

ANNUAL REPORT
2017 - 2018

CREATING WEALTH FOR INDIA BY ALWAYS PUTTING THE CLIENT FIRST





CHAIRMAN'S MESSAGE

Dear Shareholders,

I am delighted to present before you the 26th Annual Report of your Company. As we traverse through this wonderful journey, we take pride in fulfilling needs and aspirations of Indians from every part of the country, ethnicity, gender and background people residing in large cities and small towns, salaried and self-employed, the young and the wise, people of determination and everyone in between. Our philosophy of providing fair and sound researched based advice and enabling our clients in making sound financial decisions has successfully helped us create wealth of our clients.

In the current scenario, the post-demonetization era, there has been a fundamental change in behavior of Indians with household savings increasingly shifting from physical assets to financial assets. In FY 2018, India witnessed record demat account openings, many first-time investors have chosen to invest in the stock market through mutual funds, which have seen record flows and new investor registrations.

India's economy maintained its strong growth in FY 2018 as GDP expanded to 7.4% as compared to 7.6% in the previous year. With “One Nation, One Tax” GST regime being implemented, GST collections crossed Rs. 1 trillion figure in April 2018. However, in the previous Union Budget, the government re-introduced LTCG tax on stocks. Investors will have to now pay 10 per cent tax on profit exceeding Rs. 1 lakh made from the sale of shares or equity mutual fund schemes held for over one year.

India today is on the cusp of a transformation - an India more vibrant and dynamic. In this backdrop, equities markets have also transformed. Experienced Investors now understand how difficult it is to “beat” or “outperform” the market on a consistent basis. Hence it is apt that investors lay their emphasis on proper planning, asset allocation and tax efficiency - all factors that have delivered success over time and all within every investor's control. We, at Arihant, recognize and acknowledge these changing times and are realigning our business strategy, business processes and honing our team skills to keep ourselves ahead of the curve.

I am pleased to inform you that during the financial year, your Company's consolidated income crossed Rs. 100 crores, a testimony of our relentless work. The total income for the previous year stood at Rs. 102.44 crore and your company reported a profit after tax of Rs. 20.66 crore.

Today, thanks to technology, reaching out to people and making the markets available to them has become much easier. On the technological front, we have completely revamped our mobile trading application for our clients and introduced E-KYC, paperless onboarding in 2018. We recognize that in the current era, trading and accessing client information via mobile devices is extremely important and hence we are betting big on it in the future. We are humbled at the opportunity to lead Arihant forward in this new “smart” age by innovating and simplifying our technological infrastructure and offerings.

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 will close where I started-with a sincere thank you. Thank you to our valued clients, our shareholders and all the stakeholders who have helped us to accomplish our goals. Your trust and confidence in Arihant have helped us build a remarkable company, that is set to make a positive impact in the lives of every Indian. I truly believe the best is yet to come.

**“With our vision and strategy
in the right direction,
the value is yet to unlock
and we are poised for
the growth in the future”**

ASHOK KUMAR JAIN
Chairman & Managing Director



FUELLING ONGOING GROWTH



COUNTRY WIDE PRESENCE

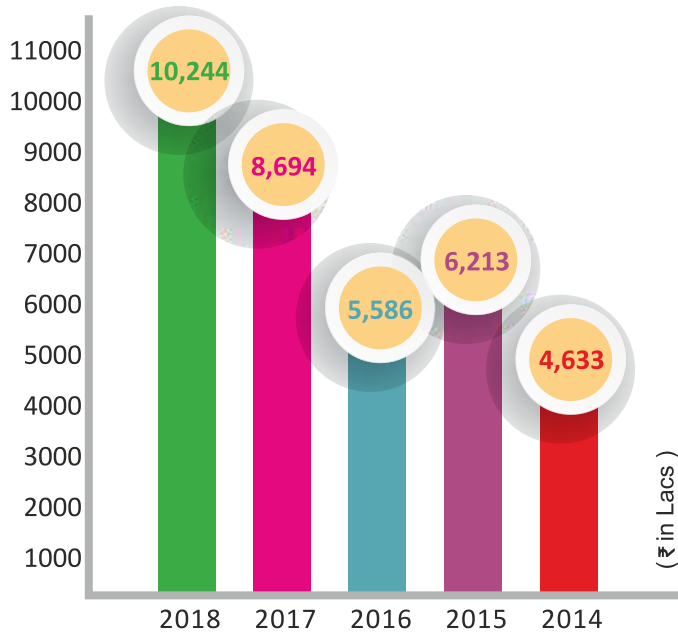


PRODUCTS & SERVICES

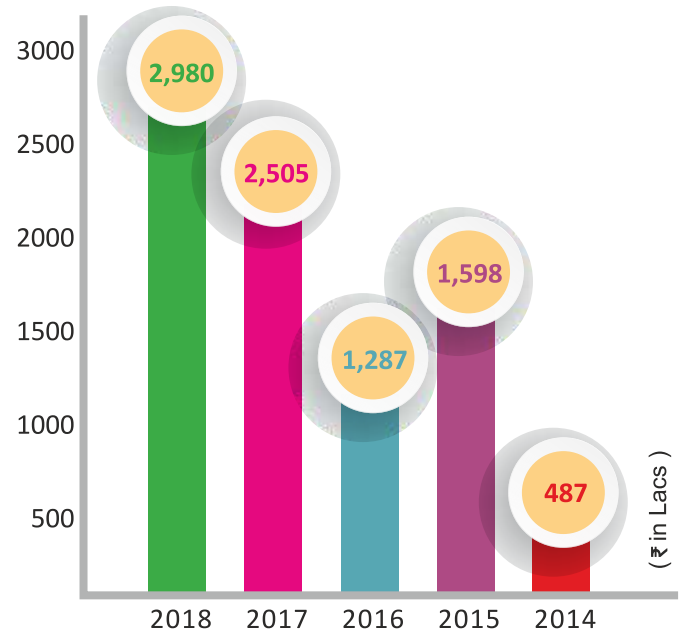
- ◀ Equities & Derivatives
- ◀ Currency
- ◀ Priority Client Group Services
- ◀ Depository Services
- ◀ Commodities
- ◀ Mutual Funds
- ◀ Online & Mobile Trading
- ◀ IPO & Bonds
- ◀ Merchant Banking (Category 1)

CONSOLIDATED PERFORMANCE HIGHLIGHTS

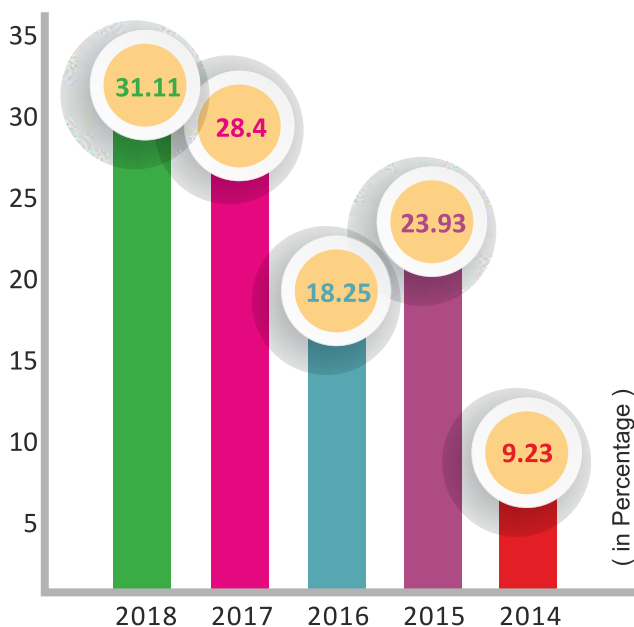
TOTAL INCOME



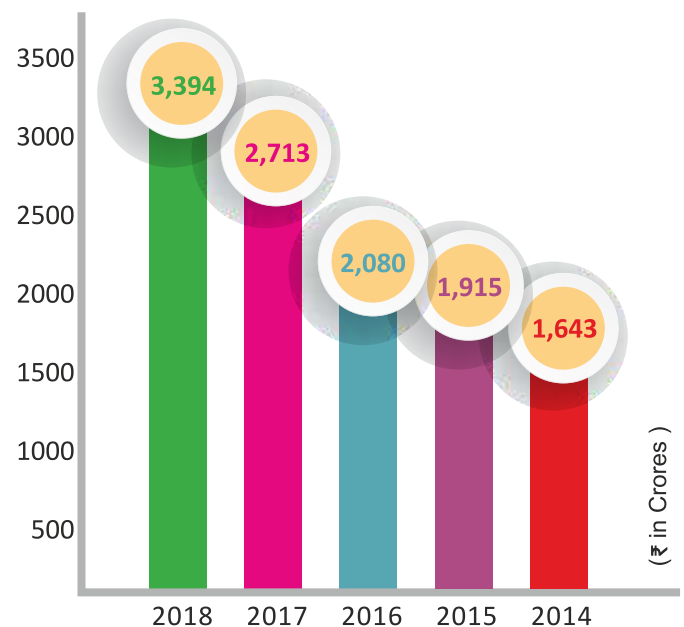
PROFIT BEFORE TAX (PBT)



RETURN ON CAPITAL EMPLOYED (ROCE)



TOTAL CLIENT ASSETS



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 Dinesh Ajmera & Associates
Chartered Accountants
901, Scheme No. 114, Part-1, A.B. Road,
Indore – 452001 (MP)
Mobile No. 9826868011

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENT

Ankit Consultancy Private Limited
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

CORPORATE OFFICE

1011, Solitaire Corporate Park,
Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road,
Chakala, Andheri (East),
Mumbai – 400093
T. 022-42254800
F. 022-42254899

DP OFFICE

601, Atlantis Tower, 13-A,
Scheme No. 78, Part II,
Indore – 452010 (M.P.)
T. 0731-421262
F. 0731-4217199

Email: compliance@arihantcapital.com
Visit us at: www.arihantcapital.com



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NOTICE

Notice is hereby given that the **TWENTY SIXTH ANNUAL GENERAL MEETING (AGM)** of the members of **ARIHANT CAPITAL MARKETS LIMITED (CIN:L67120MP1992PLC007182)** will be held on **Tuesday, 25th September, 2018 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 31st, 2018 and the Reports of the Board of Directors and Auditors Report thereon.
2. To declare Dividend for the Financial Year 2017-18.
3. To appoint a director in place of Mr. Pavan Kumar Ved (DIN:02055767), who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

To rectify the appointment of M/s Dinesh Ajmera & Associates (Firm Registration no. 011970C) as the Statutory Auditor of the Company and to consider and if thought fit, to pass 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 pursuant to the resolution passed by the Members at the Twenty Fifth Annual General Meeting (AGM) held on 09th September, 2017 appointing M/s Dinesh Ajmera & Associates (Firm Registration no. 011970C) as a Statutory Auditor to hold office from the conclusion of the 25th AGM till the conclusion of 30th AGM of the Company, the consent of the members, be and is hereby accorded, to ratify their appointment as Auditors of the Company, to hold office from the conclusion of this AGM till the Conclusion of the 30th AGM of the Company on such remuneration plus applicable service tax and reimbursement of out of pocket expenses incurred during the course of the audit, of accounts of the Company for the financial year ending March 31, 2018 as may be mutually agreed between the Board of Directors and the Auditors.”

SPECIAL BUSINESS

5. RE-APPOINTMENT OF MRS. ANITA S. GANDHI (DIN : 02864338) AS A WHOLE TIME DIRECTOR OF THE COMPANY:

To Consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT subject to the provisions of Sections 196, 197, 203 and all other applicable provisions of the Companies Act, 2013 (the Act) (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the Act and subject to such approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded for the re-appointment of Mrs. Anita Surendra Gandhi (DIN : 02864338), Whole Time Director of the Company for a period of two year with effect from 1st February, 2018.

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

1. Basic Salary ₹ 2,09,000 per month.
 2. Housing: Furnished/Unfurnished accommodation or House Rent Allowance in lieu thereof not exceeding 40% of the Basic salary.
 3. Conveyance: company will reimburse actual conveyance and traveling expenses incurred.
 4. Performance Pay: Such amount as may be determined by the Nomination and Remuneration Committee, not exceeding 2 times of the basic salary.
 5. Mrs. Gandhi prior to her appointment as Whole Time Director in the Company, in her capacity as an employee of the Company. She shall be eligible for Stock Options, as and when the event happens.
- Provided that the remuneration payable by way of salary, perquisites, performance pay, other allowances and benefits does not exceed the limits laid down in Section 197 of the Companies Act, 2013, including any statutory modifications or re-enactment thereof

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

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

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

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

6. RE-APPOINTMENT OF MR. ASHOK KUMAR JAIN (DIN:00184729) AS A MANAGING DIRECTOR OF THE COMPANY:

To Consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the company and subject to the approval of Central Govt. or other Govt. Authority /agency/ aboard, if any, the consent of the members of the company be and is hereby accorded to re-appointment of Mr. Ashok Kumar Jain (DIN:00184729) as a Chairman and Managing Director of the Company for a period of three years with effect from 1st August 2018 to 31st July 2021, on the terms and conditions and remuneration as set out in the agreement entered into between the Company and Mr. Ashok Kumar Jain, a copy whereof is placed before the meeting duly initialed for the purpose of identification, which agreement is hereby specifically approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement (including authority, from time to time, to determine the amount of salary and variable pay as also the type and amount of perquisites and other benefits payable to Mr. Ashok Kumar Jain), in such manner as may be agreed to between the Board of Directors and Mr. Ashok Kumar Jain provided however that the remuneration payable to Mr. Ashok Kumar Jain shall not exceed the limits specified in the said agreement as also the limits prescribed under schedule V to the Companies Act, 2013, including any amendment, modification, variation or re-enactment thereof;

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year, the Company subject to requisite approvals, may pay to Managing Director, by way remuneration including commission, perquisites and allowances which shall not exceed the amount as may be agreed and decided by the Board of Directors of the Company.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, 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.

FURTHER RESOLVED THAT Mr. Ashok Kumar Jain shall not be subject to retirement by rotation as per Articles of Association of the company during his tenure as Chairman and Managing Director. However, due to compulsion of provisions of the Companies Act, 2013, if he has to retire by rotation and reelected, then such re-appointment of the Managing Director of the company due retirement by rotation shall not constitute a break in his office as a Managing Director of the company.

FURTHER RESOLVED THAT on the recommendation of the Remuneration Committee, the Board of Directors do hereby approve re-appointment of Mr. Ashok Kumar Jain as Managing Director for a further period of three years with effect from 1st August, 2018, subject to the approval of the shareholders in the AGM on the following material terms and conditions of the agreement as follows:

1. Duties and Responsibility : Subject to the superintendence, control and overall direction of the Board of directors of the company, The Managing Director shall have the power of general conduct and management of the whole of business and affairs of the company except in the matter which may be specifically required to be done by the board either as per the provisions of the Companies Act, 2013 or by the articles of association of the company and the managing director shall also exercise and perform such powers and duties as the board of the directors of the company may from time to time determine and shall also do and perform all other acts and things which in the ordinary course of business he may be consider necessary or proper or in the interest of the company.
2. Period of Agreement: Three years from August 1, 2018 to July 31, 2021.
3. Remuneration: ₹ 5 Lacs per month.