Arihant Capital
Generating Wealth

CREATING A SUSTAINABLE BUSINESS

Eco-Friendly Practices

Partnerships for Sustainability

ANNUAL REPORT 2022-23

Enhanced Financial Resilience

Harnessing Digital Solutions

Sustainable Development

ENDURING COMMITMENT TO EXCELLENCE

At Arihant Capital, we passionately strive to generate wealth for our clients, guided by integrity and dedication. Since 1992, we've consistently delivered top-notch services, putting clients first. Our commitment to these core values remains resolute, ensuring our clients receive exceptional financial solutions tailored to their needs.

EMPOWERING INVESTORS FOR 30+ YEARS

200+
Cities

750+
Investment Centres

2Lakh+
Customers

4.2 ⭐
App Rating

OUR VALUES

Straightforward

Humble

You first

Gritty

Curious

Simplicity

Corporate Information

Mr. Ashok Kumar Jain
Chairman & Managing Director

Mr. Arpit Jain
Joint Managing Director

Board of Directors

Mrs. Anita Gandhi
Whole Time Director

Mr. Jitendra Jain
Independent Director

Mr. Akhilesh Rathi
Independent Director

Ms. Swanubhuti Jain
Independent Director

Mr. Ashish Maheshwari
Independent Director

Mr. Parag Shah
Independent Director

Mr. Sunil Kumar Jain
Non Executive Director

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AUDITOR
M/s DINESH AJMERA & ASSOCIATES
Chartered Accountants
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Indore – 452001 (MP)
Mobile No. 9826868011

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Mobile No. 9425053710

REGISTRAR & TRANSFER AGENT
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CHIEF FINANCIAL OFFICER
MR. TARUN GOYAL

COMPANY SECRETARY
MR. MAHESH PANCHOLI

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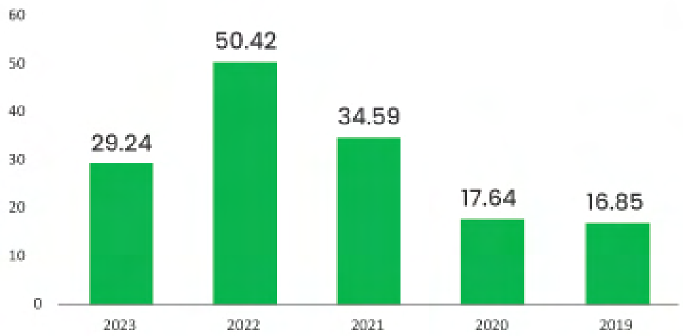
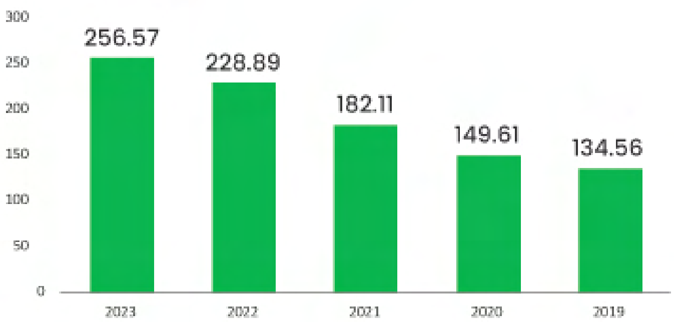
Consolidated Financial Performance Highlights

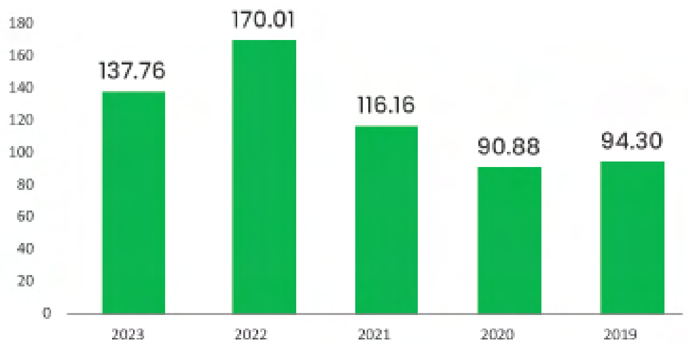
PAT (₹ crores)



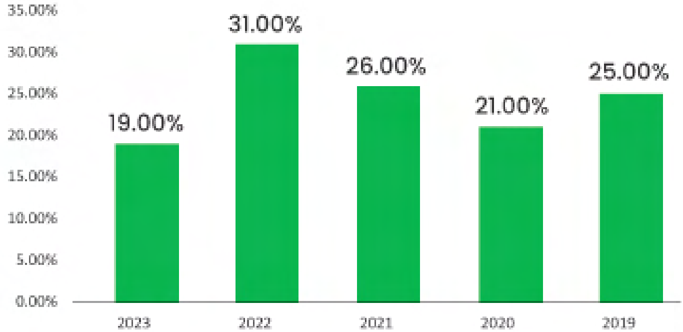
NET WORTH (₹ crores)



TOTAL INCOME (₹ crores)



ROCE (in percentage)



WHAT'S INSIDE

FROM
CHAIRMAN'S DESK

ASHOK KUMAR JAIN
Chairman & Managing Director

Dear Valued Shareholders

At Arihant Capital, we operate with a simple approach to business - strive to make decisions that are in the best interest of our clients. Our responsibility is to help our clients make informed investment decisions that safeguard and grow their wealth. We aim to be their trusted partner, guiding them through uncertain times with prudence and expertise.

When looking back at the financial year 2022-2023, I believe the year will be defined by two key points:

- Our ongoing investment in the digital transformation of the company.
- Navigating through the heightened volatility of the equity markets and a slew of regulatory changes.

When you glance at our FY2023 results, it's apparent that the operating environment was challenging. The heightened volatility in the stock markets, regulatory changes that changed our business landscape along with increased competition from discount broking players resulted in a drop in our revenues and profitability. At the same time, we continued to make strategic investments in our technology that, though important to the company's long-term strength, weighed on our financial performance in the short run.

The regulatory landscape is continuously evolving, with SEBI introducing a slew of major changes for securities brokers. While implementing these changes has been challenging, almost every change has been focused on prioritising transparency and investor protection. We wholeheartedly embrace these regulations to preserve the integrity of the financial system. These changes have also helped in making Indian capital markets one of the safest markets in the world for investors. I believe the foundation that SEBI is laying will also help in increasing participation from various investor segments.

India's Resilient Equity Markets: A Beacon of Opportunity

Despite global headwinds, India's equity markets continue to experience an uptrend. Our markets have shown resilience even in the face of the COVID-19 pandemic, geopolitical tensions, tightening liquidity and rising energy prices. This resilience reflects the robustness of India's economic fundamentals and the confidence investors have in our nation. While the stock markets saw a lot of volatility and the Indian rupee also declined by a sharp 8.4% against the US dollar over the last fiscal, the markets managed to end the year on a positive note.

India remains an attractive investment destination for surplus economies. Our country's inherent qualities, coupled with a strong and forward-looking governance framework, make it a preferred choice for long-term investments. Amidst global uncertainties, India's potential as an investment hotspot remains strong, offering compelling opportunities for sustainable growth and returns. Like every year, I would reiterate that I strongly believe in India's growth story and there's a huge opportunity for us to grow as a company.

Empowering Millennials with Arihant Plus

Our digitisation goal is to provide access to the financial system in a way that is simple and convenient for our customers and that would make our systems and processes more efficient, sustainable and cost-effective. We have been working relentlessly over the past few years on a new suite of investing products, powered by the best technology while creating scalable and secured infrastructure.

We believe investing should be accessible and understandable to newcomers and experts alike. The investing platform should be powered by the best technology, yet have a simple design and an intuitive interface, so that customers are empowered to achieve their goals. I am pleased to announce that, keeping this thought in mind, we launched the first phase of our new mobile trading application - Arihant Plus during the financial year.

Arihant Plus is the result of a continuous focus on our customers' needs and feedback, which has guided our product development decisions. We launched our proprietary client onboarding platform last year and have upgraded it to create an intuitive and seamless onboarding experience. Our digitalization initiatives have paved the way for greater reach and paperless processes.

We are set to expand our offerings to add products and features that will empower our clients to learn, participate, and grow and take control of their finances. We remain steadfast in our commitment to accompany our valued clients throughout their wealth creation journey over the next decades.

Looking ahead

Arihant Capital is approaching an exciting, perhaps transcendent, inflection point in our company's history. The digital transformation and the decisions made over the last few years have set Arihant Capital up to thrive like never before. I think we're incredibly well-positioned to serve our clients.

As we go forward, we are focused on the success of our clients and our business partners so we can deliver for shareholders. Our leadership is focused on our key priorities to make the company stronger, more diversified and future-ready.

We take great pride in our strong governance policies, robust internal control systems, and effective stakeholder communication.

Looking ahead, we envision strong growth in the coming decade as equity penetration deepens and the investor landscape matures. We are poised to capitalise on this trend, offering ease of access and simple yet comprehensive financial products to leverage future growth opportunities.

Closing notes

Thank you for your continued support. I extend my heartfelt gratitude to the regulatory authorities, the Board Members, the Management Team, colleagues and their families, and the wider stakeholder community for their unwavering dedication and belief in our vision.
It is through their invaluable contributions and collaboration that we have been able to navigate challenges and seize opportunities. We aspire to be India's most preferred investing platform, united by our core values of integrity, client service, partnership, and excellence.

Together, we will continue to forge ahead, creating value and delivering excellence in the years to come.

Your Sincerely

Ashok Kumar Jain
Chairman and Managing Director
Arihant Capital Markets Ltd.

> **"Our responsibility is to help our clients make informed investment decisions that safeguard and grow their wealth."**

FROM
JMD'S DESK

ARPIT JAIN
Joint Managing Director

Dear Valued Shareholders

The past year has been a significant milestone for Arihant Capital, as we successfully launched our Arihant Plus Mobile App. Our innovative app is designed to create a strong and lasting partnership with our clients, helping them on their path to financial empowerment. It has the structure and features to support its goals and needs in the long run.

The Progressive Ecosystem

Over the past few years, as an insider in the financial services industry, I have closely observed the remarkable growth and evolution of the Indian capital markets. The Indian stock markets have witnessed an extraordinary expansion in terms of volumes and size, representing a transformative journey.

One of the key driving forces behind this growth has been the government's emphasis on fostering innovation, which has had a transformative effect on the Indian economy. In the past, there was no such framework to support startups, but now India proudly holds the position of being the third-largest startup ecosystem in the world.

Furthermore, a significant development has been the increasing financialization of household savings in India. As an indicative sign of this trend, managed investments have witnessed a remarkable surge, amounting to 57% of India's GDP in FY23. Retail investors have also emerged as a powerful force in the market, with the number of demat accounts soaring to over 11 crores in FY23, reflecting their growing participation.

Crucially, the digital revolution has played a pivotal role in democratising investing at an unprecedented rate. Thanks to technology-driven information dissemination, retail investors now have equal access to information, empowering them to make informed decisions by sharing ideas and opinions on the Internet. This has been evident in the total number of investors, with 11 crores in equities and 14.02 crores in mutual funds, including 5.93 crores in mutual fund SIPs. This reflects the increasing participation and trust of investors in these investment avenues.

Moreover, the total number of demat accounts in India exceeding 11 crores further signifies the widespread adoption of investing and the desire to hold securities in a digital format. This surge in demat accounts demonstrates the growing interest of investors in the capital markets.

It's worth noting that these achievements are also supported by the widespread presence of bank accounts, with a total of 294.5 crores in India. This indicates the broad foundation and potential for further mobilisation of savings into various wealth-creation avenues.

Considering the achievements witnessed in the past three decades, it is evident that India is on track to become one of the largest capital markets worldwide. This presents an incredible opportunity to empower billions of Indians to make informed choices in their wealth-creation journey. We will continue to play a leading role in mobilising a substantial portion of household savings into avenues of wealth creation.

Sustained Growth Amidst Regulatory Interventions

In the broking industry, regulations play a vital role due to the intricacies of Indian capital markets. I firmly believe that enhancing the regulatory framework in various aspects is crucial to ensuring stronger protection, particularly for the expanding retail investor base.

Despite previous regulatory interventions, the industry has shown consistent growth. The recent regulations governing the management of clients' funds represent another important step in instilling trust among retail participants. Our goal is to maintain productive collaboration with regulators as they work towards creating resilient and secure capital markets for all participants.

Prepared for the Journey of Growth

I am confident that the growth trajectory of India will persist, driven by its substantial human capital, resilient domestic consumption, and expanding service capabilities. At Arihant Capital, we have demonstrated continuous learning, efficient growth, and diversification of our product offerings while expanding our client base.

With our robust digital capabilities and a strategic focus on maximising lifetime client value, we are primed to seize emerging opportunities. In the forthcoming fiscal year, our primary agenda will revolve around bolstering our digital capabilities.

> **"India is witnessing an extraordinary surge in wealth generation, driven by its ambitious goal of becoming one of the 'Top 3 Global Economies' by 2027. The rapid advancement of revolutionary digital technologies is serving as the catalyst behind this remarkable growth, propelling the nation towards unprecedented success and unlocking a world of opportunities."**

We recognise the transformative power of digital technology in the financial industry and aim to leverage it to its fullest extent. By enhancing our digital capabilities, we aim to deliver a seamless and personalised experience to our clients while also streamlining our operations and expanding our reach. This commitment to digital innovation will enable us to stay at the forefront of the industry and cater effectively to the evolving needs of our valued clients.