

Annual Report 2021-22

3



Years of trust

Corporate Information

BOARD OF DIRECTORS



REGISTERED 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,
Chakala, Andheri (East),
Mumbai – 400093
T. 022-42254800

AUDITOR

M/s DINESH AJMERA & ASSOCIATES
Chartered Accountants
901, Scheme No. 114, Part-1, A.B. Road,
Indore – 452001 (MP)
Mobile No. 9826868011

SECRETARIAL AUDITOR

AJIT JAIN & CO.
Prem Villa, 84, Kailash Park Colony,
Indore-452001
Mobile No. 9425053710

REGISTRAR & TRANSFER AGENT

ANKIT CONSULTANCY PVT LTD
Plot No. 60, Electronic Complex
Pardeshipura, Indore – 452 010 (M.P.)
T. +91-731-2551745

CHIEF FINANCIAL OFFICER

MR. TARUN GOYAL

COMPANY SECRETARY

MR. MAHESH PANCHOLI

Consolidated Financial Performance Highlights

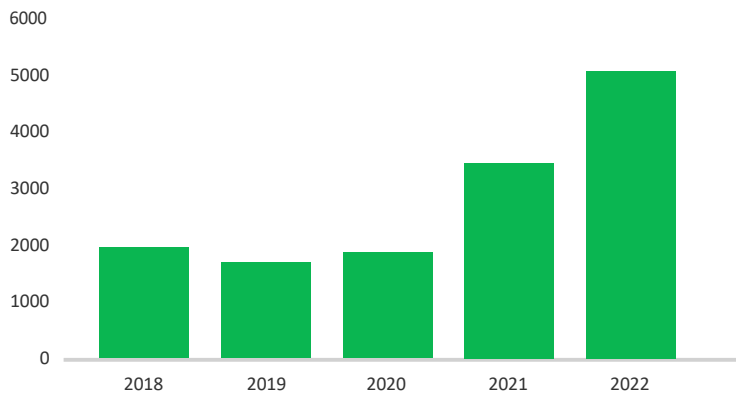
PAT (₹ lacs)

↑ 1 yr growth

46%

↑ 5 yrs CAGR

20%



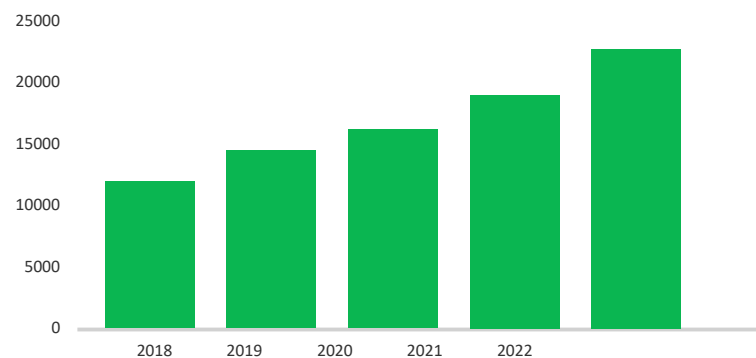
NET WORTH (₹ lacs)

↑ 1 yr growth

26%

↑ 5 yrs CAGR

14%



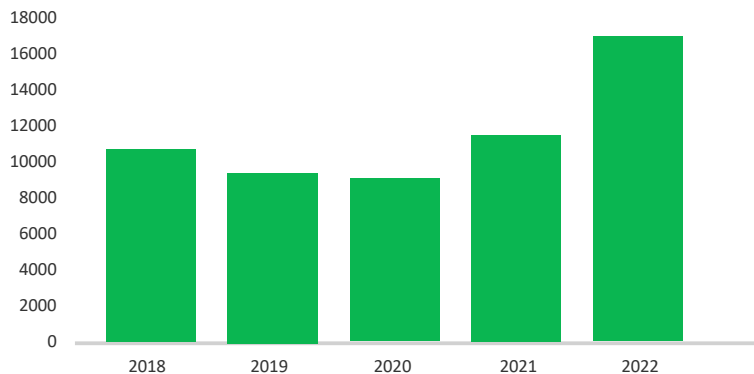
TOTAL INCOME (₹ lacs)

↑ 1 yr growth

46%

↑ 5 yrs CAGR

11%



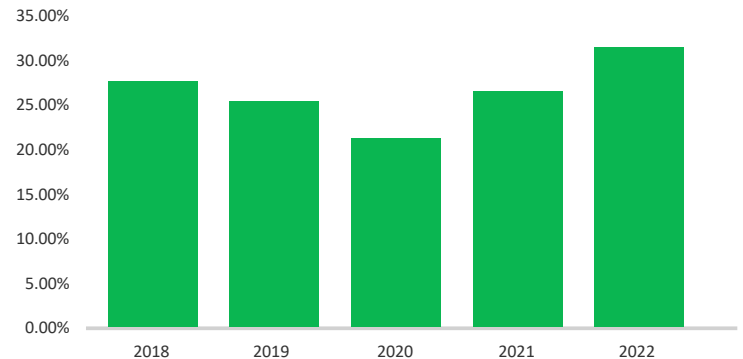
ROCE (in percentage)

↑ 1 yr growth

19%

↑ 5 yrs CAGR

2%



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CHAIRMAN'S MESSAGE



MR. ASHOK KUMAR JAIN
(Chairman & Managing Director)

It gives me immense pleasure to congratulate you on the 30th year of incorporation of Arihant Capital. We welcome this year with humble hearts and open minds. While we congratulate the team on their success in making Arihant, a clients' preferred investment partner; we also see that the world is living in turbulent times. The human costs of the Covid-19 pandemic and the Russia-Ukraine war coupled with the ramifications on the global economy are immense. We are cognizant of the responsibility on our shoulders to help our clients make better investment decisions during such turbulent times to preserve and grow their wealth.

From trading rings and paper-based trading to web-based and mobile-based trading, and now the emergence of robo-trading: Arihant Capital has seen it all! In its 30 years' journey, Arihant has seen the industry evolve and bring in significant regulations and controls. These controls have not only made business challenging but have also reduced our business risks and increased participation from FPI/FII and retail investors.

The current "Fintech" wave has presented opportunities not just to offer alternative investment avenues but also to simplify investing experience with algo-trading, basket investing and the like. The emergence of new-age investment avenues is buoyed up by the rise of the millennials and Gen-Z investors, who ushered in a rapid shift in the financial services domain.

All this while, team Arihant was busy creating the right product and services mix to help investors navigate this shift and make better investment decisions. What started off as a boutique investment company in Central India is now poised to be a leader in the financial services industry. Over the course of the last 3 decades, we have progressively evolved our product offerings and our way of working to keep pace with the markets. But one thing has always remained the same- our unwavering commitment to helping you grow your wealth.

In the past year, your company posted strong financials with a robust 46% growth. This is sheer testimony that the trust our clients place in us is the true driver of our growth.

We now have a pan-India presence with our 900+ investment centers proudly serving 2 lakhs + clients, 1000+ corporate clients and 80+ institutions. During the year, we have relentlessly worked on technological enhancements and have completely overhauled our eKYC system. Our research team works tirelessly to identify great investment opportunities and bring surgical precision to our research.

To improve our services to our NRI client base, we will soon be opening doors to our first international office in Dubai. This is an important milestone for us and clear evidence of our commitment to serving every Indian with simpler, more human financial services.

Looking forward, I see a great opportunity in India's youth. The millennials and Gen-Z of India are seeking better ways to invest their money and moving away from traditional ways of investing. This rising awareness in the domestic investors was a key driver behind the markets remaining stable despite a huge FII selloff in the last year. We believe in the power of the Indian investors and we are committed to continually upgrade our products and technology offerings to attract new clients, especially millennials and Gen-Z investors.

I am excited to share with you that the all-new Arihant Plus mobile trading app is coming soon. It is powered with smarter onboarding platforms so that the clients can open their accounts quickly with ease. Our enriched mobile and web applications will offer the best-in-class user experience and journeys that our clients deserve.

We are constantly upgrading our product suites and offering third-party products which we think will help simplify our clients' wealth creation journey. We are going back to the drawing board to redefine our workflows to make them agile, and responsive while offering more human services. In the coming years, your company endeavours to be a leader using disruptive technology and product offerings while staying true to its commitment of putting the client first.

The pace of development in the financial markets is such that technology shifts that used to happen in years now happen within a matter of months. So, we have built systems in light of that shift and adapt to create innovative solutions while foreseeing the trends for the next few years. While this shift offers us immense potential it also poses a challenge which require us to be nimble and agile to catch up with the trends and emerge as a leader.

Sustainable investing is the future, and we strongly believe in creating a sustainable future. We continue to work towards this goal through our Environment, Social and Governance (ESG) initiatives. We are working to increase awareness among our clients and use sustainability as a key metric for investing guidance. We continue to work on improving our environmental footprint and make sustainability our priority while taking major business decisions.

As I present to you all the annual report for 2021-22, I wish to thank our valued clients for their continued trust, our channel partners and our employees for being phenomenal at what they do. And I would also like to thank the regulatory authorities for the continued proactive steps taken to protect the interests of retail investors and making Indian equities markets more accessible. I would also like to thank our partner banks for all the support they offer us during the course of the year. I would also like to thank all the Board Members, the management team, and the larger stakeholder fraternity for their continued guidance, support and confidence throughout our growth journey.

Yours sincerely,

Ashok Kumar Jain
(Chairman and Managing Director)

FY2022 @Arihant



★ Awards & Recognition ★



Best Retail
Brokerage

ASIAMONEY



Best Digital
Transformation Initiative

NEC



Best Data Analytics -
Stock Broking

QUANTIC



Rising Star -
Stock Broking

QUANTIC

NOTICE

Notice is hereby given that the **THIRTIETH ANNUAL GENERAL MEETING (AGM)** of ARIHANT CAPITAL MARKETS LIMITED (CIN: L67120MP1992PLC007182) will be held on **Saturday, 23rd July, 2022 at 12:30 P.M.** through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2022, together with the Reports of the Board of Directors and Auditors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022, together with the Report of the Auditors thereon.
2. Confirmation of payment of the Interim Dividend and consideration of Final Dividend for the financial year ended March 31, 2022.
3. To appoint a director in place of Mr. Arpit Jain (DIN: 06544441), who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint M/s. Dinesh Ajmera & Associates, Chartered Accountants as statutory auditors of the Company and to fix their remuneration.

"RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s. Dinesh Ajmera and Associates, Chartered Accountants, Indore, registered with the Institute of Chartered Accountants of India (ICAI) vide Firm Registration No. 011970C, be and are hereby re-appointed as Statutory Auditors of the Company for a consecutive term of five years commencing from the conclusion of the 30th Annual General Meeting of the Company till the conclusion of the 35th Annual General Meeting on such terms and remuneration plus taxes, out-of-pocket expenses, as may be mutually agreed upon by the Board of Directors and the Statutory Auditors."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) and/or Mahesh Pancholi, Company Secretary, be and are hereby severally authorised to do all such acts, deeds and things as may be considered necessary, proper or expedient to give effect to this resolution."

SPECIAL BUSINESS:

5. Appointment of Ms. Swanubhuti Jain as an Independent Director of the company:

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

"RESOLVED THAT pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 and rules, circulars, orders and notifications issued thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Ms. Swanubhuti Jain (DIN: 09006117) who was appointed as an Additional Independent Director of the Company with effect from 25th April, 2022 by the Board of Directors and who holds office up to the date of the ensuing Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ('the Act'), but who is eligible for appointment and in respect of whom the Company has received recommendation by Nomination and Remuneration Committee under section 160(1) of the Act proposing her candidature for the office of a director, be and is hereby appointed as a Director of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions of the Act including any statutory modification(s) or re-enactment(s) thereof, the Companies (Appointment and Qualification of Directors) Rules, 2014, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, the appointment of Ms. Swanubhuti Jain (DIN: 09006117), who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Companies Act 2013 and Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations, as amended, and who is eligible for appointment as an Independent Director of the Company, not

liable to retire by rotation, to hold office for a term of 5 (five) consecutive years upto the conclusion of 35th Annual General Meeting of the Company, be and is hereby approved;

RESOLVED FURTHER THAT Any Director or Company Secretary of the company be and is hereby authorized to sign and file necessary forms with the Registrar of Companies, and to do all such acts, deeds, matters and things ancillary and incidental thereto to give effect to the above resolution.”

6. Re-Appointment of Mr. Ashish Maheshwari as an Independent Director of the company:

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

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules made thereunder read with Schedule IV to the Act and Regulation 17(1) and other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment, modification or re-enactment thereof for the time being in force), Mr. Ashish Maheshwari (DIN: 00185949), who was appointed as an Independent Director of the Company and being eligible for re-appointment 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 re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five (5) consecutive years with effect from 27th May 2022 to 26th May, 2027.”

By order of the Board of Directors

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

Place: Indore

Dated: April 25th, 2022

Notes :

A statement pursuant to Section 102(1) of the Companies Act, 2013 (“the Act”) in respect of the ordinary and special business under Item No. 4 to Item No. 6 of the Notice is annexed hereto.

1. Pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 21/2021 dated December 14, 2021 and General Circular No. 2/2022 dated May 05, 2022 all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations &

Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.arihantcapital.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020, MCA Circular No. 2/2021 dated January 13, 2021, Circular No. 21/2021 dated December 14, 2021 and General Circular No. 2/2022 dated May 05, 2022.
8. Corporate Members whose Authorised Representatives are intending to attend the Meeting through VC/OAVM are requested to send to the Company on their email Id:- mahesh.pancholi@arihantcapital.com a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting and through Remote E-voting.
9. The Register of Members, Beneficial Owner and Share Transfer Books of the Company will remain closed from Sunday, July 17, 2022 to Saturday, July 23, 2022, both days inclusive for the purpose of payment of dividend, if declared at the Annual General Meeting.
10. The dividend on Equity Shares, if declared at the AGM, will be payable on or after 28th July, 2021 to those members whose names appear as Members in the Register of Members of the Company on Saturday, July 16, 2022 in respect of the shares held in electronic form, the dividend will be paid on the basis of Beneficial Ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
11. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Annual Report 2021-22 will also be available on the Company's website www.arihantcapital.com, websites of the Stock Exchanges i.e. BSE Limited & NSE at www.bseindia.com and www.nseindia.com and on the website of NSDL (agency for providing the Remote e-Voting facility) <https://www.evoting.nsdl.com/>.
12. As the Members may be aware that with effect from 01 April, 2020, Dividend Distribution Tax under Section 115-O of the Income-tax Act, 1961 as may be amended from time to time ("IT Act") payable by domestic companies on declaration of dividend has been abolished. Pursuant to this amendment brought vide Finance Act, 2020, the Company would be under an obligation to deduct tax at source ("TDS") in accordance with the provisions of the IT Act, from the final dividend, if approved by the Members at the AGM. In this regard, the Members may refer the Note on TDS on dividend distribution, appended to this Notice convening 30th AGM of the Company ("AGM Notice").
13. Members who hold shares in dematerialized form are requested to quote Depository Account Number (Client ID No.) for recording of attendance at the meeting.
14. Members are requested to notify to the Company immediately, quoting Registered Folio No., change in their address, if any, with the pin code number.
15. Non-resident members are requested to immediately notify: - (i) change in their residential status on return to India for permanent settlement; and (ii) particulars of NRE account, if not furnished earlier.
16. Members who are holding shares in identical names in more than one folios, are requested to write to the Company/Ankit Consultancy Pvt. Ltd., the Registrar and Share Transfer Agent, to consolidate their holding in one folio.