

# ANNUAL REPORT 2008



**ARIHANT** capital markets Ltd.  
Generating Wealth. Satisfying Investors

# about us

## Who we are

A leading financial services companies in India providing a gamut of products and services including securities and commodities broking, investment planning, wealth management and merchant banking to a substantial and diversified clientele that includes individuals, corporations and financial institutions.

## What we aspire

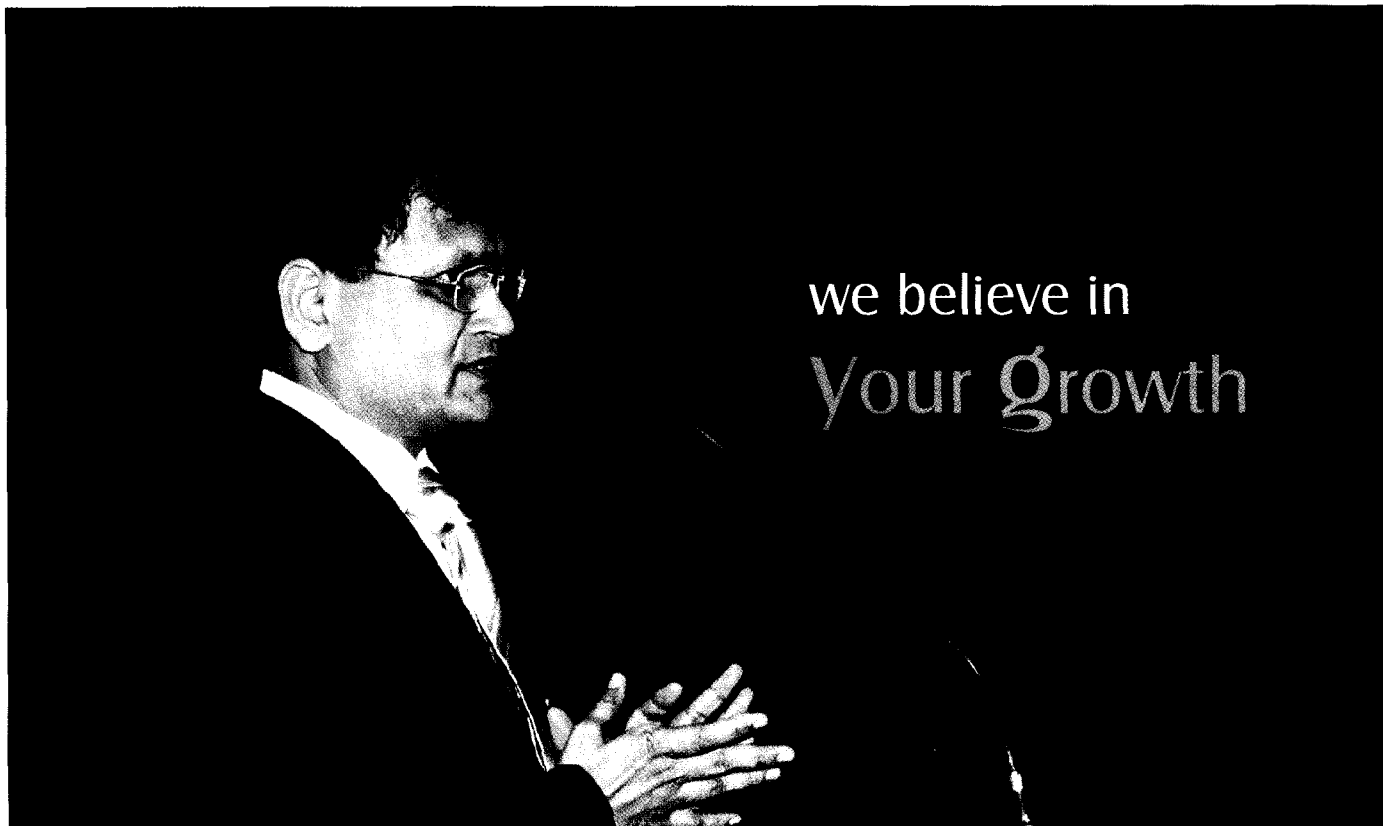
To be the pre-eminent and most trusted provider of financial services. The values to which we aspire can be summarised in 5 principles:

- Integrity
- Client commitment
- Strive for profitability
- Excellence
- Innovation



## 2007-2008 Snapshot

- Total Revenues of Rs 6,125 lacs.
- Net Profit of Rs 1,387 lacs.
- Merger of Arihant Fincap Ltd with Arihant Capital Markets Ltd.
- Initiation of new products: Online IPO investment service.
- Revamp of our website: [www.arihantcapital.com](http://www.arihantcapital.com) with a host of new features and services.



### Chairman's Message

We're building a company that makes investment services reachable and affordable for everyone. Our objective is to grow with the growth of our clients and create value for our shareholders.

The year 2007-2008 has been a significant year in the company's history; it brought challenges and immense growth opportunities. The company accepted the challenges and continued to grow. I am pleased to announce that during the year the company expanded its network and added 156 Arihant Investment Centers across India. For ease and convenience of investors our focus has been on continuous development and improvisation of our online investment product offerings and in lieu with this, this year we launched an online IPO investment facility.

You may know 2007 and early 2008 had been the year of global slowdown due to credit and housing crises that started in US and affected the financial markets worldwide. This crisis led to one of the biggest crash that the Indian stock markets witnessed. Times of market turmoil naturally shake investor confidence. But I continue to believe that India has a long way to go and that our economy will grow at a sustainable pace as the country's fundamentals are strong. We are one of the very few economies in the world which will continue to grow at 7-9% and has a high domestic consumption that will fuel the country's growth. The stock market is the best place for long-term investment based on the time-tested theories of asset allocation and diversification.

We enter FY08 determined to continue growing our business, to reach out to more investors and to improve the financial health of our clients. We will give our clients consistent support and guidance, helping them achieve better outcomes that will finally help them to reach their financial goals.

**Ashok Kumar Jain**  
Chairman

## company information

### Board of Directors

Mr. Ashok Kumar Jain,  
Chairman and Managing Director  
Mr. Sunil Kumar Jain  
Mr. Akhilesh Rathi  
Mr. Pramod Devpura  
Mr. Rakesh Jain

### Company Secretary

Mr. Neeraj Dutt Pandey

### Auditors

M/s Ajay Tulsian & Co.  
Chartered Accountants  
6<sup>th</sup> Floor, Silver Arc Plaza,  
20/1, New Palasia, Indore - 452001

### Registered Office

E-5, Ratlam Kothi,  
Indore - 452001  
Tel. : 0731-2519610/11  
Fax : 0731-3048915

### Corporate Office

67, Nehru Road, 3<sup>rd</sup> Floor, Krishna Bhawan,  
Vile Parle (E), Mumbai - 400057  
Tel. : 022-67664800  
Fax : 022-67664880

### Depository Division

F-1, Ahinsa Tower,  
7, M.G. Road,  
Indore - 452001  
Tel. : 0731-4068436/37  
Fax : 0731-4069758

### Registrar and Transfer Agent

Ankit Consultancy Pvt. Ltd.  
Alankar Point, Geeta Bhavan Circle,  
Indore-452001  
Tel. : 0731-2491298

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## Notice

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of ARIHANT CAPITAL MARKETS LIMITED will be held on Saturday, the 27<sup>th</sup> day of September, 2008 at Hotel President, R.N.T. Marg, Indore 452 001 (M.P.) at 11:30 a.m. to transact the following business:

### ORDINARY BUSINESS:

1. To consider, approve and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2008, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended on 31<sup>st</sup> March 2008.
3. To appoint a Director in place of Shri Sunil Kumar Jain, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration and in this regard to consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** M/s Arora Banthia & Tulsiyan, Chartered Accountants, Indore be and are hereby appointed as Auditors of the Company in place of M/s Ajay Tulsiyan & Co., Chartered Accountants, Indore, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors exclusive of traveling and other out of pocket expenses.”

Place : Indore  
Dated : 30<sup>th</sup> June 2008

By the order of the Board of Directors  
**Neeraj Dutt Pandey**  
Company Secretary



## Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy, however in order to be effective, should be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. Explanatory statement for Item no. 4 of this Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 20<sup>th</sup> September 2008 to Saturday, 27<sup>th</sup> September 2008 (both days inclusive) for the purpose of payment of Dividend, if declared at the ensuing Annual General Meeting of the Company, to the share holders whose names appear :
  - (a) As beneficial owners as at the end of 20<sup>th</sup> September, 2008 as per the list to be furnished by Depositories in respect of shares held in electric form; and
  - (b) 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 19<sup>th</sup> September, 2008 as per the list to be furnished by Registrar in respect of shares held in physical form; and
4. 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.
5. The Register of Directors' shareholding maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the Annual General Meeting.
6. Members who hold shares in dematerialised form are requested to inform their Client ID & DP ID number for easier identification for attendance at the meeting.
7. Shareholders are requested to note that if physical documents, viz. Demat Request Form (DRF) and share certificates, etc. are not received from their DPs by the Company/Registrar within 14 days from the date of generation of the DRF for dematerialisation, the DRF will be treated as rejected/cancelled. Upon rejection/cancellation of DRF, fresh DRF has to be forwarded alongwith shares certificate by the DPs to the Company/Registrar. This note is only to caution the shareholders that they should ensure that their DP should not delay in sending the DRF and share certificates to Company / Registrar after generating DRF.
8. Members desiring to have any information on accounts are requested to write to the company at least 10 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.
9. Members are requested to notify to the Company Secretary or to the Registrar and Share Transfer Agent of any change in address holding shares in Physical Form and to their Depository in case of shares held in Demat Form.
10. 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.
11. 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.
12. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are advised to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
13. The information pursuant to Clause 49 with respect to the details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting is annexed.


**Details of The Directors Seeking Appointment / Re-appointment in The Ensuing Annual General Meeting**

Name of Director	Mr. Sunil Kumar Jain
Date of Birth	03.05.1968
Date of Appointment	25.06.1992
Expertise / Experience in specific functional areas	Stock Markets and Finance Activities
Qualification	M.Com.
No. of Equity Shares held	532080 (Post Merger)
List of outside Company directorship held	3
Chairman / Member of the Committees of the Board of Directors of the Company	Member: 1. Audit Committee 2. Share Transfer & Investor Grievance Committee 3. Remuneration Committee
Chairman / Member of the Committees of the Board Directors of other Companies in which he is director	NIL

**Explanatory Statement for Item No. 4 set out in the Notice****Item No. 4**

M/s Ajay Tulsiyan & Co., Chartered Accountants, Indore retire at the ensuing Annual General Meeting and being eligible for re-appointment, have informed that due to their other engagements they would not be able to continue as Auditors of the Company.

The Company has received in principal consent from M/s Arora Banthia & Tulsiyan, Chartered Accountants, Indore to act as Auditors of the Company and they have also given a certificate to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. Therefore, the Board proposes for appointment of M/s Arora Banthia & Tulsiyan, Chartered Accountants in place of retiring auditors M/s Ajay Tulsiyan & Co., Chartered Accountants.

None of the Directors is concerned or interested in the above resolution.

By the order of the Board of Directors

Sd/

**Neeraj Dutt Pandey**

Company Secretary

Place : Indore

Dated : 30<sup>th</sup> June 2008





## Directors' Report

To the Members,

The Directors are pleased to present their Sixteenth Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2008.

### Financial Highlights

(Rs. in Lacs)

Particulars	2007 - 08	2006 - 07
Gross Income	6,125.41	1,358.98
Profit Before Depreciation and Tax	1,961.43	468.30
Depreciation	83.51	35.74
Profit Before Tax	1,879.69	426.05
Provision for Taxation	492.40	142.71
Net Profit after Taxation	1,387.29	283.34
Balance of Profit and Loss A/c b/f	548.11	352.56
Profit available for appropriation	1,966.33	635.90
<b>Appropriations:</b>		
Transfer to General Reserve	1,500.00	100.00
Dividend (inclusive of Dividend Tax)	137.03	62.34
Balance carried to Balance Sheet	329.30	473.57

### Note:

The current year figures include figures of Arihant Fincap Limited, the company merged with your company, hence the results are not comparable with previous year's figures.

### Dividend

The Directors recommended a dividend of 18% i.e. Rs. 1.80/- per share (previous year Rs. 1.50/- per share) on 65,07,050 equity shares of the face value of Rs. 10/- each for the year ending 31<sup>st</sup> March, 2008.

### Share Capital

The Company has increased its authorised equity share capital from Rs. 4.00 Crore to Rs 7.00 Crore consequent upon order of Hon'ble High Court of M.P., Indore Bench confirming amalgamation of Arihant Fincap Limited with the company. This has resulted in a change of paid-up capital from Rs. 3.55 Crore to Rs 6.50 crore.

### Information on status of Company's Affairs

Information on operational and financial performance, etc, is given in the Management Discussion and Analysis Report which is annexed to the Directors' Report and has been prepared in compliance with the terms of Clause 49 of the Listing Agreement with Indian Stock Exchanges.

### Public Deposits

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

### Subsidiaries

The Company has the following Subsidiaries as on date:

1. Arihant Financial Services Limited
2. Arihant Finsec Limited



In accordance with Accounting Standard (AS-21) on Consolidated Financial Statements, the Directors have pleasure in attaching the audited Consolidated Financial Statements, which form part of the Annual Report.

The Audited Statement of Accounts for the period ended 31<sup>st</sup> March 2008 of the subsidiaries together with the Report of Directors and Auditor's Report are attached as required by the provisions of section 212 of the Companies Act, 1956 and in accordance with Accounting Standard (AS-21).

#### Directors

Shri Pramod Devpura, who retires by rotation in ensuing Annual General Meeting and being eligible, did not offer himself for re-appointment. The Board placed on record its warm appreciation for valuable contribution made by Mr. Pramod Devpura during his tenure with the company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sunil Kumar Jain retires by rotation and being eligible offers himself for reappointment.

#### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo

The information relating to energy conservation, technology absorption, foreign exchange earnings and outgo required u/s 217(1) of the Companies Act, 1956 is NIL as the Company has no activity relating to it.

#### Particulars of Employees

Particulars of Employees as required under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is as under:

Name	Designation	Age	Qualification	Experience (Years)	Remuneration Received	Date of appointment	Last Employment
Mr. Ashok Kumar Jain	Chairman & Managing Director	54	C.A.	16	Rs. 24.26 Lacs	25.06.1992	NIL
Mrs. Anita Gandhi	Head Institution	45	C.A.	20	Rs. 43.38 Lacs	02.06.2002	M/s Somaya Julu & Company Limited

#### Director's Responsibility Statement

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Director's statement, as an averment of their responsibility, is as under:

- The Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanations relating to material departures, if any;
- The Directors have 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, 2008 and of the profit of the Company for the year ended on that date;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2008 on a going concern basis.

#### Auditors

M/s Ajay Tulsian & Co., Chartered Accountants, Indore retire at the ensuing Annual General Meeting, and being eligible for re-appointment, have informed that due to their other engagements they would not be able to continue as Auditors of the Company.

The Company has received in-principal consent from M/s Arora Banthia & Tulsian, Chartered Accountants, Indore to act as Auditors