

# OUR VISION PUTS OUR CUSTOMERS FIRST





Excellence

Innovation

Strive for  
Profitability

Integrity

Client  
Commitment

## We want to help our clients succeed financially.

Our vision puts our customers first. Objective advice built upon trusted long term relationships defines how we work with our clients. We try to connect our vision with the financial success of our clients. Helping them get the right answers so they can make smart financial decisions. It's how we have been endeavoring to conduct business over the years and we want this to anchor all our decisions and client interactions. Our client's growth is our objective.



## Chairman's Message

Dear Shareholders

The recession may be officially over, but it still has left its traces behind. The financial year 2011 was full of ups and downs and took millions of investors associated with it on a roller coaster ride. Even though the year saw substantial increase in volumes, however most of it was contributed by institutional investors, leaving the retail investors at bay. The subdued retail participation on the revenues side coupled with cut throat competition in the broking industry has been a concern for the industry as a whole.

However, despite the rough tides, I am pleased to inform you that your company has carved out innovative ways to reach out to more investors and repose their confidence in the markets, by educating them. All this comes with our unwavering belief that if you do the right thing for your clients, they will choose to do business with you.

We started with a pretty simple idea, to make investing easier and understandable to all. This focus is still a core part of how we do business. However, over the years we continued to add financial products and services that will simplify the client's needs, because we understand that the clients want more and need more. Today we are an integrated financial services company, and our vision is to provide investors with a complete range of financial services and resources, they need to reach their financial

goals, whether those be simplified equity investments, a holistic financial planning, various investment products or advice to make it all work; all this together with the highest level of convenience, ease of access and great value. We've made sure we deliver this with complete integrity, keeping our client's interest first.

I believe that the need for right investment advice arises, more than ever before. As the Indian financial industry grows the number of offerings increases, complicating the choices for the investors. In addition to this, the entire world is undergoing a lot of changes and due to rapid development of technology; we are likely to see the investment and commodity cycles moving in a short duration. This brings moral responsibility for companies like us to offer simplified products and advice to investors, which we are geared to undertake.

For over seventeen years, we've been there with you during the highs and lows, the thick and thin and helped you weather it all smoothly. Our commitment of being there with you at all times, stands unshaken.

We step into a new year standing by our unwavering commitment to our clients and shareholders. We promise to continue to make the effort of helping investors reach their financial goals and take your company to another level of growth and enhance our position in the industry.

Ashok Kumar Jain



# Corporate 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 Rath

Mr. Rakesh Jain

Mr. Pankaj Kumar Gupta

Mr. Paragbhai Rameshbhai Shah

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## COMPANY SECRETARY

Mr. Mahesh Pancholi

## AUDITORS

M/s Arora, Banthia & Tulsian  
Chartered Accountants  
6<sup>th</sup> Floor, Silver Arc Plaza, 20/1 New Palasia, Indore  
Tel: +91-731-2534318, Fax: +91-731-2433519

## REGISTERED OFFICE

E/5 Ratlam Kothi Area, Indore - 452 001 (M.P.)  
Tel: +91-731-2519610, Fax: +91-731-3048915

## CORPORATE OFFICE

3<sup>rd</sup> Floor, Krishna Bhavan, 67, Nehru Road,  
Vile Parle (E) Mumbai - 400057  
Tel: +91-22-42254800/ 42254828, Fax: +91-22-42254880

## ADMINISTRATIVE OFFICE

6 Lad Colony, Y.N. Road, Indore - 452 001 (M.P.)  
Tel: +91-731-4217100, Fax: +91-731-3016199

## DEPOSITORY DIVISION

F-1 Ahinsa Tower, 7, M.G. Road, Indore - 452 001 (M.P.)  
Tel: +91-731-4217350-51, Fax: +91-731-4217360

## REGISTRAR & TRANSFER AGENT

Ankit Consultancy Private Limited  
Plot No. 60, Electronic Complex,  
Pardeshipura, Indore - 452 010 (M.P.)  
Tel: +91-731-3198601, 3198602  
Fax: +91-731-4065798

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## Notice

Notice is hereby given that the Nineteenth Annual General Meeting of the members of ARIHANT CAPITAL MARKETS LIMITED will be held on Thursday September 15, 2011 at 4:00 p.m. at Hotel President, R.N.T. Marg, Indore 452001 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended March 31, 2011 and the Balance Sheet as at that date together with the reports of the board of directors and the auditors thereon.
2. To declare dividend on the paid up equity of the Company for the financial year 2010-11.
3. To appoint a director in place of Mrs. Anita Surendra Gandhi, who retires by rotation, and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. Sunil Kumar Jain, who retires by rotation, and being eligible, offers himself for re-appointment.
5. 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 & Tulsian (Firm Registration No. 007028C), Chartered Accountants, Indore be and are hereby re-appointed as auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board Of Directors exclusive of travelling and other out of pocket expenses."

### SPECIAL BUSINESS:

6. Re-appointment of Whole-time Director: To consider and if thought fit to pass, with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956, if any, read with Schedule XIII of the said act and subject to such approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities, approval of the Company be and is hereby accorded to the re-appointment of Mrs. Anita Surendra Gandhi, the Whole-time Director of the Company for a period of two years with effect from 1<sup>st</sup> February, 2011 on a basic salary of ₹ 1,76,000 per month."

"RESOLVED FURTHER THAT the perquisites (including allowances) payable or allowable to the Whole-time Director be as follows:

- i. Housing: Furnished/Unfurnished accommodation or house rent allowance in lieu thereof not exceeding 40% of the basic salary.
- ii. Conveyance: Company will reimburse actual conveyance and traveling expenses incurred.
- iii. Performance Pay: Such amount as may be determined by the Remuneration Committee for each year, not exceeding two times of the basic salary.
- iv. Mrs. Anita Surendra Gandhi prior to her appointment as Whole-time Director in the Company, in her capacity as an employee of the Company, shall be eligible for stock options, as and when the event happens."

"RESOLVED FURTHER THAT notwithstanding anything herein, where in any financial year during the tenure of the Whole Time Director, the Company has no profits or its profits are inadequate, the Company may pay to the Whole Time Director, the above remuneration as the minimum remuneration by way of salary, perquisites, performance pay, other allowances and benefits as specified above subject to receipt of the requisite approvals, if any."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include Remuneration Committee thereof, for the time



being exercising the powers conferred upon the Board by this Resolution) be and is hereby authorized to vary, increase, enhance, or widen from time to time the terms of appointment and remuneration of the Whole time Director and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

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

7. Increase in the Remuneration of Relative of a Director of the Company: To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 314 and other applicable provisions of the Companies Act, 1956, if any, the approval of the members of the Company be and hereby accorded to enhance the remuneration w.e.f. June 1, 2011 of Miss Shruti Jain, Senior Vice President who holds the office of place of profit under a contract of service with a minimum of ₹ 50,000 per month subject to the maximum remuneration not exceeding ₹ 2,50,000 per month together with the usual allowances, benefits, amenities and facilities applicable to other employees occupying similar posts within the same salary scale."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem desirable, necessary, expedient, usual or proper to implement this resolution within the aforesaid remuneration limits."

Registered Office:  
E/5, Ratlam Kothi, Indore 452001

Dated : 6<sup>th</sup> August, 2011

Place : Indore

By the order of the Board of Directors

Sd/-

Mahesh Pancholi

Company Secretary

#### IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken the "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ document including annual report can be sent by e-mail to its members. To support this green initiative of the government in full measures, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the depository through their concerned depository participants. Members who hold shares in physical form are requested to fill the appropriate column in the members' Go Green registration form.



## Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE 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 COMMENCEMENT OF MEETING.
2. The relevant Explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of Special business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 12, 2011 to Thursday, September 15, 2011 (both days inclusive) for the purpose of payment of Dividend, if declared, at the ensuing Annual General Meeting of the Company, to the shareholders whose name appear:
  - a) As beneficial owners as at the end of September 10, 2011 as per the list to be furnished by Depositories in respect of shares held in electronic 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 September 10, 2011 as per the list to be furnished by registrar in respect of shares held in physical form.
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 dematerialized form are requested to inform their client ID and DP ID number for easier identification for attendance at the meeting.
7. 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, Ankit Consultancy Private Limited regarding transfer of shares and for resolving grievances.
8. 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 at Ankit Consultancy Pvt. Ltd., Plot No. 60, Electronic Complex, Pardeshipura, Indore-452010, M.P. in respect of their physical shares folio.
9. Shareholders who are still holding physical share certificate are advised to dematerialise their shareholding to avail benefit of dematerialisation.
10. Members/Proxies are requested to bring their copy of annual report at the meeting with the attendance slip, duly filled in, for attending the meeting.
11. 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.
12. Pursuant to the requirements on corporate governance under clause 49 of listing agreements entered into with stock exchanges, the information about Directors proposed to be appointed/re-appointed is given in the annexure to the Notice.
13. 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.
14. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company's registered





office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's unpaid dividend account, will, as per Section 205C of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.

15. In terms of general exemption granted by the central government under section 212(8) of the Companies Act, 1956, pursuant to the general circular no. 2/2011 dated February 8, 2011 of the Ministry of Corporate Affairs, Government of India, copy of balance sheet, profit and loss account, reports of board of directors and auditors of the subsidiaries have not been attached with balance sheet of the Company. The company secretary and compliance officer will make these documents available upon receipt of request from any member of the Company interested in obtaining the same. However, as directed by the Central Government, the financial data of the subsidiaries have been separately furnished forming part of the Annual Report. These documents will also be available for inspection at the registered office of the Company and the concerned subsidiary companies, during 10 a.m. to 5 p.m. on all working days upto the date of the Annual General Meeting.

## Annexure to Notice

### Explanatory Statement under section 173(2) of the Companies Act, 1956

#### Item No. 6

Mrs. Anita Surendra Gandhi has a wide experience in the field of finance including corporate finance, primary market and secondary market research. In the career spanning over 23 years, Mrs. Gandhi worked with Pidilite Industries Ltd for 5 years where she was actively involved in the financial affairs of the company including working capital arrangements, term loan syndication, commercial paper placements, credit rating of the company and public issue of the Company. She is a member of The Institute of Chartered Accountants of India and a member of The Institute of Cost and Works Accountants of India. She has also acted as a faculty member for the CFA institute & has contributed various articles to their publications. She was actively involved in setting up institutional broking business, mutual fund distribution business and the research activity for the Company.

On recommendations of the remuneration committee, the Board at its meeting held on January 29, 2011, approved the re-appointment and remuneration payable to Mrs. Anita Surendra Gandhi, as a Whole-time Director for a period of two years with effect from February 1, 2011.

The Board is of the view that the knowledge and experience of Mrs. Anita Surendra Gandhi will be beneficial and valuable to the Company. Your Directors recommend this resolution as an ordinary resolution for approval of the members.

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

#### Item No. 7

Ms. Shruti Jain, Senior Vice- President, is a post graduate in Finance and Investments from University of Nottingham, England and has done BA (Hons) in Business Administration from De Montfort, England. Ms. Shruti Jain has over four years of experience with Arihant during which she has worked in the field of equity and mutual fund research, distribution of financial products, planning and strategy, marketing and public relations, customer relations and client portfolio management. She has also been instrumental in getting ISO 9001:2008 certification to Arihant.

She is a relative of two of our Directors namely Mr. Ashok Kumar Jain and Mr. Sunil Kumar Jain in terms of section 6(b) and Schedule 1A of the Companies Act, 1956.

Looking at her skills and performance, the Board of Directors in its meeting held on May 30, 2011 has increased remuneration of Ms. Shruti Jain and now recommends that the same be approved by shareholders.

By order of the Board of Directors

Sd/

Dated : 6<sup>th</sup> August, 2011

Place : Indore

Mahesh Pancholi  
Company Secretary





## Details Of The Directors Seeking Appointment / Re-appointment In The Ensuing Annual General Meeting

Name of Directors	Mrs. Anita Surendra Gandhi	Mr. Sunil Kumar Jain
Date of Birth	11.12.1963	03.05.1968
Date of Appointment	30.01.2010	25.06.1992
Expertise / Experience in specific functional areas	Wide experience in finance, capital markets and institutional broking	Wide experience in the field of capital markets
Qualification	B.Com, CA, ICWA	M.Com.
Directorship held in Other Public companies (excluding private companies, foreign companies and section 25 companies)	NIL	Arihant Futures And Commodities Limited
Memberships/ Chairmanship of Committees of other public companies (includes only Audit Committee and shareholders/ Investor Grievances Committee)	NIL	NIL
No. of Equity Shares held in the Company	NIL	16,06,656



## Directors' Report

Dear Shareholders,

The Directors are pleased to present the Nineteenth Annual Report on the business and operations of Arihant Capital Markets Ltd together with the audited financial statements and accounts for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL HIGHLIGHTS

The following table gives the financial highlights of your company on a standalone and consolidated basis for the financial year 2010-11:

Particulars	Standalone		Consolidated (in Lacs)	
	2010-11	2009-10	2010-11	2009-10
Gross Income	5394.52	5123.54	6438.14	6364.14
Profit Before Depreciation and Tax	1254.68	1129.00	1626.00	1952.36
Depreciation	116.24	128.42	124.67	136.00
Profit Before Tax	1141.39	998.87	1504.29	1813.14
Provision for Taxation	350.01	426.18	464.51	703.95
Net Profit after Taxation	791.37	572.68	1039.77	1109.18
Balance of Profit and Loss A/c b/f	125.06	354.13	407.73	450.41
Profit available for appropriation	916.43	926.81	1447.24	1566.49
Appropriations:				
Transfer to General Reserve	700.00	650.00	1020.00	1000.00
Transfer to Statutory Reserve	Nil	Nil	5.00	7.00
Dividend (inclusive of Dividend Tax)	181.50	151.76	181.50	151.76
Balance carried to Balance Sheet	34.93	125.06	240.74	407.73

#### Dividend

The Directors recommended a dividend of ` 0.75 per share i.e. 15% (previous year 20%) on 2,08,22,560 equity shares to be appropriated from the profits of the year 2010-2011, subject to the approval of the shareholders at the ensuing Annual General Meeting.

#### Transfer To General Reserves

The Company proposes to transfer ` 700 Lacs to the General Reserve out of the amount available for appropriations and an amount of ` 34.93 Lacs is proposed to be retained in the Profit and Loss Account.

#### Review Of Operations

During the year under review, the company has posted gross income of ` 5,394.52 Lacs in comparison to ` 5,123.54 Lacs in the previous year. The profit after tax of the Company for the year 2010-11 is ` 791.37 Lacs which was ` 572.68 Lacs in the previous year.

A detailed note on the Company's operational and financial performance is given in the 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 clause 49 of the Listing Agreement with the Bombay Stock Exchange.

#### Public Deposits

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