

Annual Report
YEAR 2013-2014



In line with the progressive India.



ARIHANT Capital markets ltd.
Generating Wealth. Satisfying Investors.



Chairman's Message

Dear Shareholders

As they say, "The roughest roads often lead to the top." In my last letter I had committed to you that no matter what challenges we face, we will remain focused on every step of this journey. As we had expected, the tough economic environment that we had seen in 2013 continued in 2014 amidst the backdrop of increasing interest rates, higher inflation and weakening rupee.

As I present 22nd annual report to our shareholders, I take pride in the way we have been able to stand firm in the midst of a tough macro-environment, use our resources wisely and not let the tough market conditions change our focus of working for the benefit of our clients. I have renewed hope and optimism with the formation of a stable government at the centre, a mandate not seen by any political organisation in India in the past 30 years, a mandate that shows young India's desire for change, a mandate that exhibits clear aspiration for growth and development of the nation.

With the economic downturn behind us, I foresee the new government's prime focus will be in the direction of sustainable economic revival and growth with key focus on fiscal consolidation. With significant reforms being introduced to enable the revival of capital markets by the regulator, we foresee more investor friendly policies and newer initiatives for manufacturing sector and industries at large. I believe the economy will see a paradigm shift and growth above 5% levels in the years to come.

As they say, behind every cloud, there lies a silver line. Many of the strong headwinds that have impacted our earnings over the last few years are slowly dissolving. It is the firm belief in our business principles that we have been able to stand strong in every situation. With the new government poised to reform the country with its clear-cut vision and transformational policies, the future indeed seems bright and encouraging. There is growing optimism amongst the retail participants, foreign institutions and the country at large which we expect are significant signs of a bull market ahead. We at Arihant, believe that the new financial year will provide us opportunity for growth and help us revive interest of individuals in equities. We remain committed to our vision of serving our clients by offering appropriate products and right advice that will help us create value for our customers, build a strong company and create long term shareholder value.

Ashok Kumar Jain
Chairman & Managing Director

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. Rakesh Jain
Mr. Pankaj Kumar Gupta
Mr. Parag Rameshbhai Shah

Company secretary
Mr. Mahesh Pancholi

AUDITORS

M/s Arora, Banthia & Tulsiyan
Chartered Accountants
6th Floor, Silver Arc Plaza, 20/1 New Palasia,
Indore -452 001 (M.P.)
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

3rd 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

REGISTRAR & TRANSFER AGENT

Ankit Consultancy Private Limited
Plot No. 60, Electronic Complex,
Pardeshipura, Indore - 452 010 (M.P.)
Tel: +91-731-2551745
fax: +91-731-4065798

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Notice is hereby given that the Twenty Second Annual General Meeting (AGM) of the members of Arihant Capital Markets Limited will be held on **Saturday, 9th August, 2014** at 12:30 p.m. at Lemon Tree Hotel, 3, R.N.T. Marg, Indore – 452 001 (M.P.), to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2014, the statement of Profit and Loss Account of the Company for the year ended on that date and the reports of the Board of Directors and auditors thereon.
2. To declare a dividend on equity shares for the year 2013-14.
3. To appoint a director in place of Mr. Sunil Kumar Jain (DIN: 00184860), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mrs. Anita S. Gandhi (DIN: 02864338), who retires by rotation and being eligible offers herself for re-appointment.
5. To appoint auditors and to 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 & Tulsyan, Chartered Accountants (registration no. 007028C), be and are hereby re-appointed as auditors of the Company from the conclusion of this AGM until the conclusion of the next AGM 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. To Consider and if thought fit, to pass with or without modifications, the following resolution as on Ordinary Resolution:

“RESOLVED THAT, pursuant to section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013 and pursuant to Clause 49 of the Listing Agreement, Mr. Akhilesh Rathi (holding DIN 02002322), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, signifying the member’s intension to propose Mr. Akhilesh Rathi, Director of the Company, be and hereby appointed as an Independent Director of the Company to hold Office for 5 (five) consecutive years for a term up to 31st March, 2019, not liable to retire by rotation.”

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

“RESOLVED THAT, pursuant to section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013 and pursuant to Clause 49 of the Listing Agreement, Pankaj Kumar Gupta (holding DIN 00085831), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, Signifying the member’s intension to propose Pankaj Kumar Gupta Director of the Company, be and hereby appointed as an Independent Director of the Company to hold Office for 5 (five) consecutive years for a term up to 31st March, 2019, not liable to retire by rotation.”



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

“RESOLVED THAT, pursuant to section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013 and pursuant to Clause 49 of the Listing Agreement, Parag Rameshbhai Shah (holding DIN 00512469), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, signifying the member’s intension to propose Parag Rameshbhai Shah Director of the Company, be and hereby appointed as an Independent Director of the Company to hold Office for 5 (five) consecutive years for a term up to 31st March, 2019, not liable to retire by rotation.”

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

“RESOLVED THAT, pursuant to section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013 and pursuant to Clause 49 of the Listing Agreement, Mr. Rakesh Jain (holding DIN 00951773), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, Signifying the member’s intension to propose Mr. Rakesh Jain Director of the Company, be and hereby appointed as an Independent Director of the Company to hold Office for 5 (five) consecutive years for a term up to 31st March, 2019, not liable to retire by rotation.”

By the order of the Board of Directors

Place: Indore
Dated: 30th June, 2014

Mahesh Pancholi
(Company Secretary)
M. No. F7143



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. 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. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of item no. 6 to 9 of the notice as set out above, is annexed hereto.
3. The register of members and share transfer books of the Company will remain closed from Saturday, 2nd August, 2014 to Saturday, 9th August, 2014 (both days inclusive) in connection with the AGM and for the purpose of payment of dividend, if approved by the members.
4. The dividend as recommended by the Board, if declared at the meeting, will be paid on or after 16th August, 2014 to those members:
 - a) whose names appeared as beneficial owners as at the end of 1st August, 2014 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 1st August, 2014 as per the list to be furnished by registrar in respect of shares held in physical form.
5. 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.
6. 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.
7. 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.
8. 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.
9. Shareholders who are still holding physical share certificate(s) are advised to dematerialize their shareholding to avail benefit of dematerialization.
10. 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.
11. 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.

12. 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.
13. 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.
14. 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.
15. Pursuant to the requirements on corporate governance under Clause 49 of Listing Agreement entered into with stock exchanges, the information about directors proposed to be appointed/re-appointed is given in the annexure to the notice.
16. Dividend for the financial year ended 31st March, 2007, 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 (section 205A of the erstwhile Companies Act, 1956), on 31st October, 2014. Members, who have not yet encashed their dividend warrants for the financial year ended 31st March, 2007 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.
17. 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.
18. The Notice of the AGM along with the Annual Report 2013-14 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.

**Instructions for shareholders voting through electronic means:**

- (i) The e-voting period begins on Saturday, August 2, 2014 from 9.30 a.m. and ends on Monday, August 4, 2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 04/07/2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting



through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <company name> on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.