring the unclaimed/unpaid dividend amount for the financial year 2009-10, 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 September 17<sup>th</sup>, 2016 (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 <sup>st</sup> , 2016	188	155840
Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	1	320
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 <sup>st</sup> , 2017	187	155520

The voting rights on the shares in the suspense accounts as on March 31<sup>st</sup>, 2017 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.
- IX. The Company's financial results and official press releases are displayed on the Company's website [www.arihantcapital.com](http://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.
- XI. SEBI has mandated submission of Permanent Account Number (PAN) by every participant in the Securities Market. Members holding shares in electronic form are, therefore, requested to furnish their PAN details to their DP, if not already provided. Members holding shares in physical form are required to mandatorily submit the copy of their PAN, if not already provided to registrar and Share Transfer Agent.
- XII. In case of loss /misplacement of share certificates, investors should immediately lodge a FIR/Complaint with the police and inform the Company /Registrar and Share Transfer Agent along with a copy of FIR /acknowledge copy of complaint.
- XIII. We solicit suggestion for improving our investor services.

## 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 31<sup>st</sup> March, 2017, as stipulated in the SEBI (LODR) Regulation, 2015. ("Listing Regulation"). We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination has been 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 Listing Regulations. 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: 27<sup>th</sup> May, 2017**

**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 31<sup>st</sup> March, 2017, 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 31<sup>st</sup> March, 2017, 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 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2017 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 did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management. Refer Note 34 to Financial Statements.

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

**CA Ajay Tulsiyan  
Partner  
Membership No. : 74868  
Indore, May 27<sup>th</sup>, 2017**

## **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 31<sup>ST</sup> MARCH, 2017**

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 three companies covered in the register maintained under section 189 of The Companies Act, 2013.
  - (a) The rate of interest and other terms and conditions on which the loan had been granted to the body corporate listed in the register maintained under section 189 of the Act are not prejudicial to the interest of the Company.
  - (b) There are no stipulations for the repayment schedule however the rate of interest is stipulated for the 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 wherever 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.
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 27<sup>th</sup>, 2017**

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## **ANNEXURE "B" AS REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEAD-ING 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 31<sup>ST</sup> MARCH, 2017**

### **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<sup>st</sup>, 2017 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<sup>st</sup>, 2017, 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 Bantia & Tulsiyan**  
Chartered Accountants  
Firm No : 007028C

**CA Ajay Tulsiyan**  
Partner  
Membership No. : 74868  
Indore, May 27<sup>th</sup>, 2017

## Standalone Balance Sheet as at 31<sup>st</sup> March, 2017

Particulars	Note No.	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' fund</b>			
Share Capital	2	10,41,12,800	10,41,12,800
Reserves and Surplus	3	65,43,71,312	50,52,68,082
		<b>75,84,84,112</b>	<b>60,93,80,882</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities (net)	4	40,27,846	34,00,984
		<b>40,27,846</b>	<b>34,00,984</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	5	8,46,31,609	0
Trade Payables	6	40,00,72,369	20,50,49,957
Other Current Liabilities	7	15,00,59,948	11,43,48,277
Short-Term Provisions	8	0	23,82,765
		<b>63,47,63,925</b>	<b>32,17,80,999</b>
<b>TOTAL</b>		<b>139,72,75,883</b>	<b>93,45,62,865</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	9	8,02,66,435	8,26,42,203
Intangible Assets	9	21,59,823	10,89,357
Non-Current Investments	10	13,54,86,480	12,32,66,980
Other Non-Current Assets	11	1,70,85,000	1,79,85,000
		<b>23,49,97,738</b>	<b>22,49,83,540</b>
<b>Current Assets</b>			
Current Investments	12	14,99,93,060	0
Inventories	13	1,70,23,255	14,07,50,846
Trade Receivables	14	62,03,53,483	25,24,65,838
Cash and Cash Equivalents	15	21,41,60,314	25,28,09,177
Short-Term Loans and Advances	16	8,00,19,726	0
Other Current Assets	17	8,07,28,307	6,35,53,463
		<b>116,22,78,145</b>	<b>70,95,79,325</b>
<b>TOTAL</b>		<b>139,72,75,883</b>	<b>93,45,62,865</b>

Significant Accounting Policies and Notes on Financial Statements

I to 38

As per our report of even date

**For Arora Bantia & Tulsian**

Chartered Accountants

Firm No: 007028C

**CA Ajay Tulsian**

Partner

Membership No. : 74868

Indore, 27<sup>th</sup> May, 2017

For and on behalf of the Board

**Ashok Kumar Jain**

(Chairman &amp;

Managing Director)

DIN- 00184729

**Anita S Gandhi**

(Whole Time Director)

DIN- 02864338

**Mahesh Pancholi**

(Company Secretary)

**Tarun Goyal**

(CFO)

## Standalone Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2017

Particulars	Note No.	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>Income</b>			
I Revenue from Operations	18	75,39,80,867	43,65,00,216
II Other income	19	1,54,34,391	1,80,41,797
<b>III Total Revenue (I+II)</b>		<b>76,94,15,257</b>	<b>45,45,42,014</b>
<b>IV Expenses</b>			
Employee benefits expenses	20	10,87,78,991	8,80,11,472
Finance costs	21	2,53,72,703	1,97,38,274
Other expenses	22	40,29,76,347	24,69,70,411
Net depreciation and amortization expenses	9	75,78,633	91,87,754
<b>Total (IV)</b>		<b>54,47,06,674</b>	<b>36,39,07,911</b>
<b>V Profit Before Exceptional and Extraordinary Items and Tax (III-IV)</b>		<b>22,47,08,584</b>	<b>9,06,34,103</b>
VI Exceptional items		0	0
<b>VII Profit Before Extraordinary Items and Tax (V-VI)</b>		<b>22,47,08,584</b>	<b>9,06,34,103</b>
VIII Extraordinary Items		0	0
<b>IX Profit Before Tax (VII-VIII)</b>		<b>22,47,08,584</b>	<b>9,06,34,103</b>
X Tax expenses			
Current tax		7,49,78,492	3,08,48,027
Deferred tax		6,26,862	-2,77,421
<b>Total tax expenses</b>		<b>7,56,05,354</b>	<b>3,05,70,606</b>
<b>XI Profit/(loss) for the year</b>		<b>14,91,03,230</b>	<b>6,00,63,497</b>
XII Earnings per Share	24		
Equity Shares of ₹5 each			
Basic		7.16	2.88
Diluted		7.16	2.88

Significant Accounting Policies and Notes on Financial Statements

I to 38

As per our report of even date

**For Arora Bantia & Tulsian**

Chartered Accountants

Firm No: 007028C

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(Whole Time Director)

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**Mahesh Pancholi**

(Company Secretary)

**Tarun Goyal**

(CFO)

## Standalone Cash Flow Statement for the year ended 31<sup>st</sup> March, 2017

Particulars	Note No.	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>Cash flow from operating Activities</b>			
Net profit before taxation		22,47,08,584	9,06,34,103
Add adjustments for :			
(Profit) / Loss on sale of fixed assets		1,12,081	18,881
Provision for Loss on Option Contract		-23,82,765	23,82,765
Depreciation / amortisation		75,78,633	91,87,754
Dividend income		-19,21,816	-18,63,916
<b>Operating profit before working capital changes</b>		<b>22,80,94,716</b>	<b>10,03,59,588</b>
<b>Adjustments for changes in working capital :</b>			
- Trade and other receivables		-36,78,87,645	-6,17,49,354
- Inventories		12,37,27,591	-10,98,40,149
- Loans & advances		-9,54,22,495	-66,57,464
- Trade and other payables		23,07,34,082	3,62,82,085
Cash generated from operation		11,92,46,249	-4,16,05,294
- Taxes paid (net)		-7,58,50,566	-3,59,19,017
<b>Net cash from Operating Activities (A)</b>		<b>4,33,95,683</b>	<b>-7,75,24,311</b>
<b>Cash flow from Investing Activities</b>			
(Purchase) / Sales of fixed assets		-63,85,411	-88,50,195
(Purchase) / Sales of investments		-16,22,12,560	13,02,45,332
Dividend received		19,21,816	18,63,916
<b>Net cash used in Investing Activities(B)</b>		<b>-16,66,76,155</b>	<b>12,32,59,053</b>
<b>Cash flow from Financing Activities</b>			
Dividend paid		0	-3,12,33,840
Dividend distribution tax paid		0	-63,01,704
Increase/ (Decrease) in secured loans		8,46,31,609	-11,801
<b>Net cash used in Financing Activities(C)</b>		<b>8,46,31,609</b>	<b>-3,75,47,345</b>
Net increase in cash and cash equivalents (A+B+C)		-3,86,48,862	81,87,398
Cash and cash equivalents at the beginning of the year		25,28,09,177	24,46,21,778
<b>Cash and cash equivalents at the end of the year</b>		<b>21,41,60,314</b>	<b>25,28,09,177</b>
<b>Cash and cash equivalents comprise of</b>			
Cash and cheques in hand		99,118	2,38,011
Balances with scheduled banks		21,40,61,196	25,25,71,166
<b>TOTAL</b>		<b>21,41,60,314</b>	<b>25,28,09,177</b>

Significant Accounting Policies and Notes on Financial Statements

I to 38

As per our report of even date

**For Arora Bantia & Tulsyan**

Chartered Accountants

Firm No: 007028C

**CA Ajay Tulsyan**

Partner

Membership No. : 74868

Indore, 27<sup>th</sup> May, 2017

For and on behalf of the Board

**Ashok Kumar Jain**

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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 I: 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.

#### (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.

## Notes Forming Part of Standalone Financial Statements

### (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 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.
- 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:
  - i. 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.



## Notes Forming Part of Standalone Financial Statements

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 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>2. Share Capital</b>		
<b>Authorised</b>		
2,50,00,000 (2,50,00,000) equity share of ₹5/- each	12,50,00,000	12,50,00,000
<b>Issued, Subscribed &amp; Paid up</b>		
2,08,22,560 (2,08,22,560) equity share of ₹5/- each	10,41,12,800	10,41,12,800
<b>TOTAL</b>	<b>10,41,12,800</b>	<b>10,41,12,800</b>
<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>		
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>b. Terms/rights attached to equity shares</b>		
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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
<b>c. List of the Shareholders holding more than 5% of the total number of shares issued by the Company</b>		
<b>Name of the shareholders</b>		
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%)
<b>3. Reserves and Surplus</b>		
<b>General Reserve</b>		
Balance as per the last financial statements	48,03,42,139	44,03,42,139
Add: Transfer from Profit & Loss	8,00,00,000	4,00,00,000
<b>Closing Balance</b>	<b>56,03,42,139</b>	<b>48,03,42,139</b>
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	2,49,25,942	2,36,58,603
Profit for the year	14,91,03,230	6,00,63,497
<b>Less: Appropriations</b>		
Interim Equity Dividend (Dividend per share ₹0.75)	0	1,56,16,920
Dividend Distribution Tax	0	31,79,238
Transfer to General Reserve	8,00,00,000	4,00,00,000
<b>Net surplus in the statement of Profit and Loss</b>	<b>9,40,29,172</b>	<b>2,49,25,942</b>
<b>TOTAL</b>	<b>65,43,71,312</b>	<b>50,52,68,082</b>

## Notes Forming Part of Standalone Financial Statements

Particulars	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>4. Deferred Tax Liabilities/ (Assets)</b>		
Deferred Tax Liabilities		
Related to Fixed Assets	75,56,291	63,14,056
<b>TOTAL (a)</b>	<b>75,56,291</b>	<b>63,14,056</b>
<b>Deferred Tax Assets</b>		
Disallowance under the Income Tax Act, 1961	35,28,445	29,13,072
<b>TOTAL (b)</b>	<b>35,28,445</b>	<b>29,13,072</b>
<b>Net Deferred Tax Liabilities /(Assets) [(a)-(b)]</b>	<b>40,27,846</b>	<b>34,00,984</b>
<b>5. Short Term Borrowings</b>		
<b>Secured</b>		
From Bank*	8,46,31,609	0
<b>TOTAL</b>	<b>8,46,31,609</b>	<b>0</b>
* Loans from bank are secured against pledge of fixed deposit receipt and securities.		
<b>6. Trade Payables</b>		
Sundry Creditors (Includes Trade Payables)		
Other than Micro, Small and Medium Enterprises	40,00,72,369	20,50,49,957
Micro, Small and Medium Enterprises (Refer Note 29)	0	0
<b>Total</b>	<b>40,00,72,369</b>	<b>20,50,49,957</b>
<b>7. Other Current Liabilities</b>		
Other Payables	8,76,02,801	5,19,78,763
Unpaid Dividend #	23,35,786	31,73,658
Mark-to-Market Margin-Equity Stock Futures (Net)	0	7,90,785
Deposits from Intermediaries & Others	6,01,21,361	5,84,05,071
<b>TOTAL</b>	<b>15,00,59,948</b>	<b>11,43,48,277</b>
# Out of the above amount, the Company is required to credit a sum of ₹3,47,588.00 lying in the unpaid/unclaimed dividend account, on or before 31 <sup>st</sup> October, 2017 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 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>8. Short-Term Provisions</b>		
Provision for current tax (net of tax)	0	0
Provision for Loss on Option Contract	0	23,82,765
<b>TOTAL</b>	<b>0</b>	<b>23,82,765</b>

### 9. Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 <sup>st</sup> April 2016	Additions for the Year	Deductions Adjustment for the Year	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016	For the Year	On Deductions	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Tangible Assets</b>										
Building	6,71,44,313	0	0	6,71,44,313	55,00,568	10,61,809	0	65,62,378	6,05,81,935	6,16,43,745
Furniture & Fixtures	2,44,81,591	5,01,730	6,08,426	2,43,74,895	1,50,34,755	20,28,989	3,99,936	1,66,63,808	77,11,087	94,46,836
Office Equipments	1,17,01,330	6,50,174	27,800	1,23,23,704	89,18,460	8,65,065	21,503	97,62,021	25,61,683	27,82,870
Computers	3,71,63,563	35,96,748	92,600	4,06,67,711	3,21,67,757	23,73,284	82,005	3,44,59,037	62,08,674	49,95,805
Electrical Installations	19,91,106	2,99,314	8,425	22,81,995	7,85,752	1,51,932	0	9,37,684	13,44,311	12,05,354
Motor Vehicles	56,89,076	0	0	56,89,076	31,21,482	7,08,849	0	38,30,331	18,58,745	25,67,594
<b>Sub Total (A)</b>	<b>14,81,70,979</b>	<b>50,47,966</b>	<b>7,37,251</b>	<b>15,24,81,694</b>	<b>6,55,28,775</b>	<b>71,89,928</b>	<b>5,03,444</b>	<b>7,22,15,259</b>	<b>8,02,66,435</b>	<b>8,26,42,203</b>
<b>Intangible Assets</b>										
Software	1,43,21,473	14,59,170	0	1,57,80,643	1,32,32,116	3,88,705	0	1,36,20,821	21,59,822	10,89,357
<b>Sub Total (B)</b>	<b>1,43,21,473</b>	<b>14,59,170</b>	<b>0</b>	<b>1,57,80,643</b>	<b>1,32,32,116</b>	<b>3,88,705</b>	<b>0</b>	<b>1,36,20,821</b>	<b>21,59,822</b>	<b>10,89,357</b>
<b>Total (A+B)</b>	<b>16,24,92,452</b>	<b>65,07,136</b>	<b>7,37,251</b>	<b>16,82,62,337</b>	<b>7,87,60,891</b>	<b>75,78,633</b>	<b>5,03,444</b>	<b>8,58,36,080</b>	<b>8,24,26,257</b>	<b>8,37,31,561</b>
<b>Previous year</b>	<b>15,43,79,112</b>	<b>89,16,995</b>	<b>8,03,655</b>	<b>16,24,92,452</b>	<b>7,02,91,111</b>	<b>91,87,754</b>	<b>7,17,974</b>	<b>7,87,60,891</b>	<b>8,37,31,561</b>	

## Notes Forming Part of Standalone Financial Statements

Particulars	FV (₹)	31 <sup>st</sup> March, 2017 (Qty.)	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (Qty.)	31 <sup>st</sup> March, 2016 (₹)
<b>10. Non Current Investments</b>					
<b>Trade Investments</b>					
<b>In Equity Shares - Quoted, fully paid up</b>					
BSE Limited	2	644	0	0	
In Equity Shares - Unquoted, fully paid up					
BSE Limited	1	0	0	1000	0
Saurashtra Kutch Stock Exchange Limited	100	50	5,05,000	50	5,05,000
<b>Total Trade Investment (A)</b>			<b>5,05,000</b>		<b>5,05,000</b>
<b>Other Investments</b>					
<b>In Equity Shares of Subsidiary Companies</b>					
<b>Unquoted, fully paid up</b>					
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	355000	79,52,045
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 Advisor Private Limited	10	250000	25,00,000	128050	12,80,500
Ahinsa Lifespace Infraheight Ltd .	10	1900000	1,90,00,000	1900000	1,90,00,000
Arihant Capital (IFSC) Limited	10	1100000	1,10,00,000	0	0
Arihant Housing Finance Corporation Limited	10	2500000	2,50,00,000	2500000	2,50,00,000
			<b>13,40,76,480</b>		<b>12,18,56,980</b>
<b>In Equity Shares - Unquoted, fully paid up</b>					
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
			<b>9,05,000</b>		<b>9,05,000</b>
<b>Total Other Investment (B)</b>			<b>13,49,81,480</b>		<b>12,27,61,980</b>
<b>Total Non Current Investments (A+B)</b>			<b>13,54,86,480</b>		<b>12,32,66,980</b>
Aggregate Value of Quoted Investments					
- At Cost			0		0
- At Market Value			6,29,607		0
Aggregate Value of Unquoted Investments			13,54,86,480		12,32,66,980
<b>11. Other Non Current Assets</b>					
(Unsecured, considered good )					
Deposits with Exchanges / Depositories			1,70,85,000		1,79,85,000
<b>TOTAL</b>			<b>1,70,85,000</b>		<b>1,79,85,000</b>
<b>12. Current Investments</b>					
<b>Investment in Equity Shares - Quoted, fully paid up</b>					
Avenue Supermarts Limited	10	10616	64,81,206	0	0
Bajaj Finserv Limited	5	3000	1,23,05,904	0	0

## Notes Forming Part of Standalone Financial Statements

Particulars	FV (₹)	31 <sup>st</sup> March, 2017 (Qty.)	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (Qty.)	31 <sup>st</sup> March, 2016 (₹)
Bajaj Holdings & Investment Limited	10	12000	2,28,88,841	0	0
Balkrishna Industries Limited	2	4000	57,57,453	0	0
Borosil Glass Works Ltd.	10	3400	2,27,31,843	0	0
Dewan Housing Finance Corporation Limited	10	77000	2,16,22,578	0	0
Dilip Buildcon Limited	10	25000	86,48,876	0	0
Piramal Enterprises Limited	2	15000	2,73,19,123	0	0
Whirlpool of India Limited	10	20000	2,22,37,235	0	0
<b>TOTAL</b>			<b>14,99,93,060</b>		<b>0</b>
Aggregate Value of Quoted Investments					
- At Cost			14,99,93,060		0
- At Market Value			16,18,95,077		0
<b>13 Inventories</b>					
<b>Stock In Trade</b>					
<b><u>Quoted Equity Shares</u></b>					
Asian Paints Limited	1	0	0	7800	67,63,369
Bajaj Finserv Limited	5	0	0	8359	1,39,27,193
Bajaj Holding & Investment Limited	10	0	0	11764	1,67,55,467
Blue Star Limited	2	0	0	15000	55,71,333
Century Textiles & Industries Limited	10	0	0	15000	78,14,157
Carborundum Universal Limited	1	20000	56,70,063	0	0
Dewan Housing Finance Corporation Limited	10	0	0	169600	3,06,02,099
Equitas Holdings Limited	10	34000	55,41,754	0	0
Godrej Consumer Products Limited	1	0	0	14967	1,92,97,926
Godrej Industries Limited	1	0	0	6500	22,06,554
Godrej Properties Limited	5	0	0	12428	35,62,568
Jamna Auto Industries Limited	5	28000	58,11,438	5000	6,90,087
Mahindra Lifespace Developers Limited	10	0	0	5400	22,69,890
Mangalam Cement Limited	10	0	0	10000	21,96,000
Marico Limited	1	0	0	58400	1,41,00,927
Oberoi Realty Limited	10	0	0	8068	19,30,929
Tata Motors Limited	2	0	0	15000	53,14,971
Torrent Power Limited	10	0	0	22853	51,83,112
VIP Industries Limited	2	0	0	25000	25,64,265
			<b>1,70,23,255</b>		<b>14,07,50,846</b>
Aggregate Value of Stock-in-Trade					
- At Cost			1,70,23,255		14,08,95,077
- At Market Value			1,75,42,900		14,67,48,500

## Notes Forming Part of Standalone Financial Statements

Particulars	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>14. Trade Receivables</b>		
(Unsecured Considered good, except where provided for)		
Debts over six months	2,72,06,106	92,86,943
Other Debts	59,31,47,377	24,31,78,895
<b>TOTAL</b>	<b>62,03,53,483</b>	<b>25,24,65,838</b>
<b>15. Cash and Cash Equivalents</b>		
<b>Balances with banks</b>		
On current accounts	3,88,67,458	5,46,47,508
On deposit account*	17,28,57,953	19,47,50,000
On Unclaimed dividend account	23,35,786	31,73,658
Cash on hand	99,118	2,38,011
<b>TOTAL</b>	<b>21,41,60,314</b>	<b>25,28,09,177</b>
* Fixed deposits with bank include deposits of ₹1,95,00,000/- (previous year ₹1,62,50,000) with maturity of more than 12 months		
<b>16. Short-Term Loans and Advances</b>		
(Unsecured, considered good )		
Loan to related parties (Refer note 23)	8,00,19,726	0
<b>TOTAL</b>	<b>8,00,19,726</b>	<b>0</b>
<b>17. Other Current Assets</b>		
Deposits with Exchanges / Depositories	3,71,00,000	1,33,21,000
Deposit with Related parties (Refer Note 23)	1,60,75,000	1,53,75,000
Other Deposits	32,92,303	44,24,682
Initial Margin- Equity Derivative Instrument	0	1,15,24,919
Other Advances	1,74,68,532	1,29,87,465
Advance income-tax (net)	67,92,472	59,20,397
<b>TOTAL</b>	<b>8,07,28,307</b>	<b>6,35,53,463</b>
<b>18. Revenue From Operations</b>		
Brokerage	42,69,33,814	31,40,87,312
Commission Received (Net)	1,37,18,271	1,37,82,510
Fees From Merchant Banking	11,30,28,500	1,05,76,700
Deferred Payment Charges	12,28,03,230	7,11,20,920
Depository Receipts	1,49,00,632	1,66,66,434
Profit/(Loss) on Trading*	4,98,12,931	44,09,755
Profit on Sale of Investments (net)	1,08,61,672	39,92,670
Dividend Income	19,21,816	18,63,916
<b>TOTAL</b>	<b>75,39,80,867</b>	<b>43,65,00,216</b>



## Notes Forming Part of Standalone Financial Statements

Particulars	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
*Trading details in cash segment		
Opening Stock	14,07,50,846	3,09,10,697
Purchase (including charges)	480,78,45,617	220,62,55,032
Sales	499,38,54,473	209,49,05,801
Closing Stock	1,70,23,255	14,07,50,846
<b>19. Other Income</b>		
Interest Received	1,32,33,498	1,78,00,271
Bad debts recovered	16,56,916	0
Miscellaneous income	5,43,977	2,41,526
<b>TOTAL</b>	<b>1,54,34,391</b>	<b>1,80,41,797</b>
<b>20. Employee Benefits Expenses (Includes Managerial Remuneration)</b>		
Salaries, wages and bonus	10,51,07,940	8,50,75,836
Contribution to provident and other fund	4,36,937	3,40,153
Gratuity expense	16,39,405	8,53,930
Staff welfare expenses (Refer Note No.25)	15,94,709	17,41,553
<b>TOTAL</b>	<b>10,87,78,991</b>	<b>8,80,11,472</b>
<b>21. Finance Costs</b>		
Interest expenses	2,53,72,703	1,97,38,274
<b>TOTAL</b>	<b>2,53,72,703</b>	<b>1,97,38,274</b>
<b>22. Other Expenses</b>		
Advertisement	5,36,535	3,00,197
<u>Auditors' Remuneration</u>		
Audit fee	4,50,000	4,50,000
Taxation matters	2,65,000	3,00,375
Limited review	60,000	60,200
Other services	90,000	0
Bad Debts Written Off	2,21,698	1,32,12,506
Bank & Depository Charges	43,40,615	54,64,346
Business Development	26,12,498	28,28,308
Corporate Social Responsibility	15,72,000	2,00,000
Communication including V-Sat	85,95,677	86,78,111
Depository Charges	67,15,866	56,74,032
Electricity	47,94,977	47,42,192
Exchange Transaction Charges	3,55,62,177	2,38,10,348
Insurance	3,49,830	2,96,760
Legal and Professional	91,64,399	24,96,903

## Notes Forming Part of Standalone Financial Statements

Particulars	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
Loss on Sale of Fixed Assets	1,12,081	18,881
Membership Fee & Subscription	37,72,638	28,74,792
Merchant Banking Expenses	8,89,45,215	10,91,955
Miscellaneous	38,93,641	20,75,240
Office Expenses	13,44,241	17,00,251
Rent	98,21,692	1,01,63,659
Repairs & Maintenance	52,77,959	44,74,726
Software Maintenance	94,22,098	73,09,473
Stationery & Printing	11,23,964	15,26,210
Sub Brokerage/Referral Fees	19,99,03,318	14,40,05,896
Travelling, Conveyance and Motor Car	40,28,228	32,15,052
<b>TOTAL</b>	<b>40,29,76,347</b>	<b>24,69,70,411</b>

### 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 31<sup>st</sup> March, 2017 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. Parag R. Shah, Director Mr. Pavan Kumar Ved, Director Mr. Shailesh Kumath, Director (from 14.11.2016)
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 Arihant Capital (IFSC) 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
<b>Depository Charges Received</b>					
Arihant Financial Services Limited	0	0	1724	0	1724
	0	0	4971	0	4971
Arihant Lifespace Infra Developers Limited	0	0	583	0	583
	0		32974		32974
Arihant Futures & Commodities Ltd.	0	0	5443	0	5443
	0	0	9416	0	9416
<b>Interest Received</b>					
Arihant Financial Services Limited	0	0	220966	0	220966
	0	0	214732	0	214732
Arihant Lifespace Infra Developers Limited	0	0	21918	0	21918
	0	0	0	0	0
<b>Expenses Recovered</b>					
Arihant Futures & Commodities Ltd.	0	0	493904	0	493904
	0	0	491975	0	491975
<b>Expenses</b>					
Salary & Incentive *	22569052	800000	0	0	23369052
	10108719	495000	0	0	10603719
Rent #	600000	3450000	0	252210	4302210
	0	2853797	0	105000	2958797
Sitting Fees %	300000	0	0	0	300000
	422000	0	0	0	422000
<b>Interest Paid</b>					
Arihant Financial Services Limited	0	0	772876	0	772876
	0	0	3349339	0	3349339
<b>Commission Paid</b>					
Arihant Financial Planners & Advisors Pvt. Ltd.	0	0	64165	0	64165
	0	0	30283	0	30283
<b>Assets</b>					
<b>Rent Deposits ^</b>	350000	2725000	0	13000000	16075000
	0	2375000	0	13000000	15375000
<b>Share Purchased\$</b>	609750	609750	0	0	1219500
	0	0	0	0	0
<b>Loans Given</b>					
Arihant Financial Services Limited					
(Maximum Outstanding)	0	0	76198036	0	76198036
	0	0	102145000	0	102145000
Arihant Lifespace Infra Developers Limited					
(Maximum Outstanding)	0	0	80019726	0	80019726
	0	0	0	0	0
<b>Outstanding at year end</b>					
<b>Advance for Expenses</b>					

## Notes Forming Part of Standalone Financial Statements

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Enterprise over which control	Total
Arihant Capital (IFSC) Limited	0	0	334420	0	334420
	0	0	0	0	0
<b>Loans Given</b>					
Arihant Lifespace Infra Developers Limited	0	0	80019726	0	80019726
	0	0	0	0	0
<b>Liabilities</b>					
<b>Loans Taken</b>					
Arihant Financial Services Limited (Maximum Outstanding)	0	0	92796314	0	92796314
	0	0	165900000	0	165900000
<b>Corporate Guarantee Given</b>					
Arihant Futures & Commodities Ltd.	0	0	400000000	0	400000000
	0	0	400000000	0	400000000
<b>Equity Contribution made during the year</b>					
Arihant Capital (IFSC) Limited	0	0	11000000	0	11000000
	0	0	0	0	0

Figure in italics represents previous year figures

\*Payment to key management personnel for Salaries and Incentive includes to Ashok Kumar Jain ₹ 19377052 (Previous Year ₹6916719 and Anita Gandhi ₹ 3192000 (Previous Year ₹3192000) and to relatives of key management personal includes Shruti Jain ₹800000 (Previous Year ₹495000).

# Rent paid to Ashok Kumar Jain ₹600000 (Previous Year ₹Nil), Kiran Jain ₹2625000 (Previous Year ₹2028797), Ashok Kumar Jain HUF ₹412500 (Previous Year ₹412500), Arpit Jain ₹412500 (Previous Year ₹412500) and Shyam Developers ₹252210 (Previous Year ₹105000).

% Sitting fees paid to Sunil Kumar Jain ₹80000 (Previous Year ₹120000), Shailesh Kumath ₹40000 (Previous Year ₹Nil), Paragbhai Shah ₹80000 (Previous Year ₹80000), Pavan Ved ₹80000 (Previous Year ₹40000) and Akhilesh Rathi ₹ 20000 (Previous Year ₹120000).

^ Rent Deposit given includes Ashok Kumar Jain ₹350000 (Previous Year ₹Nil), Kiran Jain ₹2037500 (Previous Year ₹1687500), Ashok Kumar Jain HUF ₹ 343750 (Previous Year ₹343750), Arpit Jain ₹343750 (Previous Year ₹343750) and Shyam Developers ₹13000000 (Previous Year ₹13000000).

\$ Share of Arihant Financial Planners & Advisors Private Ltd. purchased from Ashok Kumar Jain ₹609750 & Kiran Jain ₹609750

### 24. Earning Per Share

Particulars	2016-2017	2015-2016
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	14,91,03,230	6,00,63,497
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 (₹)	7.16	2.88
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	2016-2017	2015-2016
Employer's Contribution to Provident Fund	3,12,120	3,13,025
Employer's Contribution to ESIC	97,602	0

## Notes Forming Part of Standalone Financial Statements

### 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 have any policy for leave encashment.

Actuarial Assumptions	2016-2017	2015-2016
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	6.77%	7.79%
Rate of escalation in salary (per annum)	5%	5%

**26. Income in foreign currency ₹Nil (previous year ₹1143). Expenditure in foreign currency ₹Nil (previous year ₹Nil).**

### 27. Contingent Liability & Capital Commitments

- Bank Guarantees of ₹13500000 (Previous Year ₹11000000) extended to Bombay Stock Exchange Limited under the mandatory rules for Membership and ₹50000000 (Previous Year ₹56000000) towards additional margin.
- Bank Guarantees of ₹7500000 (Previous Year ₹7500000) extended to National Securities Clearing Corporation Limited under the mandatory rules for Membership and ₹210500000 (Previous Year ₹450000000) towards additional margin.
- Bank Guarantees of ₹1500000 (Previous Year ₹1500000) extended to Metropolitan Stock Exchange India Limited under the mandatory rules for Membership.
- Bank Guarantees of ₹379500000 (Previous Year ₹Nil) extended to Axis Bank Ltd (Clearing Member of Company in NSE FNO segment) towards margin requirement.
- Corporate guarantee of ₹400000000 (Previous Year ₹400000000) given to banks on behalf of subsidiary M/s Arihant Futures and Commodities Limited.
- Claims against the Company not acknowledged as debts ₹Nil (Previous Year ₹Nil).
- Income Tax Demand for various years ₹32,79,854 (₹62,27,187)

### 28. Fixed Deposits

Fixed deposits with scheduled banks include ₹3732953 (Previous Year ₹5390743) which is under the lien of National Securities Clearing Corporation Limited, ₹Nil (Previous Year ₹3000000) which is under the lien of MCX-SX Clearing Corporation Limited, ₹800000 (Previous Year ₹Nil) which is under the lien of Axis Bank Ltd for NSEFNO segment, ₹500000 (Previous Year ₹Nil) which is under the lien of Axis Bank Ltd for MSEIL currency derivative segment.

### 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.** 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.

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

### 32. 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.

## Notes Forming Part of Standalone Financial Statements

**33.** In accordance with the General Circular No.2 and 3 dated 8<sup>th</sup> Feb. 2011 and 21<sup>st</sup> 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.

**34. Details of Specified Bank Notes**

The following are details of the Specified Bank Notes (₹500/- and ₹1000 notes) held and transacted during the period Nov. 08<sup>th</sup>, 2016 to Dec. 30<sup>th</sup>, 2016

Particulars	Specified Bank Notes (₹)	Other Denomination Notes (₹)	Total (₹)
<b>Closing cash in hand as on 08.11.2016</b>	<b>865500</b>	<b>284743</b>	<b>1150243</b>
(+) Permitted receipts	0	672382	672382
(-) Permitted payments	0	664100	664100
(-) Amount deposited in Banks	865500	0	865500
<b>Closing cash in hand as on 30.12.2016</b>	<b>0</b>	<b>293025</b>	<b>293025</b>

**35. Corporate Social Responsibility**

The Company has formed a CSR committee responsible to spend the required amount on CSR activities recognized by them and to monitor whether the same have been utilised for the intended purpose.

- Gross amount required to be spent by the Company during the year (₹) 1508315
- Amount spent during the year on:

Particulars	Cash (₹)	Yet to be paid in cash (₹)	Total (₹)
(i) Construction/Acquisition of any asset	0	0	0
(ii) On purpose other than (i) above	1572000	0	1572000

**36. Events occurring after Balance sheet date**

The Board of Directors has recommended Equity dividend of ₹ 0.75 per share for the financial year 2016-17.

**37.** The Financial Statements were authorised for issue by the Directors on 27<sup>th</sup> May, 2017.

**38. 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 Bantia & Tulsian**

Chartered Accountants

Firm No: 007028C

**CA Ajay Tulsian**

Partner

Membership No. : 74868

Indore, 27<sup>th</sup> May, 2017

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)

## 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 31<sup>st</sup>, 2017, 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 31<sup>st</sup> March, 2017, and its consolidated profit and its consolidated cash flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements

- I. 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 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March, 2017 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 did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
  - 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..
  - iv. The Company has provided requisite disclosures in its Consolidated Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management. Refer Note 33 to financial statements.

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

**CA Ajay Tulsiyan**  
**Partner**  
**Membership No. : 74868**  
**Indore, May 27<sup>th</sup>, 2017**

## **ANNEXURE “A” AS REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEAD-ING 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 31<sup>ST</sup> MARCH, 2017**

### **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 31<sup>st</sup> March 2017, 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 31<sup>st</sup>, 2017, 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 27<sup>th</sup>, 2017**

**Consolidated Balance Sheet as at 31<sup>st</sup> March, 2017**

Particulars	Note No.	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' fund</b>			
Share Capital	2	10,41,12,800	10,41,12,800
Reserves and Surplus	3	89,69,35,432	72,99,74,877
		<b>100,10,48,232</b>	<b>83,40,87,677</b>
<b>Minority Interest</b>		0	13,28,930
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities (net)	4	33,74,444	27,71,495
		<b>33,74,444</b>	<b>27,71,495</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	5	8,46,44,086	0
Trade Payables	6	67,21,33,101	40,94,14,929
Other Current Liabilities	7	23,75,12,527	15,27,43,239
Short-Term Provisions	8	8,48,405	29,33,808
		<b>99,51,38,119</b>	<b>56,50,91,976</b>
<b>TOTAL</b>		<b>199,95,60,794</b>	<b>140,32,80,079</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	9		
Tangible Assets		19,13,23,247	17,98,72,417
Intangible Assets		22,57,308	11,93,932
Non-Current Investments	10	14,10,000	22,47,605
Other Non-Current Assets	11	2,03,05,000	2,07,05,000
		<b>21,52,95,555</b>	<b>20,40,18,955</b>
<b>Current Assets</b>			
Current Investments	12	14,99,93,060	0
Inventories	13	33,33,12,306	35,52,99,361
Trade Receivables	14	66,88,11,085	27,33,00,630
Cash and Cash Equivalents	15	52,19,04,166	45,83,42,181
Other Current Assets	16	11,02,44,622	11,23,18,952
		<b>178,42,65,240</b>	<b>119,92,61,124</b>
<b>TOTAL</b>		<b>199,95,60,794</b>	<b>140,32,80,079</b>

Significant Accounting Policies and Notes on Financial Statements

1 to 37

As per our report of even date

**For Arora Bantia & Tulsian**

Chartered Accountants

Firm No: 007028C

**CA Ajay Tulsian**

Partner

Membership No. : 74868

Indore, 27<sup>th</sup> May, 2017

For and on behalf of the Board

**Ashok Kumar Jain**

(Chairman &amp;

Managing Director)

DIN- 00184729

**Anita S Gandhi**

(Whole Time Director)

DIN- 02864338

**Maresh Pancholi**

(Company Secretary)

**Tarun Goyal**

(CFO)

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2017

Particulars	Note No.	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>Income</b>			
I Revenue from Operations	17	82,96,41,415	51,51,70,738
II Other income	18	3,98,20,374	4,34,00,601
<b>III Total Revenue (I+II)</b>		<b>86,94,61,789</b>	<b>55,85,71,339</b>
<b>IV Expenses</b>			
Cost of Sale	19	53,96,332	0
Employee benefits expenses	20	12,41,29,738	10,40,20,743
Finance costs	21	3,38,21,654	2,34,50,986
Other expenses	22	44,72,23,676	29,23,04,296
Net depreciation and amortization expenses	9	83,59,533	1,00,62,833
<b>Total (IV)</b>		<b>61,89,30,933</b>	<b>42,98,38,858</b>
<b>V Profit Before Exceptional and Extraordinary Items and Tax (III-IV)</b>		<b>25,05,30,856</b>	<b>12,87,32,481</b>
VI Exceptional items		0	0
<b>VII Profit Before Extraordinary Items and Tax (V-VI)</b>		<b>25,05,30,856</b>	<b>12,87,32,481</b>
VIII Extraordinary Items		0	0
<b>IX Profit Before Tax (VII-VIII)</b>		<b>25,05,30,856</b>	<b>12,87,32,481</b>
X Tax expenses			
Current tax		8,30,76,783	4,36,09,845
Deferred tax		6,02,949	-4,64,398
<b>Total tax expenses</b>		<b>8,36,79,732</b>	<b>4,31,45,447</b>
<b>XI Profit/(loss) for the year before Minority Interest</b>		<b>16,68,51,124</b>	<b>8,55,87,035</b>
Less : Minority Interest		0	11,408
<b>XII Profit/(loss) for the year</b>		<b>16,68,51,124</b>	<b>8,55,75,627</b>
XIII Earnings per Share			
Equity Shares of ₹5 each	25		
Basic		8.01	4.11
Diluted		8.01	4.11

Significant Accounting Policies and Notes on Financial Statements

I to 37

As per our report of even date

**For Arora Bantia & Tulsian**  
Chartered Accountants  
Firm No: 007028C

**CA Ajay Tulsian**  
Partner  
Membership No. : 74868  
Indore, 27<sup>th</sup> May, 2017

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 Cash Flow Statement for the year ended 31<sup>st</sup> March, 2017

Particulars	Note No.	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>Cash flow from operating Activities</b>			
Net profit before taxation		25,05,30,856	12,87,32,481
Add adjustments for :			
(Profit) / Loss on sale of fixed assets		1,12,081	18,881
(Profit) / Loss on sale of Investments		-1,08,61,672	-40,30,925
Provision on Standard Assets		-2,69,668	4,61,078
Provision for Loss on Option Contract		-23,82,765	23,82,765
Preliminary Expenses		3,34,420	0
Depreciation / amortisation		85,75,923	1,01,93,422
Dividend Income		-19,21,816	-30,40,595
<b>Operating profit before working capital changes</b>		<b>24,41,17,359</b>	<b>13,47,17,108</b>
Adjustments for changes in working capital :			
- Trade and other receivables		-39,30,36,124	-2,57,20,300
- Inventories		2,19,87,054	-16,39,14,551
- Trade and other payables		34,74,87,460	-3,01,19,453
Cash generated from operation		22,05,55,748	-8,50,37,197
- Taxes paid (net)		-8,25,09,753	-4,84,36,276
<b>Net cash from Operating Activity (A)</b>		<b>13,80,45,996</b>	<b>-13,34,73,473</b>
<b>Cash flow from Investing Activities</b>			
(Purchase) / Sales of fixed assets		-2,12,02,210	-8,40,11,792
(Purchase) / Sales of Investments		-13,95,13,282	13,41,76,258
Dividend received		19,21,816	30,40,595
<b>Net cash used in Investing Activity (B)</b>		<b>-15,87,93,676</b>	<b>5,32,05,061</b>
<b>Cash flow from Financing Activities</b>			
Dividend Paid		0	-3,12,33,840
Preliminary Expenses		-3,34,420	0
Proceeds from secured loans		8,46,44,086	-11,801
Dividend distribution tax paid		0	-63,01,704
<b>Net cash used in Financing Activities(C)</b>		<b>8,43,09,666</b>	<b>-3,75,47,345</b>
Net increase in cash and cash equivalents (A+B+C)		6,35,61,986	-11,78,15,756
Cash and cash equivalents at the beginning of the year		45,83,42,181	57,61,57,937
<b>Cash and cash equivalents at the end of the year</b>		<b>52,19,04,166</b>	<b>45,83,42,181</b>
<b>Cash and cash equivalents comprise of</b>			
Cash and cheques in hand		4,19,704	8,57,368
Balances with scheduled banks		52,14,84,462	45,74,84,813
<b>TOTAL</b>		<b>52,19,04,166</b>	<b>45,83,42,181</b>

Significant Accounting Policies and Notes on Financial Statements

I to 37

As per our report of even date

**For Arora Bantia & Tulsian**

Chartered Accountants

Firm No: 007028C

**CA Ajay Tulsian**

Partner

Membership No. : 74868

Indore, 27<sup>th</sup> May, 2017

For and on behalf of the Board

**Ashok Kumar Jain**

(Chairman &amp;

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. 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.

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

#### H. CASH & CASH EQUIVALENTS

Cash comprises 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.

## Notes Forming Part of Consolidated Financial Statements

### I. 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.
- 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.

### J. 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.

### K. 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.

## Notes Forming Part of Consolidated Financial Statements

### 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.

### 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.



## Notes Forming Part of Consolidated Financial Statements

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 31<sup>st</sup> March, 2017

Particulars	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>2. Share Capital</b>		
<b>Authorised</b>		
2,50,00,000 (2,50,00,000) equity share of ₹5/- each	12,50,00,000	12,50,00,000
<b>Issued, Subscribed &amp; Paid up</b>		
2,08,22,560 (2,08,22,560) equity share of ₹5/- each	10,41,12,800	10,41,12,800
<b>TOTAL</b>	<b>10,41,12,800</b>	<b>10,41,12,800</b>
<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>		
<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>b. List of the Shareholders holding more than 5% of the total number of shares issued by the Company</b>		
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%)
<b>3. Reserve and Surplus</b>		
<b>General Reserve</b>		
Balance as per the last financial statements	66,02,61,965	59,72,61,965
Add: Transfer from Profit & Loss	10,40,00,000	6,30,00,000
<b>Closing Balance</b>	<b>76,42,61,965</b>	<b>66,02,61,965</b>
<b>Statutory Reserve</b>		
Balance as per last Balance Sheet	74,47,000	64,82,000
Add : Transfer from Profit and Loss Account	11,25,000	9,65,000
<b>Closing Balance</b>	<b>85,72,000</b>	<b>74,47,000</b>
<b>Capital Reserve on Consolidation</b>		
Balance as per last Balance Sheet	34,05,129	34,05,129
Add : Change during the year	1,09,430	0
<b>Closing Balance</b>	<b>35,14,559</b>	<b>34,05,129</b>

## Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2017

Particulars	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	5,88,60,784	5,60,46,315
Profit for the year	16,68,51,124	8,55,75,627
<b>Less: Appropriations</b>		
Interim Equity Dividend (Dividend per share ₹0.75)	0	1,56,16,920
Dividend Distribution Tax	0	31,79,238
Transfer to General Reserve	10,40,00,000	6,30,00,000
Transfer to Statutory Reserve	11,25,000	9,65,000
<b>Net surplus in the statement of Profit and Loss</b>	<b>12,05,86,908</b>	<b>5,88,60,784</b>
<b>TOTAL</b>	<b>89,69,35,432</b>	<b>72,99,74,877</b>
<b>4. Deferred Tax Liabilities /(Assets)</b>		
<b>Deferred Tax Liabilities</b>		
Related to Fixed Assets	76,39,552	64,69,347
<b>TOTAL (a)</b>	<b>76,39,552</b>	<b>64,69,347</b>
<b>Deferred Tax Assets</b>		
Disallowance under the Income Tax Act, 1961	41,88,232	35,92,513
MAT Credit Entitlement	0	9,380
Unabsorbed Losses	76,877	95,959
<b>TOTAL (b)</b>	<b>42,65,109</b>	<b>36,97,852</b>
<b>Net Deferred Tax Liabilities /(Assets) [(a)-(b)]</b>	<b>33,74,443</b>	<b>27,71,495</b>
<b>5. Short Term Borrowings</b>		
<b>Secured</b>		
From Bank*	8,46,44,086	0
<b>TOTAL</b>	<b>8,46,44,086</b>	<b>0</b>
* Loans from bank are secured against pledge of fixed deposit receipt and securities owned by Company.		
<b>6. Trade Payables</b>		
Sundry Creditors (Includes Trade Payables)		
Other than Micro, Small and Medium Enterprises	67,21,33,101	40,94,14,929
Micro, Small and Medium Enterprises (Refer Note 30)	0	0
<b>TOTAL</b>	<b>67,21,33,101</b>	<b>40,94,14,929</b>

## Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2017

Particulars	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>7. Other Current Liabilities</b>		
Other Payables	9,97,11,758	6,00,86,268
Advance Recieved against Sale of Plot	5,80,51,000	1,93,98,200
Advance for Maintenance Receipt	2,29,214	0
Liability for Exp to be incurred	11,93,937	0
Unpaid Dividend #	23,35,786	31,73,658
Mark-to-Market Margin-Equity Stock Futures (Net)	0	7,90,785
Deposits from Intermediateries & Others	7,59,90,831	6,92,94,328
<b>TOTAL</b>	<b>23,75,12,527</b>	<b>15,27,43,239</b>
# Out of the above amount, the Company is required to credit a sum of ₹3,47,588.00 lying in the unpaid/unclaimed dividend account, on or before 31 <sup>st</sup> October, 2017 to the Investor Education & Protection Fund pursuant to Sub -section (1) of Section 125 of The Companies Act, 2013.		
<b>8. Short-Term Provisions</b>		
Provision for Loss on Option Contract	0	23,82,765
Contingent Provisions against Standard Assets	1,91,410	4,61,078
Provision for tax (Net)	6,56,995	89,965
<b>TOTAL</b>	<b>8,48,405</b>	<b>29,33,808</b>

### 9. Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 <sup>st</sup> April 2016	Additions for the Year	Deductions Adjustment for the Year	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016	For the Year	On Deductions	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Tangible Assets										
Freehold Land	9,18,46,580	1,48,07,500	0	10,66,54,080	0	0	0	0	10,66,54,080	9,18,46,580
Premises	6,71,44,313	0	0	6,71,44,313	55,00,568	10,61,809	0	65,62,378	6,05,81,935	6,16,43,745
Furniture & Fixtures	2,45,77,378	5,01,730	6,08,426	2,44,70,682	1,50,74,378	20,39,447	3,99,936	1,67,13,888	77,56,794	95,03,000
Office Equipments	1,17,37,159	6,50,174	27,800	1,23,59,533	89,43,399	8,70,851	21,503	97,92,747	25,66,786	27,93,760
Computers	3,87,94,974	36,06,048	92,600	4,23,08,422	3,37,13,099	24,30,131	82,005	3,60,61,225	62,47,197	50,81,875
Electrical Installations	19,91,106	2,99,314	8,425	22,81,995	7,85,752	1,51,932	0	9,37,684	13,44,311	12,05,354
Motor Vehicles	1,31,88,968	0	0	1,31,88,968	53,90,864	16,25,960	0	70,16,824	61,72,144	77,98,104
Sub Total (A)	24,92,80,478	1,98,64,766	7,37,251	26,84,07,993	6,94,08,061	81,80,129	5,03,444	7,70,84,746	19,13,23,247	17,98,72,417
Intangible Assets										
Software	1,63,38,624	14,59,170	0	1,77,97,794	1,51,44,993	3,95,794	0	1,55,40,787	22,57,007	11,93,631
MCX Membership	3,51,000	0	0	3,51,000	3,50,900	0	0	3,50,900	100	100
NCDEX Membership	50,000	0	0	50,000	49,900	0	0	49,900	100	100
NSEL Membership	5,00,000	0	0	5,00,000	4,99,900	0	0	4,99,900	100	100
Sub Total (B)	1,72,39,624	14,59,170	0	1,86,98,794	1,60,45,692	3,95,794	0	1,64,41,486	22,57,308	11,93,932
Total (A+B)	26,65,20,102	2,13,23,936	7,37,251	28,71,06,787	8,54,53,752	85,75,923	5,03,444	9,35,26,232	19,35,80,555	18,10,66,349
Previous year figure	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	8,54,53,752	18,10,66,349	

#### Notes:

1. Out of the depreciation for the year ₹2,16,390 transferred to Land Development Cost in Arihant Lifespace Infra developers Ltd.

## Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2017

Particulars	FV (₹)	31 <sup>st</sup> March, 2017 (Qty.)	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (Qty.)	31 <sup>st</sup> March, 2016 (₹)
<b>10. Trade Investments</b>					
<b>In Equity Shares - Quoted, fully paid up</b>					
BSE Limited	2	644	0	0	0
<b>In Equity Shares - Unquoted, fully paid up</b>					
BSE Limited	1	0	0	1000	0
Saurashtra Kutch Stock Exchange Limited	100	50	5,05,000	50	5,05,000
<b>Total Trade Investment (A)</b>			<b>5,05,000</b>		<b>5,05,000</b>
<b>Other Investments</b>					
<b>In Equity Shares - Unquoted, fully paid up</b>					
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
<b>Quoted Mutual Fund</b>					
Reliance Money Manager Fund - Growth Plan Growth Option			0		8,37,605
<b>Total Other Investment (B)</b>			<b>9,05,000</b>		<b>17,42,605</b>
<b>Total Non Current Investments (A+B)</b>			<b>14,10,000</b>		<b>22,47,605</b>
Aggregate Value of Quoted Investments					
- At Cost			0		0
- At Market Value			6,29,607		0
Aggregate Value of Unquoted Investments			14,10,000		22,47,605
<b>11. Other Non Current Assets</b>					
(Unsecured, considered good )					
Deposits with Exchanges / Depositories			2,03,05,000		2,07,05,000
<b>TOTAL</b>			<b>2,03,05,000</b>		<b>2,07,05,000</b>
<b>12. Current Investments</b>					
<b>Investment in Equity Shares - Quoted, fully paid up</b>					
Avenue Supermarts Limited	10	10616	64,81,206	0	0
Bajaj Finserv Limited	5	3000	1,23,05,904	0	0
Bajaj Holdings & Investment Limited	10	12000	2,28,88,841	0	0
Balkrishna Industries Limited	2	4000	57,57,453	0	0
Borosil Glass Works Ltd.	10	3400	2,27,31,843	0	0
Dewan Housing Finance Corporation Limited	10	77000	2,16,22,578	0	0
Dilip Buildcon Limited	10	25000	86,48,876	0	0
Piramal Enterprises Limited	2	15000	2,73,19,123	0	0
Whirlpool of India Limited	10	20000	2,22,37,235	0	0
		0			
<b>TOTAL</b>			<b>14,99,93,060</b>		<b>0</b>
Aggregate Value of Quoted Investments					
- At Cost			14,99,93,060		0
- At Market Value			16,18,95,077		0

## Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2017

Particulars	FV (₹)	31 <sup>st</sup> March, 2017 (Qty.)	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (Qty.)	31 <sup>st</sup> March, 2016 (₹)
<b>13. Inventories</b>					
<b>A. Shares</b>					
Quoted Equity Shares					
Asian Paints Limited	1	0	0	7800	67,63,369
Bajaj Finserv Limited	5	0	0	8359	1,39,27,193
Bajaj Holdings & Investment Limited	10	0	0	11764	1,67,55,467
Blue Star Limited	2	0	0	15000	55,71,333
Century Textiles & Industries Limited	10	0	0	15000	78,14,157
Carborundum Universal Limited	1	20000	56,70,063	0	0
Dewan Housing Finance Corporation Limited	10	0	0	169600	3,06,02,099
Equitas Holdings Limited	10	34000	55,41,754	0	0
Godrej Consumer Products Limited	1	0	0	14967	1,92,97,926
Godrej Industries Limited	1	0	0	6500	22,06,554
Godrej Properties Limited	5	0	0	12428	35,62,568
Jamna Auto Industries Limited	5	28000	58,11,438	5000	6,90,087
Mahindra Lifespace Developers Limited	10	0	0	5400	22,69,890
Mangalam Cement Limited	10	0	0	10000	21,96,000
Marico Limited	1	0	0	58400	1,41,00,927
Oberoi Realty Limited	10	0	0	8068	19,30,929
Tata Motors Limited	2	0	0	15000	53,14,971
Torrent Power Limited	10	0	0	22853	51,83,112
VIP Industries Limited	2	0	0	25000	25,64,265
			<b>1,70,23,255</b>		<b>14,07,50,846</b>
Aggregate Value of Stock-in-Trade					
- At Cost			1,70,23,255		14,08,95,077
- At Market Value			1,75,42,900		14,67,48,500
<b>B. Land</b>					
Land and Development Cost (WIP)			31,62,89,051		21,45,48,515
			<b>31,62,89,051</b>		<b>21,45,48,515</b>
<b>TOTAL (A+B)</b>			<b>33,33,12,306</b>		<b>35,52,99,361</b>

## Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2017

Particulars	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>14. Trade Receivables</b>		
(Considered good, except where provided for)		
Debts over six months		
-Secured	0	80,17,094
-Unsecured	3,93,73,150	1,92,54,720
Other Debts		
-Secured	3,03,22,062	0
-Unsecured	59,91,15,872	24,60,28,816
<b>TOTAL</b>	<b>66,88,11,085</b>	<b>27,33,00,630</b>
<b>15. Cash and Cash Equivalents</b>		
<b>Balances with banks</b>		
On current accounts	11,90,84,473	12,17,57,021
On deposit account*	38,90,64,204	33,25,54,134
Cheque In Hand	1,10,00,000	0
On Unclaimed dividend account	23,35,786	31,73,658
Cash on hand	4,19,704	8,57,368
<b>TOTAL</b>	<b>52,19,04,166</b>	<b>45,83,42,181</b>
* Fixed deposits with bank include deposits of ₹5,27,50,000 (previous year ₹4,98,25,000) with maturity of more than 12 months		
<b>16. Other Current Assets</b>		
Deposits with Exchanges / Depositories	4,21,45,000	2,01,02,000
Deposit with Related parties (Refer Note 24)	1,68,87,500	1,61,87,500
Advance against Property	1,01,32,420	2,13,77,420
Other Deposits	33,32,303	44,64,682
Initial Margin- Equity Derivative Instrument	0	1,15,24,919
Other Advances	2,90,09,517	3,08,24,813
Advance income-tax (net of provision for taxation)	87,37,883	78,37,619
<b>TOTAL</b>	<b>11,02,44,622</b>	<b>11,23,18,952</b>
<b>17. Revenue From Operations</b>		
Brokerage	46,81,74,853	36,03,42,430
Commission Received (Net)	1,40,17,019	1,37,82,510
Fees From Merchant Banking	11,30,28,500	1,05,76,700
Deferred Payment Charges	12,27,95,480	7,11,20,920
Depository Receipts	1,49,00,632	1,66,19,073
Interest on Loans and Deposit	2,43,23,312	2,97,58,356
Sale of Plot	88,90,663	0
Maintenance Receipt	48,786	0
Profit/(Loss) on Share Trading*	5,00,72,239	51,51,736
Profit/(Loss) on Commodity Trading	0	2,69,878
Profit on Sale of Investments (net)	1,08,61,672	40,30,925
Dividend Income	19,21,816	30,40,595

## Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2017

Particulars	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
Consultancy Charges	0	74,725
Other	6,06,443	4,02,889
<b>TOTAL</b>	<b>82,96,41,415</b>	<b>51,51,70,738</b>
<b>*Trading details in cash segment</b>		
Opening Stock	14,07,50,846	3,09,10,697
Purchase (including charges)	484,50,02,842	388,24,27,015
Sales	503,12,70,341	377,45,41,230
Closing Stock	1,70,23,255	14,07,50,846
<b>18. Other Income</b>		
Interest Received	3,68,38,595	4,22,01,142
Bad Debts Recovered	16,56,916	0
Reversal of provision on Standard Assets	2,69,668	0
Miscellaneous Income	10,55,195	11,99,459
<b>TOTAL</b>	<b>3,98,20,374</b>	<b>4,34,00,601</b>
<b>19. Cost of Sale</b>		
<b>Opening Stock</b>	<b>21,45,48,515</b>	<b>16,04,74,112</b>
Add:-		
Transfer (to)/from Fixed Assets	0	-2,93,30,900
Land Purchased during the year	2,13,79,901	3,99,36,500
<b>Land development cost</b>		
Cost of Material Purchased	1,13,32,581	56,99,905
Freight & Cartage	2,300	2,100
<b>Operating &amp; Project Expenses Incurred During the Year:-</b>		
Architect Fees	7,00,000	3,21,700
Preliminaries & Site Expenses	25,32,268	16,86,342
Civil, Electrical, Contracting etc.	3,43,42,931	19,33,460
Electricity	3,08,043	94,480
Electrical Development & Supervision Charges	1,14,04,833	3,86,348
Payment to Local Agencies & Permission Charges	1,56,500	1,55,51,698
Finance Cost	2,46,59,382	1,66,64,438
Depreciation (Refer Note No 9)	2,16,390	1,30,589
Other Overheads	1,01,740	9,97,742
<b>TOTAL</b>	<b>32,16,85,384</b>	<b>21,45,48,515</b>
Less : Closing Stock	31,62,89,051	21,45,48,515
<b>TOTAL</b>	<b>53,96,332</b>	<b>0</b>
<b>20. Employee Benefit Expenses (Includes Managerial Remuneration)</b>		
Salaries, Wages and Bonus	12,03,71,312	10,09,41,129
Contribution to Provident and other Fund	4,36,937	3,40,153
Gratuity Expense	16,39,405	8,53,930
Staff Welfare Expenses	16,82,084	18,85,532
<b>TOTAL</b>	<b>12,41,29,738</b>	<b>10,40,20,743</b>



## Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2017

Particulars	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>21. Finance Cost</b>		
Interest Expenses	3,38,21,654	2,34,50,986
<b>TOTAL</b>	<b>3,38,21,654</b>	<b>2,34,50,986</b>
<b>22. Other Expenses</b>		
Advertisement	8,01,225	3,20,297
<b>Auditors' Remuneration</b>		
Audit fee	6,18,538	6,02,593
Taxation matters	4,58,725	4,90,506
Limited review	60,000	60,200
Other services	90,000	0
Bad Debts Written Off	2,21,698	1,39,34,851
Bank & Depository Charges	71,16,372	77,77,387
Business Development	26,27,311	28,57,131
Corporate Social Responsibility	15,72,000	2,00,000
Communication including V-Sat	93,06,809	93,20,657
Depository Charges	67,12,889	57,20,135
Electricity	52,35,437	52,07,786
Exchange Transaction Charges	5,36,38,407	4,33,60,128
Insurance	5,71,137	4,32,990
Legal and Professional	95,60,012	28,37,880
Loss on Sale of Assets	1,12,081	18,881
Membership Fee & Subscription	41,86,465	32,07,792
Merchant Banking Expenses	8,89,45,215	10,91,955
Miscellaneous Expenses	43,08,937	32,24,292
Office Expenses	17,05,899	19,71,814
Preliminary Expenses	3,34,420	0
Rent, Rates & Taxes	1,13,11,792	1,17,02,426
Repairs & Maintenance	53,38,051	46,04,206
Provision on Standard Assets	0	4,61,078
Software Maintenance	1,10,77,300	81,95,723
Stationery & Printing	12,07,399	15,76,334
Sub Brokerage/Referral Fees and Expenses	21,48,79,157	15,89,47,731
Travelling, Conveyance and Motor Car Expenses	52,26,400	41,79,527
<b>TOTAL</b>	<b>44,72,23,676</b>	<b>29,23,04,296</b>

## Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2017

### 23. (a) Companies included in consolidation

Name of Subsidiaries	Country of Incorporation	Proportion of Interest	
		as on 31.03.17	as on 31.03.16
Arihant Financial Services Limited	India	100.00%	100.00%
Arihant Futures & Commodities Limited	India	100.00%	100.00%
Arihant Lifespace Infra Developers Limited	India	100.00%	100.00%
Arihant Insurance Broking Services Limited	India	100.00%	100.00%
Arihant Financial Planners and Advisors Private Limited*	India	100.00%	51.22%
Arihant Housing Finance Corporation Limited	India	100.00%	100.00%
Ahinsa Lifespace Infraheight Limited	India	100.00%	100.00%
Arihant Capital (IFSC) Limited#	India	100.00%	NA

\*Arihant Financial Planners & Advisors Private Limited converted into 100% Subsidiary w.e.f 16.04.2016

#Arihant Capital (IFSC) Limited incorporated on 20.12.2016 as a 100% Subsidiary

### 23 (b) Disclosures mandated by Schedule III of Companies Act 2013, by way of additional information

2016-2017				
Name of the Entities	Net Assets i.e. total assets minus total liabilities		Share in profit /(loss)	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit	Amount
<b>Parent</b>				
Arihant Capital Markets Limited	66.82%	75,84,84,112	89.36%	14,91,03,230
<b>Subsidiary</b>				
Indian				
Arihant Financial Services Limited	5.12%	5,80,63,184	3.37%	56,23,585
Arihant Futures & Commodities Limited	11.88%	13,48,00,047	5.28%	88,05,772
Arihant Lifespace Infra Developers Limited	10.16%	11,53,13,212	1.24%	20,66,386
Arihant Insurance Broking Services Limited	0.75%	85,08,856	0.07%	1,16,897
Arihant Financial Planners and Advisors Private Limited	0.27%	30,28,105	0.18%	3,03,773
Arihant Housing Finance Corporation Limited	2.43%	2,75,29,589	0.71%	11,85,910
Ahinsa Lifespace Infraheight Limited	1.65%	1,87,43,526	-0.01%	(8,509)
Arihant Capital (IFSC) Limited	0.94%	1,06,54,080	-0.21%	(3,45,920)
<b>Sub Total</b>	<b>100.00%</b>	<b>1,13,51,24,712</b>	<b>100.00%</b>	<b>16,68,51,124</b>
Less InterCompany Elimination and Consolidation Adjustments		(13,40,76,480)	-	-
<b>Total</b>		<b>1,00,10,48,232</b>		<b>16,68,51,124</b>
Minority Interest		-		-
<b>Grand Total</b>		<b>1,00,10,48,232</b>		<b>16,68,51,124</b>

## Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2017

2015-2016				
Name of the Entities	Net Assets i.e. total assets minus total liabilities		Share in profit /(loss)	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit	Amount
<b>Parent</b>				
Arihant Capital Markets Limited	63.66%	60,93,80,882	70.18%	6,00,63,497
<b>Subsidiary</b>				
Indian				
Arihant Financial Services Limited	5.48%	5,24,39,599	5.64%	48,24,235
Arihant Futures & Commodities Limited	13.16%	12,59,94,275	22.49%	1,92,50,677
Arihant Lifespace Infra Developers Limited	11.83%	11,32,46,826	0.05%	41,207
Arihant Insurance Broking Services Limited	0.88%	83,91,960	0.08%	69,710
Arihant Financial Planners and Advisors Private Limited	0.28%	27,24,333	0.03%	23,386
Arihant Housing Finance Corporation Limited	2.75%	2,63,43,679	1.55%	13,28,340
Ahinsa Lifespace Infraheight Limited	1.96%	1,87,52,035	-0.01%	(12,702)
<b>Sub Total</b>	<b>100.00%</b>	<b>95,72,73,588</b>	<b>100.00%</b>	<b>8,55,88,349</b>
Less InterCompany Elimination and Consolidation Adjustments		(12,18,56,980)	-	(1,314)
<b>Total</b>		<b>83,54,16,608</b>		<b>8,55,87,035</b>
<b>Minority Interest</b>		<b>(13,28,930)</b>		<b>(11,408)</b>
<b>Grand Total</b>		<b>83,40,87,678</b>		<b>8,55,75,627</b>

### 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 31<sup>st</sup> March, 2017 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 Mr. Parag R. Shah, Director Mr. Shailesh Kumath, Director (from 14.11.2016)
Relatives of Key Management Personnel	Arpit Jain Ashok Kumar Jain HUF Kiran Jain Mohini Doshi Shruti Jain Swati Jain

Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2017

Particulars	Key Management Personnel	Relatives of Key Management Personal	Total
Salary & Incentive *	22569052	2939935	25508987
	<i>10108719</i>	<i>1753027</i>	<i>11861746</i>
Rent #	600000	4695113	5295113
	<i>0</i>	<i>3950467</i>	<i>3950467</i>
Sitting Fees %	300000	0	300000
	<i>422000</i>	<i>0</i>	<i>422000</i>
<b>Assets</b>			
Rent Deposits ^	350000	16537500	16887500
	<i>0</i>	<i>16187500</i>	<i>16187500</i>
<b>Share Purchased\$</b>	609750	609750	1219500
	<i>0</i>	<i>0</i>	<i>0</i>

Figure in italics represents previous year figures

\*Payment to key management personnel for Salaries includes payment to Ashok Kumar Jain ₹19377052 (Previous Year ₹6916719), Anita Gandhi ₹3192000 (Previous Year ₹3192000), and to relatives of key management personal includes Shruti Jain ₹800000 (Previous Year ₹495000), Swati Jain ₹795935 (Previous Year ₹474027), Kiran Jain ₹ 279000 (Previous Year ₹274000), Arpit Jain ₹815000 (Previous Year ₹460000) and Mohini Doshi ₹250000 (Previous Year ₹50000).

# Rent paid to Ashok Kumar Jain ₹600000 (Previous Year ₹Nil), Kiran Jain ₹3250403 (Previous Year ₹2652967), Ashok Kumar Jain HUF ₹596244 (Previous Year ₹596244), Arpit Jain ₹596256 (Previous Year ₹596256) and Shyam Developers ₹252210 (Previous Year ₹105000).

% Sitting fees paid to Sunil Kumar Jain ₹80000 (Previous Year ₹120000), Shailesh Kumath ₹40000 (Previous Year ₹Nil), Paragbhai Shah ₹80000 (Previous Year ₹80000), Pavan Ved ₹80000 (Previous Year ₹40000) and Akhilesh Rathi ₹ 20000 (Previous Year ₹120000).

^ Deposit given includes Ashok Kumar Jain ₹350000 (Previous Year ₹Nil), Kiran Jain ₹2543750 (Previous Year ₹2193750), Ashok Kumar Jain HUF ₹496875 (Previous Year ₹496875), Arpit Jain ₹496875 (Previous Year ₹496875) and Shyam Developers ₹13000000 (Previous Year ₹13000000).

\$ Share of Arihant Financial Planners & Advisors Private Ltd. purchased from Ashok Kumar Jain ₹609750 & Kiran Jain ₹609750

## 25. Earning Per Share

Particulars	2016-2017	2015-2016
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	16,68,51,124	8,55,75,627
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 (₹)	8.01	4.11
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	2016-2017	2015-2016
Employer's Contribution to Provident Fund	4,12,386	4,42,962
Employer's Contribution to ESIC	1,64,867	87,454

### 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 on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2017

Actuarial Assumptions	2016-2017	2015-2016
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	6.77%	7.79%
Rate of escalation in salary (per annum)	5%	5%

27. Income in foreign currency ₹Nil (previous year ₹11.43). Expenditure in foreign currency ₹Nil (previous year ₹Nil).

### 28. Contingent Liability & Capital Commitments

- (i) Bank Guarantees of ₹13500000 (Previous Year ₹11000000) extended to Bombay Stock Exchange Limited under the mandatory rules for Membership and ₹50000000 (Previous Year ₹56000000) 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 ₹210500000 (Previous Year ₹450000000) towards additional margin.
- (iii) Bank Guarantees of ₹1500000 (Previous Year ₹1500000) extended to Metropolitan Stock Exchange India Limited under the mandatory rules for Membership.
- (iv) Bank Guarantees of ₹379500000 (Previous Year ₹Nil) extended to Axis Bank Ltd (Clearing Member of Company in NSE FNO segment) towards margin requirement.
- (v) Bank Guarantees of ₹201250000 (Previous Year ₹138500000) extended to National Commodity Clearing Corporation Limited under the mandatory rules for Membership and towards additional margin.
- (vi) Bank Guarantees of ₹1097500000 (Previous Year ₹615000000) extended to Multi Commodity Exchange of India Ltd under the mandatory rules for Membership and towards additional margin.
- (vii) Corporate guarantee of ₹400000000 (Previous Year ₹400000000) given to banks on behalf of subsidiary M/s Arihant Futures and Commodities Limited.
- (viii) Income Tax Demand for various years ₹4594583 (₹7606037)
- (ix) Claims against the Company not acknowledged as debts ₹Nil (Previous Year ₹Nil).

### 29. Fixed Deposits

Fixed deposits with scheduled banks include ₹3732953 (Previous Year ₹5390743) which is under the lien of National Securities Clearing Corporation Limited, ₹Nil (Previous Year ₹3000000) which is under the lien of MCX-SX Clearing Corporation Limited, ₹800000 (Previous Year ₹Nil) which is under the lien of Axis Bank Ltd for NSEFNO segment, ₹500000 (Previous Year ₹Nil) which is under the lien of Axis Bank Ltd for MSEIL currency derivative segment, ₹30000000 (Previous Year ₹12500000) 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. 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.

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

### 33. Details of Specified Bank Notes

The following are details of the Specified Bank Notes (₹500/- and ₹1000 notes) held and transacted during the period Nov. 08<sup>th</sup>, 2016 to Dec. 30<sup>th</sup>, 2016

Particulars	Specified Bank Notes(₹)	Other Denomination Notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	1596000	289398	1885398
(+) Permitted receipts		1105382	1105382
(-) Permitted payments		746690	746690
(-) Amount deposited in Banks	1596000		1596000
Closing cash in hand as on 30.12.2016	0	648090	648090

**34. 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.

**35. Events occurring after Balance sheet date**

The Board of Directors has recommended Equity dividend of ₹0.75 per share for the financial year 2016-17.

**36. The Financial Statements were authorised for issue by the Directors on 27<sup>th</sup> May, 2017.**
**37. 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 Bantia & Tulsiyan**

Chartered Accountants

Firm No: 007028C

**CA Ajay Tulsiyan**

Partner

Membership No. : 74868

Indore, 27<sup>th</sup> May, 2017

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 Fifth Annual General Meeting of the Company to be held on **Saturday, 09<sup>th</sup> September, 2017 at 12.30 p.m. at Lemon Tree Hotel, 3, 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 Financial Statement of the Company (including Audited Consolidated Financial Statements) for the financial year ended March 31 <sup>st</sup> , 2017, and the Reports of the Board of Directors and Auditors Report thereon.
2	Declaration of dividend for the Financial Year 2016-17.
3	Re-appointment of Mrs. Anita Surendra Gandhi (DIN: 02864338), a Director retiring by rotation.
4	Appointment of Auditors and fixing their remuneration.

### Special Business

Resolution No.	Resolutions
5	Regularisation of Additional Independent Director, Mr. Ashish Maheshwari
6	Special Resolution for Increase in Borrowing Powers in Terms of Section 180 (1) (c) of the Companies Act, 2013
7	Special Resolution for Creation of Charge / Mortgage Etc. on Company's Movable or Immovable Properties In Terms of Section 180 (1) (a) of The Companies Act, 2013.

Signed this.....day of..... 2017.

Signature of shareholder \_\_\_\_\_ Signature of Proxyholder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

- Note:**
1. 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.
  2. Those Members who have multiple folios with different jointholders may use copies of this Attendance slip/Proxy.

# ARIHANT Capital Markets Ltd.

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

## ATTENDANCE SLIP

(To be presented at the entrance)

**25<sup>th</sup> Annual General Meeting on 09<sup>th</sup> September, 2017 at 12.30 P.M.  
at Lemon Tree Hotel, 3, RNT Marg, Indore (M.P.) - 452001**

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_

Client ID No. \_\_\_\_\_ No. of Shares \_\_\_\_\_

Name of the Member: \_\_\_\_\_ Address: \_\_\_\_\_

Name of the Proxyholder: \_\_\_\_\_ Address: \_\_\_\_\_

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.

\_\_\_\_\_  
Signature of Member/Proxy



# YEAR 2017 HIGHLIGHTS



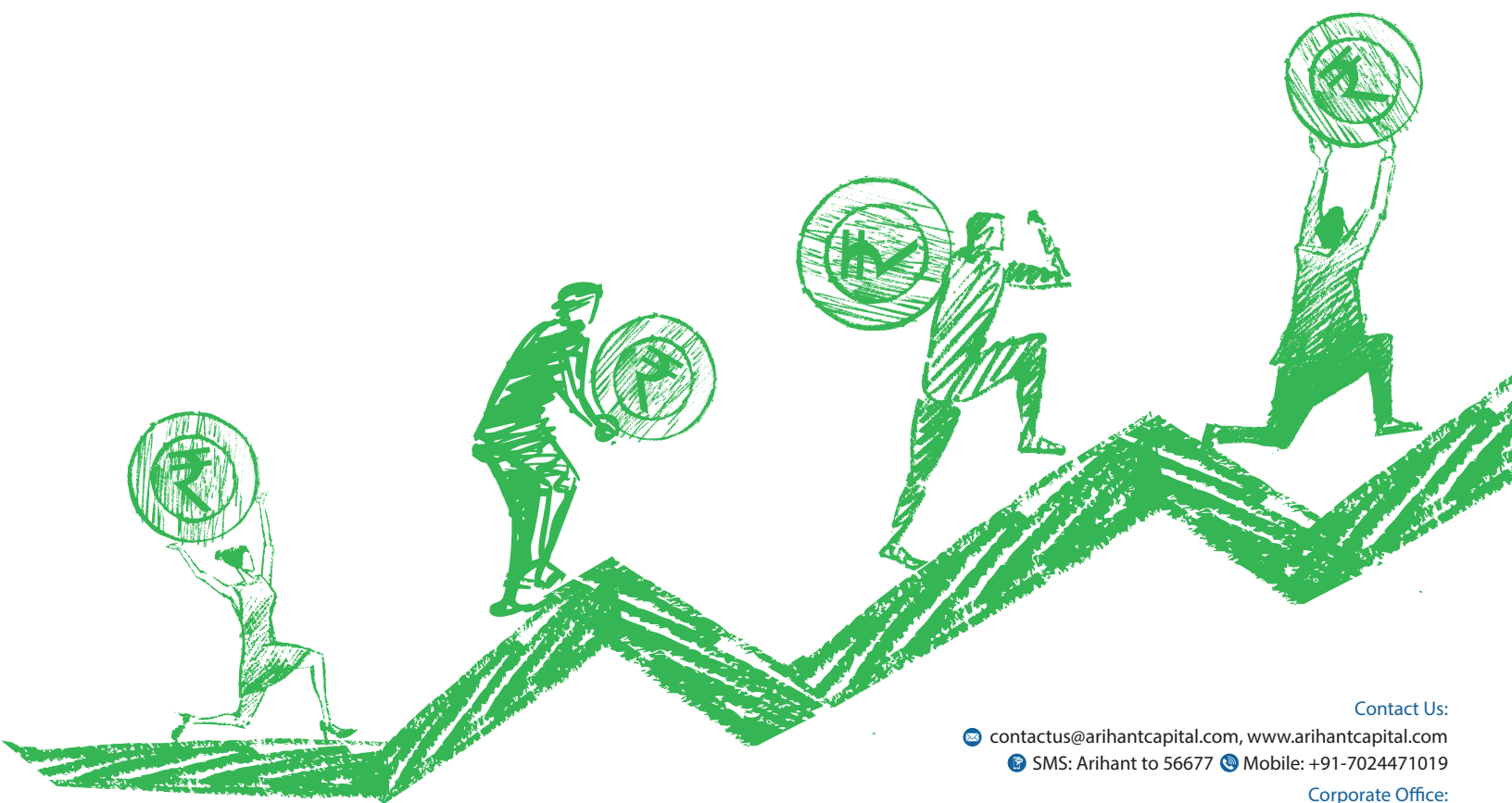
## CSR ACTIVITY



## AWARDS



## INVESTOR AWARENESS



**Contact Us:**

✉ [contactus@arihantcapital.com](mailto:contactus@arihantcapital.com), [www.arihantcapital.com](http://www.arihantcapital.com)

📞 SMS: Arihant to 56677 📱 Mobile: +91-7024471019

**Corporate Office:**

📍 1011, Solitaire Corporate Park, Building No.10, 1<sup>st</sup> Floor,  
Andheri Ghatkopar Link Road, Chakala, Andheri (E), Mumbai - 400093

📞 Tel.: 022-42254800 📠 Fax: 022-42254880

**Registered Office:**

📍 E-5, Ratlam Kothi, Indore - 452001

📞 Tel.: 0731-4217500 📠 Fax: 0731-4217260

CIN Number: L67120MP1992PLC007182, BSE - INB 010705532 INF 010705532; NSE - INB 230783938 INF 230783938;  
NSDL - IN301983; NCDEX - 00080; MCX - 10525; AMFI - ARN 15114; SEBI Merchant Banking Regn No.- MB INM 000011070

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