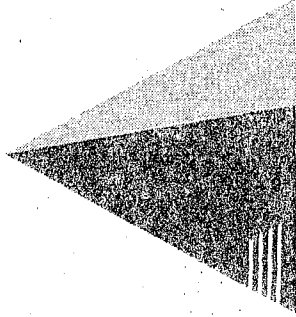


*Fifteenth Annual Report*  
*2008-2009*



**Arman's Securities Limited**

**ARIHANT'S SECURITIES LIMITED**

|                              |  |
|------------------------------|--|
| <b>Board of Directors</b>    | <ol style="list-style-type: none"><li>1. Ravikant Choudhry, Chairman</li><li>2. Nishikanth Choudhary, Managing Director</li><li>3. Ajit Kumar Chordia, Director</li><li>4. Sanjay Shand, Director</li><li>5. Subhash Chand Nahar, Director</li></ol> |
| <b>Audit Committee</b>       | <ol style="list-style-type: none"><li>1. Ajit Kumar Chordia, Member - Chairman</li><li>2. Sanjay Shand, Member</li><li>3. Ravikant Choudhry, Member</li></ol>  |
| <b>Statutory Auditors</b>    | <b>Sureshkumar &amp; Co.</b><br>Chartered Accountants<br>34, Strotten Muthiah Mudali Street,<br>Chennai – 600 079.   |
| <b>Bankers</b>               | Oriental Bank of Commerce Limited<br>HDFC Bank Limited<br>Axis Bank Limited  |
| <b>Registered Office</b>     | 138, Dr. Radhakrishnan Salai,<br>Mylapore,<br>Chennai – 600 004.<br>Ph. : (044) 28444555, 43434000<br>Fax : (044) 43434030   |
| <b>Share Transfer Agents</b> | Cameo Corporate Services limited,<br>1, Club House Road,<br>Chennai – 600 002.<br>Ph.: (044) 28460390 (5 lines)<br>Fax: (044) 28460129   |

**ARIHANT'S SECURITIES LIMITED**

**Regd. Office:** 138, Dr. Radhakrishnan Salai, Mylapore, Chennai – 600 004.

---

**NOTICE**

**To The Shareholders**

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of the Company will be held at the Registered Office of the Company at 138, Dr. Radhakrishnan Salai, Mylapore, Chennai – 600 004 on Wednesday, 16<sup>th</sup> September, 2009 at 9.30 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive consider and adopt the Audited Balance Sheet as at 31.03.2009, the Profit & Loss account for the period from 01.04.2008 to 31.03.2009 and to consider the reports of the Directors and Auditors thereon.
2. To appoint a director in place of Shri Sanjay Shand, Director who retires by rotation and has expressed his unwillingness to be reappointed as a Director of the Company.
3. To appoint M/s. Sureshkumar & Co., Chartered Accountants, the retiring auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company at a remuneration to be fixed by the Board of Directors of the Company in consultation with them.

**BY ORDER OF THE BOARD  
For ARIHANT'S SECURITIES LIMITED**

Sd/-  
**Nishikanth Choudhary**  
(Managing Director)

***Registered Office***

138, Dr. Radhakrishnan Salai,  
Mylapore, Chennai – 600 004.

Date : 20.08.2009

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

2. A PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED ATLEAST 48 HOURS BEFORE THE GENERAL MEETING AT THE REGISTERED OFFICE OF THE COMPANY.
3. THE REGISTER OF MEMBERS AND THE SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM WEDNESDAY, 9<sup>TH</sup> SEPTEMBER, 2009 TO WEDNESDAY, 16<sup>TH</sup> SEPTEMBER, 2009 (BOTH DAYS INCLUSIVE) IN CONNECTION WITH THE ANNUAL GENERAL MEETING.
4. THE MEMBERS ARE REQUESTED TO INTIMATE TO THE REGISTRAR AND TRANSFER AGENTS, CAMEO CORPORATE SERVICES LIMITED, #1, SUBRAMANIAM BUILDING, CLUB HOUSE ROAD, MOUNT ROAD, CHENNAI – 600 002, CHANGE OF ADDRESS, IF ANY AT THE EARLIEST QUOTING THEIR REGISTERED FOLIO NUMBER.
5. MEMBERS/ PROXIES SHOULD CARRY THE ATTENDANCE SLIP DULY FILLED IN WHILE COMING TO ATTEND THE MEETING AS ALSO COPY OF THEIR ANNUAL REPORT.
6. MEMBERS ARE REQUESTED TO CONVERT THEIR SHAREHOLDINGS IN THE COMPANY INTO DEMAT FORM.
7. REAPPOINTMENT OF DIRECTORS

At the ensuing Annual General Meeting Shri Sanjay Shand, Director retires by rotation and has expressed his unwillingness to be reappointed as a Director of the Company.

BY ORDER OF THE BOARD  
For ARIHANT'S SECURITIES LIMITED

Sd/-

Nishikanth Choudhary  
(Managing Director)

Chennai

Dated : August 20, 2009

## ARIHANT'S SECURITIES LIMITED

Regd. Office: 138, Dr. Radhakrishnan Salai, Mylapore, Chennai – 600 004.

### DIRECTORS REPORT

Your Directors are happy to present the Fifteenth Annual Report of your company together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March 2009.

#### FINANCIAL HIGHLIGHTS:

The financial results of the company compared to the previous year are summarized as under:

|  | (Rs.)           |                 |
|--|-----------------|-----------------|
| Particulars                                      | 31.03.2009      | 31.03.2008      |
| Income   | 3,248,438.00    | 6,061,028.00    |
| Profit / (Loss) before Depreciation and Tax      | (5,792,705.00)  | 4,929,504.00    |
| Less: Depreciation                               | 4,984.00        | 4,984.00        |
| Profit/ (Loss) Before Tax                        | (5,797,689.00)  | 4,924,520.00    |
| Less: Provision for Tax                          | 321,944.00      | 421,714.00      |
| Profit/ (Loss) After Tax                         | (6,119,633.00)  | 4,502,806.00    |
| Add : Balance Brought Forward from Previous year | (22,067,682.00) | (25,585,584.00) |
| Profit/ (Loss) Available for Appropriation       | (28,187,315.00) | (21,082,778.00) |
| <b>Appropriations:</b>                           |                 |                 |
| Transfer to Special Reserve                      | 0.00            | 984,904.00      |
| Carried forward to Next year                     | (28,187,315.00) | (22,067,682.00) |
| <br>   |                 |                 |
| EPS Basic & Diluted (Rs.)                        | (1.22)          | 0.90            |
| Weighted Average No. of shares                   | 50,00,000       | 50,00,000       |

#### MATERIAL CHANGES AND COMMITMENTS:

There have been no material changes & Commitments, which have occurred between the end of the financial year of the company to which the balance sheet relates and the date of the report affecting the financial position of the company.

**RESERVES:**

The company does not propose to carry any amount to reserves during the financial year in view of the loss incurred by the company.

**DIVIDEND:**

Your directors do not wish to recommend any dividend in view of the loss incurred by the company.

**DEPOSITS AND LOANS/ ADVANCES:**

The Company has not accepted any public deposits during the financial year.

The particulars of loans/ advances and investment in its own shares by listed companies, their subsidiaries, associates etc. required to be disclosed in the annual accounts of the company pursuant to Clause 32 of the listing agreement with the company, are furnished separately.

**LISTING:**

The Equity Shares of the Company are listed at the Madras Stock Exchange and Bombay Stock Exchange. The Annual Listing Fees for the Financial year 2009-2010 has been paid to both the Stock Exchanges.

**MANAGEMENT DISCUSSION AND ANALYSIS****a) Overview, Industry Structure, Development and Outlook**

The company is presently concentrating on Trading in shares and in a small way on loan financing. With the new Government, things are looking up and the share market is likely to do still better during the coming months and years. In case of Loan financing, the interest rates have stabilized.

**b) Business performance and Segment Reporting**

The company has been able to recover dues in most cases of NPAs. In a few cases, court cases are pending and the company hopes to recover loans and interest dues during the future. During the year under review, the company has incurred a loss of Rs. 6,119,633/- as against a profit of Rs. 4,502,806/- during the previous year. The company is hoping to achieve much better overall performance during the coming years.

The company is presently operating in two identifiable business segments viz., Loan Financing and Trading in shares. It operates in one geographical segment; services in India only. The particulars of segmentwise revenue, results and capital employed are furnished separately.

#### **c) Internal Control System and its adequacy**

The system of internal control has been established to provide reasonable assurance of safeguarding assets and maintenance of proper Accounting records and its accuracy. The business risks and its control procedures are reviewed frequently. Systems audit is also conducted regularly to review the systems with respect to Security and its Adequacy. Reports are prepared and circulated to Senior Management and action taken to Strengthen controls where necessary.

#### **d) Risk Management**

Risk evaluation and management is an ongoing process in the company.

#### **e) Human resources and Industrial relations**

Your company continues to have cordial relations with its employees.

### **COMPLIANCE WITH RBI PRUDENTIAL NORMS**

The company has complied with the prudential norms on income recognition, accounting standards, assets classification, provisioning for bad and doubtful debts and concentrations of credit/ investments as applicable to it and specified in the directions issued by Reserve Bank of India.

### **DIRECTORS**

Shri Sanjay Shand, Director of the company retires by rotation at the ensuing Annual General Meeting of the Company and has expressed his unwillingness to be reappointed as a Director of the Company.

### **AUDITORS:**

M/s. Sureshkumar & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment. A written certificate pursuant to section 224(1B) has been obtained that their appointment if made will be within the limits specified therein. The Audit Committee in its meeting have recommended the reappointment of the Auditors.

## **AUDITORS REPORT:**

There are no reservations, qualifications or adverse remarks contained in the Auditors Report.

## **CORPORATE GOVERNANCE:**

Your Company is complying with the Code of Corporate Governance, which has been introduced by the Securities and Exchange Board of India (SEBI). Please find a comprehensive Report on Corporate Governance duly annexed herewith.

All Board Members and Senior Management Personnel have duly complied with the Code of Conduct established by the Company for the year 2008-09.

A brief resume of each of the directors who are to be re-appointed at this AGM and the names of the Companies in which, they hold directorships are mentioned elsewhere in this report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information regarding conservation of energy and technology absorption as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to your company as the Company is a financial services company. There were no foreign exchange earnings and outgo during the financial year.

## **PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE ACT:**

None of the employees have received remuneration in excess of the sum prescribed u/s 217(2A) of the Companies Act, 1956.

## **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

Information required on Balance Sheet Abstract and the Company's General Business Profile under Part IV of Schedule VI of Companies Act 1956 inserted by notification No. GSR 388 (E), dated 15.5.1995 is given in Annexure I of this Report.

## **GOING CONCERN:**

The Directors consider on the basis of current financial results, future projections and infrastructure available that the company has adequate resources to continue the operational existence in the foreseeable accounts and therefore, the accounts have been prepared on a going concern basis.



## **DIRECTORS RESPONSIBILITY STATEMENT**

The Board of Directors hereby declare :-

- (i) that in preparation of accounts, applicable accounting standards have been followed or where departure has been made, explanation relating to material departures;
- (ii) that directors have selected such accounting policies and applied them and made judgements and estimates that are reasonable and prudent to give a true and fair view of state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- (iii) that Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) that the directors had prepared Annual Accounts on a Going Concern basis.

## **COMPANY SECRETARY:**

The appointment of Whole time Company Secretary is under consideration of the Company. The company has been availing services of practicing company secretary from time to time to ensure compliance of the provisions of the applicable acts and statutes. Also the Annual Return of the Company is being certified by practicing company secretary from year to year and the company is also taking certifications from them for Stock Exchange Compliances.

## **CAUTIONARY STATEMENT:**

Statements in the Management discussion and analysis describing the company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and prices conditions in the domestic and overseas markets in which the company operates/ going to operate, changes in government regulations, tax laws and other statutes and other incidental factors.

## **ACKNOWLEDGEMENT**

Your directors wish to place on record their deep appreciation of the dedication and commitment of employees to the growth of your company during the year. Your directors also express their sincere gratitude to the customers, bankers, consultants, Auditors and the shareholders for their continued patronage and cooperation.

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

**Ravikant Choudhry  
(Chairman)**

**Chennai**

**Dated : August 20, 2009**

## ARIHANT'S SECURITIES LIMITED

### ANNEXURE - 1 TO THE DIRECTORS' REPORT

#### ADDITIONAL INFORMATION ON BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

|  |              |
|--|--------------|
| I. Registration Details  |              |
| Registration No.   | : 027783     |
| State Code   | : 18         |
| Balance Sheet Date   | : 31.03.2009 |
| II. Capital Raised during the year<br>(Amount Rs. in Thousands)                    |              |
| Public Issue   | : Nil        |
| Rights Issue   | : Nil        |
| Bonus Issue  | : Nil        |
| Private Placement  | : Nil        |
| III. Position of Mobilisation and Deployment of Funds<br>(Amount Rs. in Thousands) |              |
| Total Liabilities  | : 55,649.17  |
| Total Assets   | : 55,649.17  |
| Source of Funds  |              |
| Paid-up Capital  | : 50,000.00  |
| Reserves & Surplus   | : 5,649.17   |
| Secured Loans  | : Nil        |
| Unsecured Loans  | : Nil        |
| Application of Funds   |              |
| Net Fixed Assets   | : 1,990.68   |
| Investments  | : 900.00     |
| Net Current Assets   | : 24,571.18  |
| Miscellaneous Expenditure  | : Nil        |
| Accumulated Losses   | : 28,187.31  |
| IV. Performance of the Company<br>(Amount Rs. in Thousands)                        |              |
| Total Income   | : 3248.44    |
| Total Expenditure  | : 9046.13    |
| Profit Before Tax  | : (5797.69)  |
| Profit After Tax   | : (6119.63)  |
| Earnings Per Share (Rs.)   | : (1.22)     |
| Dividend Rate (%)  | : Nil        |

V. Generic Names of Principal Products/Services of the Company  
(as per monetary terms)

Item Code No. : N.A.

Product Description. : **Financial Services Company**

## ANNEXURE – 2 TO THE DIRECTOR'S REPORT

### CORPORATE GOVERNANCE

#### A. MANDATORY REPORTS ON CORPORATE GOVERNANCE

This is the Report on Corporate Governance as required under Listing Agreement entered into with Stock Exchanges and forms part of the Report of the Board of Directors to the Members of the Company. The Report further gives an insight into the organizational structure of the Company.

##### **I. Company's Vision and Philosophy on the Code of Governance:**

The vision of Arihant's Securities Ltd is to be a financially sound, profitable, growth oriented and technology friendly Company committed to building values and maximizing gains for all its shareholders, for those doing business with it, and for others associated with it. In its pursuit to attain its goals, the Company is laying maximum emphasis on the effective system of Corporate Governance particularly with a view to improve its image, efficiency, effectiveness, and integrity in all its dealings. The Company's Corporate Governance philosophy is to be ethical in its conduct of its business, to constantly strive to grow with profits, and to enhance shareholders value to the maximum extent. The Corporate Governance policies of your Company recognize the accountability of the Board Of Directors vis-à-vis all its constituents viz. Borrowers, Shareholders, Employees, Government & other Regulatory Authorities, and others dealing with it and doing business with it.

##### **II. Board of Directors :**

###### **Composition and Category**

The Board has 5 Directors, comprising of one Managing Director, two Non-Executive Directors and two Non-Executive Independent Directors. The Board members possess requisite skills, experience and expertise that are required to take decisions, which are in the best interest of the Company.

The Executive Director is involved in the day to day management of the Company and non-executive including the independent directors bring external and wider perspective and independence to the decision making. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors generally meets with the requirements of Clause 49(I)(A) of the Listing Agreement.

Mr. Nishikanth Choudhary is the Managing Director of the Company. He works under the direction, control and supervision of the Board of Directors which meets at regular intervals. Policy formulation, evaluation of performance and control functions vest with the Board.

None of the directors is a member in more than 10 committees or acting as a Chairman of more than five committees across all companies in which they are directors.

The composition of the Board of Directors, attendance of each Director at the Board Meetings held during the year under review as well as in the last Annual General Meeting, the number of other Directorship and Committee positions held by the Director, of which the Director is a member/ Chairman as on March 31, 2009 are as under:

| Name                 | Designation       | Category                    | No. of Board Meetings attended during 2008-2009 out of Seven | Whether attended the last AGM | No. of Directorships in public companies | No. of other Board committees (Other than Arihant's Securities Limited) in which he/she is member/ chairperson |
|----------------------|-------------------|-----------------------------|--|-------------------------------|--|--|
| Ravikant Choudhry    | Chairman          | Non-Executive               | Seven  | Yes                           | 2  | 1  |
| Nishikanth Choudhary | Managing Director | Executive                   | Seven  | Yes                           | Nil                                      | Nil  |
| Ajit Kumar Chordia   | Director          | Non-Executive & Independent | Seven  | Yes                           | 1  | 1  |
| Sanjay Shand         | Director          | Non-Executive & Independent | Seven  | Yes                           | Nil                                      | Nil  |
| Subhash Chand Nahar  | Director          | Non-Executive               | Seven  | Yes                           | 1  | Nil  |

Further the Board of Directors would like to inform the members that none of the directors are disqualified to act as directors of this company or any other public company under Section 274(1)(g) and other applicable provisions of the Companies Act, 1956.

### III. Board Agenda :

Meetings are governed by a structured Agenda and a Board member may bring up any matter for consideration of the meeting in consultation with the Chairman. Agenda papers are generally circulated to the Board members at least 4-5 working days in advance and /or is placed at the table during the course of the meeting.

An indicative list of the information usually placed before the Board is as under:

- Annual Budgets and updates thereon.
- Capital expenditure proposals if any and review of their implementation.
- Quarterly, Half yearly and Annual Results.
- Business performance and steps for improvement.
- Legal proceedings involving the Company.
- Minutes of meetings of Audit Committee, Remuneration Committee and Shareholders Committee.
- Materially important show cause notices, non-compliances, if any, etc.
- Other relevant information pertaining to the Company including information detailed in Clause 49 of the Listing Agreement.

### IV. Board Meetings :

During the financial year ended 31<sup>st</sup> March, 2009 seven Board meetings were held i.e. on 30<sup>th</sup> April, 2008, 30<sup>th</sup> June, 2008, 31<sup>st</sup> July, 2008, 31<sup>st</sup> October, 2008, 31<sup>st</sup> December, 2008, 31<sup>st</sup> January, 2009 and 31<sup>st</sup> March 2009. The gap between two Board meetings did not exceed four months. All directors have attended all the seven meetings and have attended the last AGM held on 16.09.2008.

### V. Committees of the Board

The Board of Directors has constituted 3 Committees of the Board viz.

- \_ Audit Committee
- \_ Remuneration Committee
- \_ Shareholders Committee and

The Board determines the terms of reference of these Committees from time to time. Meetings of these Committees are convened by the respective Committee Chairman / Company Secretary. At each Board Meeting, minutes of these Committees are placed before the Directors for their perusal and noting.

#### a) AUDIT COMMITTEE :

The Audit Committee of the Board of Directors of the Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

## **TERMS OF REFERENCE:**

The terms of Reference of the Audit Committee are wide enough to cover the matters specified for Audit Committees under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956 as amended from time to time and inter-alia includes:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees and for approval of payment to statutory auditors for any other services rendered by the statutory auditors.
3. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - b. Any Changes in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management and significant adjustments made in the financial statements arising out of audit findings.
  - d. The Going concern assumption.
  - e. Compliance with accounting standards.
  - f. Compliance with listing and other legal requirements relating to financial statements
  - g. Disclosure of any related party transactions i.e. transaction of the company of material nature with promoters of the management and their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large.
  - h. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval, performance of statutory and internal auditors, the structure and adequacy of the internal control systems.
5. Reviewing adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and discussing with internal auditors any significant findings and follow up there on.
6. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
7. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.



8. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

9. Reviewing the Company's financial and risk management policies.

10. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee, inter alia, reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.

In fulfilling the above role the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

The Audit Committee while reviewing the Annual Financial Statements also reviews the applicability of various Accounting Standards (AS) issued by the Institute of Chartered Accountants of India. Compliance of the AS as applicable to the Company has been ensured in the financial statements for the year ended March 31, 2009.

**Constitution:**

The Audit Committee comprises of three directors of whom two are Non-Executive Independent Directors and one is Non-Executive Director. The Audit Committee is constituted in accordance with the provisions of Clause 49(IIA) of the Listing Agreement and Section 292A of the Companies Act, 1956. All these directors possess requisite knowledge of Accounts, finance and applicable laws. One of the members acts as Chairman of the Committee Meetings. The Auditors are also invited to the Meetings wherever required. Head of Finance is the Special Invitee of the Audit Committee. The quorum for the Audit Committee Meetings is two members. The Minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.

The composition of the Audit Committee is as follows:

1. **Ajit Kumar Chordia**
2. **Sanjay Shand**
3. **Ravikant Choudhry**

The Committee is chaired by Ajit Kumar Chordia who is a Non-Executive Independent Director

Meetings and Attendance:

The Audit Committee met 4 (four) times during the year ended 31<sup>st</sup> March, 2009 i.e. on **30<sup>th</sup> April, 2008, 30<sup>th</sup> June, 2008, 31<sup>st</sup> October, 2008 and 31<sup>st</sup> January, 2009**

The gap between two meetings did not exceed four months. The Audit Committee also met prior to finalization of accounts for the year ended 31<sup>st</sup> March, 2009. And all the directors have attended all the four meetings.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company to answer the Shareholders queries.

**b) REMUNERATION COMMITTEE :**

**TERMS OF REFERENCE AND REMUNERATION POLICY:**

The Remuneration Committee has been constituted to recommend and review the remuneration packages of the Managing Director, Whole time Directors and to formulate a broad policy for management remuneration. The remuneration policy as outlined by the committee aims at recognizing and rewarding performances and achievements, while fixing the remuneration of Directors their contribution by way of their professional approach. This policy is in tune with national and international practices.

**Constitution:**

The Remuneration Committee comprises of three directors of whom two are Non-Executive Independent Directors and one is Non-Executive Director. The Chairman of the Remuneration Committee is a Non-Executive Independent Director nominated by the Board.

**The Committee consists of 3 (three) directors:**

- 1. Sanjay Shand**
- 2. Ravikant Choudhry**
- 3. Ajit Kumar Chordia**

The Committee is chaired by **Shri Sanjay Shand** who is a Non-Executive Independent Director. Shri Ajit Kumar Chordia was appointed as a member of the Remuneration Committee w.e.f. 30.04.2008.

Meetings and Attendance:

The Remuneration Committee met once during the year i.e. on

**31<sup>st</sup> October, 2008**

And all the directors have attended the meeting.

The company has a Managing Director and there was no payment to him as he has foregone his remuneration for the year in view of low profits made by the company.

The Shareholdings of directors in the Company as on 31<sup>st</sup> March, 2009 are as under.

|  |                         |
|--|-------------------------|
| 1. Ravikant Choudhry, Chairman             | : 1398900 Equity Shares |
| 2. Nishikanth Choudhary, Managing Director | : Nil                   |
| 3. Ajit Kumar Chordia, Director            | : Nil                   |
| 4. Sanjay Shand, Director                  | : Nil                   |
| 5. Subhash Chand Nahar, Director           | : 60100 Equity Shares   |

**c) SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:**

The Board of Directors have constituted a Committee of Directors which functions as Shareholders/ Investors Grievance Committee, consisting of three Directors of whom two are Non-Executive Independent directors, one is Non – Executive Director Chaired by a Non-Executive Director.

The Shareholders/ Investor's Grievance Committee of the Board oversees share transfers and monitor investors grievances such as complaints on transfer of shares, non receipt of balance sheet, non receipt of declared dividends etc., and redressal thereof, within the purview of the guidelines setout in the listing agreement.

The Company used to give a detailed report on steps taken by it to the Committee to specifically look into redressing shareholders and investor's complaint, break up of the nature of complaints received including number of complaints not resolved to the satisfaction of the complainants. Additionally details of communication received from agencies like Stock Exchanges/SEBI/ Ministry of Corporate Affairs were placed with an explanation as to how such communication was responded to and within how many days/ weeks.

The Company has delegated to its Registrar and Share Transfer Agent, all shares related works. No complaint of any material nature was received during the year under review.

**Constitution:**

**The Committee consists of 3 (three) directors:**

1. Ravikant Choudhry
2. Sanjay Shand
3. Ajit Kumar Chordia

**The Committee is chaired by Shri Ravikant Choudhry who is a Non-Executive director of the Company.** Shri Sanjay Shand was appointed as a member of the Remuneration Committee w.e.f. 30.04.2008.

**Meetings and Attendance:**

The Shareholders Committee met 4 (four) times during the year i.e. on

**30<sup>th</sup> April, 2008, 30<sup>th</sup> June, 2008, 31<sup>st</sup> October, 2008 and 31<sup>st</sup> January, 2009**

And all the directors have attended all the four meetings.

**NAME AND DESIGNATION OF THE COMPLIANCE OFFICER:**

SHRI V. KANNAN, COMPLIANCE OFFICER

Tel No. : +91-44-28444555

Fax No. : +91-44-43434030

Email ID : [arihantssecurities@gmail.com](mailto:arihantssecurities@gmail.com)

**DETAILS OF INVESTORS COMPLAINTS RECEIVED AND ADDRESSED:**

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|-----------------|--------------------------|--------------------------|-----------------|
| 0               | 1                        | 1                        | 0               |

No Investors grievances remained unattended/ pending for more than 30 days as on 31<sup>st</sup> March, 2009.

## VI. GENERAL BODY MEETINGS :

Location and time, where last three Annual General Meetings were held is given below:

| General Body Meeting  | Date       | Venue   | Time      | Special Resolutions passed at AGM |
|-----------------------|------------|---|-----------|-----------------------------------|
| AGM for the year 2008 | 16.09.2008 | 138, Dr. Radhakrishnan Salai, Mylapore, Chennai – 600 004.  | 9.30 A.M. | No                                |
| AGM for the year 2007 | 20.09.2007 | 138, Dr. Radhakrishnan Salai, Mylapore, Chennai – 600 004.  | 9.30 A.M. | No                                |
| AGM for the year 2006 | 29.09.2006 | The South Indian National Association Hall (Srinivasa Shastri Hall) 99, Luz Church Road, Mylapore, Chennai – 600 004. | 9.30 A.M. | No                                |

No Special Resolutions were passed at the last three Annual General Meetings. No Extraordinary General Meetings was held and no resolution was put to vote through Postal Ballot during the year under review.

## VII. SUBSIDIARIES : NIL

## VIII. CODE OF CONDUCT:

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the Directors and members of the Senior Management and they have affirmed compliance with the same. There is no website of the company.

## **IX. PREVENTION OF INSIDER TRADING :**

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992 as amended from time to time. This code is applicable to all Directors/Officers/Designated Employees. The code ensures the prevention of dealing in company's shares by persons having access to unpublished price sensitive information.

## **X. DISCLOSURES :**

There have been no materially significant transactions, pecuniary transactions or relationships between the company and directors, management or related parties except those disclosed in the financial statements for the year ended 31<sup>st</sup> March, 2009. Further the details of the Related party transactions are presented in the Notes to Accounts. In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. No penalties/strictures have been imposed on the company by any regulatory authority for non-compliance of any law. The Company has complied with the mandatory requirements relating to strengthening the responsibilities of Audit Committee, improving the quality of financial disclosures, including related party transactions and periodical review by the Board and its constituted committees. The Company has adopted the non-mandatory requirements with regard to setting up of a remuneration committee.

## **MEANS OF COMMUNICATION :**

- (i) The Board of Directors of the company approves and takes on record the quarterly and yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within one month of the close of the respective period.
- (ii) The approved financial results are forthwith sent to the listed stock Exchanges and are published in the leading national English Newspaper namely Trinity Mirror (English daily). In addition the same is published in local language (Tamil) newspaper namely Makkal Kural (Tamil daily) within forty-eight hours of approval thereof. The same are not sent to the shareholders separately.
- (iii) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the company.
- (iv) The Company has not made presentations to Institutional Investors or to Analysts.
- (v) Company's Email ID: arihantssecurities@gmail.com

## **XI. GENERAL SHAREHOLDERS INFORMATION :**

Registered Office : 138, Dr. Radhakrishnan Salai, Mylapore, Chennai – 600 004.  
Number of AGM : 15<sup>th</sup> AGM  
Date : 16<sup>TH</sup> SEPTEMBER, 2009.  
Day : WEDNESDAY  
Time : 9.30 A.M.  
Venue : 138, Dr. Radhakrishnan Salai, Mylapore, Chennai – 600 004.  
Financial year : 1<sup>ST</sup> April, 2008 to 31<sup>st</sup> March, 2009  
Book Closure date: WEDNESDAY, 9<sup>TH</sup> SEPTEMBER, 2009 TO WEDNESDAY, 16<sup>TH</sup>  
SEPTEMBER, 2009 (BOTH DAYS INCLUSIVE)  
Dividend payment: **Not Applicable**  
date

### **LISTING ON STOCK EXCHANGES:**

The Bombay Stock Exchange Limited, Mumbai  
Madras Stock Exchange Limited, Chennai

**LISTING FEES:** The company has paid listing fees upto the financial year 2009-2010

### **REGISTRAR AND TRANSFER AGENTS:**

CAMEO CORPORATE SERVICES LIMITED,  
#1, SUBRAMANIAM BUILDING,  
CLUB HOUSE ROAD,  
MOUNT ROAD,  
CHENNAI – 600 002.

### **SHARE TRANSFER SYSTEM:**

The share transfers in physical form are processed and the share certificates returned within a period of 10 to 15 days from the date of receipt by the Registrar and Transfer Agent so long as the documents have been clear in all respects. In case of shares in electronic form, the transfers are processed by NSDL/ CDSL through respective Depository participants. The company as per SEBI Guidelines offers the facility of transfer cum demat. There are no pending share transfers and requests for demat as on 31<sup>st</sup> March, 2009. In compliance with the Listing Agreement with the Stock Exchanges, a Practising Company Secretary carries out an Audit of the System of Transfer and a certificate to that effect is issued.

**SHARE PRICES:****Stock Code :**

| Name of the Stock Exchange | Stock Code (Physical) | Stock Code (Demat) |
|----------------------------|-----------------------|--------------------|
| The Stock Exchange, Mumbai | 531017                | 531017             |
| Madras Stock Exchange      | ARIHTSECU             | ARIHTSECU          |

**Market Price Data :**

High, low (based on the closing prices) and number of shares traded during each month in the financial year 2008-2009 on the Bombay Stock Exchange Limited

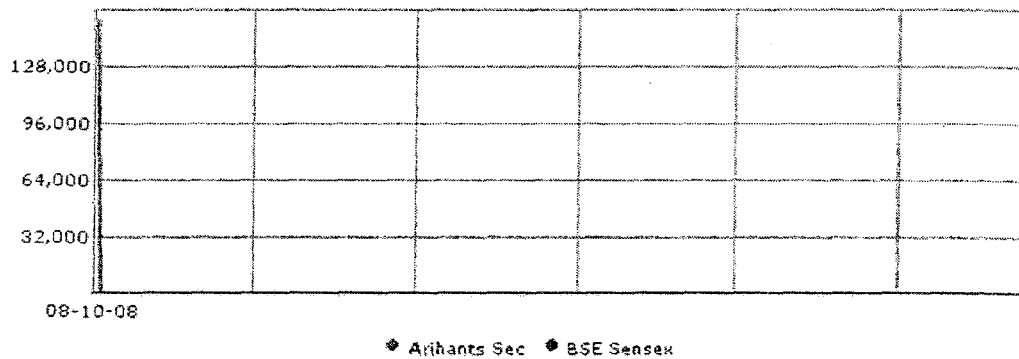
| Month        | BOMBAY STOCK EXCHANGE LIMITED |           |                               |
|--------------|-------------------------------|-----------|-------------------------------|
|              | High (Rs.)                    | Low (Rs.) | Total Number of Shares Traded |
| April - 2008 |                               |           |                               |
| May - 2008   | 15.25                         | 15.25     | 200                           |
| June - 2008  |                               |           |                               |
| July - 2008  |                               |           |                               |
| Aug - 2008   |                               |           |                               |
| Sept - 2008  |                               |           |                               |
| Oct - 2008   | 16.00                         | 15.90     | 3300                          |
| Nov - 2008   | 15.50                         | 15.50     | 1300                          |
| Dec - 2008   |                               |           |                               |
| Jan - 2009   |                               |           |                               |
| Feb - 2009   |                               |           |                               |
| Mar - 2009   |                               |           |                               |



**PERFORMANCE OF SHARE PRICE OF THE COMPANY IN COMPARISON TO THE  
BSE SENSEX**

**Compare with Index**

|         | Arihants Sec |           | BSE Sensex |
|---------|--------------|-----------|------------|
|         | Price        | Gain/Loss | Price      |
| Current | 15.50        | 0.00      | 15,903.83  |
| 1 week  | 0.00         | 0.00      | 15,173.46  |
| 1 month | 0.00         | 0.00      | 14,043.40  |
| 6 month | 0.00         | 0.00      | 9,090.88   |
| 1 year  | 0.00         | 0.00      | 14,961.07  |



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**

The Management Discussion and Analysis Report is included in the Directors Report and forms part of the Annual Report.

## **XII. COMPLIANCE CERTIFICATE OF THE AUDITORS :**

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the Directors Report and Management Discussion and Analysis. The certificate from the Statutory Auditors will be sent to the listed Stock Exchanges alongwith the Annual Reports of the Company.

## **XIII. CHIEF EXECUTIVE OFFICER CERTIFICATE :**

The Chief Executive Officer have certified to the Board as required under Clause 49(v) of the Listing Agreement and the same is annexed to and forms part of this report.

**SHARE HOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2009**

| <b>Category</b>   | <b>Shares</b> | <b>%</b> |
|---|---------------|----------|
| <b>A. Promoters Holdings</b>  |               |          |
| <b>1. Promoters</b>   |               |          |
| Indian Promoters  | 1759000       | 35.1800  |
| Foreign Promoters   |               |          |
| <b>2. Persons Acting in concert</b>   | 261100        | 5.2220   |
| <b>Sub-Total</b>  | 2020100       | 40.40    |
| <b>B. Non Promoters Holdings</b>  |               |          |
| <b>3. Institutional Investors</b>   |               |          |
| a) Mutual Funds and UTI   | --            | --       |
| b) Banks, Financial Institutions, Insurance Companies, (Central/ State Govt/ Institutions/ Non-Government Institutions) City Union Bank | --            | --       |
| c) FII's  | --            | --       |
| <b>Sub-Total</b>  | --            | --       |
| <b>4. Others</b>  |               |          |
| a) Private Bodies Corporate   | 1083796       | 21.6759  |
| b) Pan Link Consultants   | --            | --       |
| c) Indian Public  | 1894104       | 37.8820  |
| d) NRI/OCBs   | ---           | ---      |
| e) Any other (Please Specify)<br>Shares in Transit<br>Forfeited Shares<br>Foreign National  | 2000          | 0.04     |
| <b>Sub-Total</b>  | 2979900       | 59.5980  |
| <b>Grand Total</b>  | 5000000       | 100      |

**DISTRIBUTION SCHEDULE AS ON 31.03.2009**

| <b>No. of Equity Shares Held</b> | <b>No. of Shareholders</b> | <b>%</b>       | <b>No. of Shares</b> | <b>%</b>       |
|----------------------------------|----------------------------|----------------|----------------------|----------------|
| <b>Upto 5000</b>                 | <b>1699</b>                | <b>77.1571</b> | <b>276804</b>        | <b>5.5360</b>  |
| <b>5001 – 10000</b>              | <b>194</b>                 | <b>8.8101</b>  | <b>161000</b>        | <b>3.2200</b>  |
| <b>10001 – 20000</b>             | <b>125</b>                 | <b>5.6766</b>  | <b>189400</b>        | <b>3.7880</b>  |
| <b>20001 – 30000</b>             | <b>87</b>                  | <b>3.9509</b>  | <b>217700</b>        | <b>4.3540</b>  |
| <b>30001 – 40000</b>             | <b>17</b>                  | <b>0.7720</b>  | <b>59700</b>         | <b>1.1940</b>  |
| <b>40001 – 50000</b>             | <b>18</b>                  | <b>0.8174</b>  | <b>87900</b>         | <b>1.7580</b>  |
| <b>50001 – 100000</b>            | <b>27</b>                  | <b>1.2261</b>  | <b>231400</b>        | <b>4.6280</b>  |
| <b>100001 and above</b>          | <b>35</b>                  | <b>1.5894</b>  | <b>3776096</b>       | <b>75.5219</b> |
| <b>Total</b>                     | <b>2202</b>                | <b>100</b>     | <b>5000000</b>       | <b>100</b>     |

**Dematerialisation of Shares and Liquidity:**

The company's shares are available for trading on both the depositories in India viz., National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 31<sup>st</sup> March, 2009 the details of shares in demat mode and in physical mode are as under :

**No. of shares in Physical mode : 3054400 (61.09%)**

**No. of shares in dematerialized mode : 1945600 (38.91%)**

Under the Depository system the International Securities Identification Number (ISIN) allotted to the Company's Shares is **INE190D01015**

**Outstanding GDRs/ADRs/ Warrants : Nil**

## **SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL:**

As stipulated by SEBI, a qualified practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This Audit is carried out every quarter and the report thereon is submitted to the Listed Stock Exchanges. The audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

### **Company Registration details**

The Company is registered in the State of Tamilnadu. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L65993TN1994PLC027783

**The Company has not issued any GDRs/ADRs/ Warrants/Convertible Instruments.**

### **Address for Correspondence :**

**Regd. Office:** 138, Dr. Radhakrishnan Salai, Mylapore, Chennai – 600 004.

In terms of Clause 47(f) of the Listing Agreement of Stock Exchanges, investors may please use the following exclusive e-mail id for redressal of Investor requests/complaints:-

|                    |   |                              |
|--------------------|---|------------------------------|
| E-mail             | : | arihantssecurities@gmail.com |
| Compliance Officer | : | V.Kannan                     |
| Tel No.            | : | +91-44-28444555              |

**Registrar And Transfer Agents:** Cameo Corporate Services Limited,  
#1, Subramaniam Building, Club House Road, Mount Road,  
Chennai – 600 002.

**Factory Location** : Nil

**For and on behalf of the Board**

Sd/-

**Chairman**  
**(Ravikant Choudhry)**

**Date :20.08.2009**  
**Place : Chennai**

**DECLARATION REGARDING COMPLIANCES BY BOARD MEMBERS AND SENIOR  
MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a code of conduct for the members of the Board and Senior Management Personnel. I confirm that the company has, in respect of the financial year ended 31<sup>st</sup> March, 2009, received from the members of the Board and Senior Management Team of the Company, a declaration of compliance with the code of conduct as applicable to them.

**Sd/-  
Nishikanth Choudhary  
Managing Director**

**Place : Chennai  
Date : 10.08.2009**

**AUDITORS CERTIFICATE REGARDING COMPLIANCE WITH CONDITIONS OF  
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

**REGISTRATION NO. OF THE COMPANY : 18-27783  
NOMINAL CAPITAL : RS. 6,00,00,000/-**

**TO  
THE MEMBERS OF ARIHANT'S SECURITIES LIMITED  
CHENNAI**

We have examined all the relevant records of M/s. **ARIHANT'S SECURITIES LIMITED** for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Stock Exchanges for the financial year ended on 31st March, 2009. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the company has complied with the applicable mandatory conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement and the company has adopted the non-mandatory requirements with regard to setting up of a remuneration committee.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Registrar and Share Transfer Agents of the Company have maintained records to show Investors' Grievances against the Company and have certified that as on 31st March, 2009 there were no investor grievances remaining unattended / pending for a period exceeding one month.

**For M/s. Suresh Kumar & Co., Chartered Accountants**

**Sd/-  
(Suresh Kumar)  
Proprietor  
Membership No. 028376**

**Date : 10.08.2009  
Place : Chennai**

**CERTIFICATION BY CEO/CFOs issued pursuant to revised Clause 49 of the Listing Agreement.**

The Board of Directors  
**ARIHANT'S SECURITIES LIMITED**  
**CHENNAI.**

**Re : Financial Statements for the year 2008-09 - Certification by CEO**

I, Nishikanth Choudhary, Managing Director of M/s. **ARIHANT'S SECURITIES LIMITED, CHENNAI** certify that :

1. I have reviewed the financial statements for the year ended 31.3.2009 and that to the best of our knowledge and belief
  - a) these statements do not contain any materially untrue statement or omit any material act or contain statements that might be misleading;
  - b) these statements give a true and fair view of the state of affairs of the company and of the results of operations and cash flows. The financial statements have been prepared in conformity in all material respect, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. I accept overall responsibility for the company's internal control system for financial reporting. This is monitored by the Internal Audit Function which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Auditor works with all levels of management and statutory auditors and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.
4. I indicated to the Auditors and Audit Committee
  - a) significant changes in internal control over financial reporting during the year
  - b) significant changes in accounting policies during the year
  - c) instances of significant fraud of which I have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

However, during the year, there were no such changes or instances.

Sd/-

**(Signature of the Certifying Authority)**

**Nishikanth Choudhary**

**(Managing Director)**

**Date : 10.08.2009**

**Place : Chennai**



**SURESHKUMAR & CO.**  
**Chartered Accountants**

**34 STROTTON MUTHIA MUDALI STREET CHENNAI 600 079**

---

**AUDITORS REPORT**

We have audited the attached Balance Sheet of ARIHANT'S SECURITIES LIMITED as at 31st March 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto and cash flow statements for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.

Further to our comments in the Annexure referred in paragraph 1 above:

(i). We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

(ii). In our opinion, proper books of accounts as required by Law have been kept by the Company so far as it appears from our examination of those books.

(iii). The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.

(iv) In our opinion, the Balance Sheet and the Profit & Loss Account and Cash Flow Statement dealt with by this Report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.

(v). On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.3.2009 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in case of the Balance Sheet of the state of the affairs of the Company as at 31<sup>st</sup> March, 2009
- (b) in case of the Profit and Loss a/c, of the Loss for the year ended on that date and
- (c) in case of the Cash Flow Statement of the cash flows for the year ended on that date.

For SURESH KUMAR & Co.  
Chartered Accountants

Date: 10.08.2009  
Place: Chennai

Sd/-  
**Suresh kumar**  
Proprietor  
Membership No. 028376

**SURESHKUMAR & CO.**  
**Chartered Accountants**

**34 STROTTON MUTHIA MUDALI STREET CHENNAI 600 079**

**ANNEXURE TO AUDITORS REPORT**

(i)(a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.

(c) No part of fixed assets was disposed off during the year.

(ii)(a) The inventory has been physically verified during the year. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate.

(c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The company has not granted any loans to parties covered under register maintained under section 301 of the Act. (e) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.

(iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. We didn't come across any continuing failure to correct any major weaknesses in internal control;

(v)(a) Transactions that needed to be entered into a register in pursuance of section 301 of the Act were duly entered;

(b) These transactions have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time;

(vi) The company did not accept deposits from the public during the year.

(vii) The company has an internal audit system commensurate with its size and nature of its business;

(viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.

(ix)(a) The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.

(x) The Company's accumulated losses at the end of the financial year are not less than fifty per cent of its net worth, and it has incurred cash losses during the financial year though it didn't incur any cash losses during the previous financial year.

(xi) The company has not borrowed from financial institution or bank or debenture holders.

(xii) Adequate documents and records have been maintained in cases where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) No provisions of any special statute were applicable to the Company.

(ix) In case of dealings in shares, securities, debentures and other investments, in our opinion, proper records have been maintained of the transactions and contracts and timely entries have been made therein; and most of the shares, securities, debentures and other securities have been held by the company, in its own name except to the extent of the exemption, if any, granted under section 49 of the Act;

(xv) The company has not given any guarantee for loans taken by others from bank or financial institutions,

(xvi) The Company didn't take any term loan during the year.

(xvii) The Company didn't raise any funds during the year.

(xviii) The company didn't make any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

(xix) The Company has not issued any debentures.

(xx) The Company did not raise any funds by public issues during the year.

(xxi) In accordance to the information available with us, no fraud on or by the company has been noticed or reported during the year.

For SURESH KUMAR & Co.  
Chartered Accountants

Date: 10.08.2009  
Place: Chennai

Sd/-  
Suresh kumar  
Proprietor  
Membership No. 028376

**SURESHKUMAR & CO.**  
**Chartered Accountants**

**34 STROTTON MUTHIA MUDALI STREET CHENNAI 600 079**

---

**AUDITORS REPORT**

**To,**  
**The Board of Directors**  
**Arihant's Securities Limited**

As required by the "Non-Banking Financial Companies Auditors Report (Reserve Bank) Directions, 1998" as amended from time to time issued by Reserve Bank of India (RBI), and based on the books and records verified by us and according to the information and explanations given to us during the course of our Audit, we give hereunder our report on matters specified in paragraph 3 of the said directions:

1. The Company has obtained registration certificate No. 07.00211 dated 01.04.1998 under Section 45IA of the Reserve Bank of India Act, 1934.
2. The Board of Directors have in their meeting held on 2<sup>nd</sup> April, 2009 passed a resolution for non-acceptance of any public deposit without obtaining prior written permission of Reserve Bank Of India.
3. As per the information and explanations given to us and as appears from the Books of Accounts of the Company, the company has not accepted any deposit from the public during the year ended on 31<sup>st</sup> March, 2009.
4. In our opinion and as per the information and explanation given to us the company has complied with the prudential norms on income recognition, accounting standards, assets classification, provisioning for bad and doubtful debts and concentrations of credit/ investments as applicable to it and specified in the directions issued by Reserve Bank of India, for the year ended 31<sup>st</sup> March, 2009.

**For SURESH KUMAR & Co.**  
**Chartered Accountants**  
Sd/-

**Date: 10.08.2009**  
**Place: Chennai**

**SURESH KUMAR**  
**Proprietor**  
**Membership No. 028376**

# Arihant's Securities Limited

## BALANCE SHEET AS AT 31.3.2009

| SCHEDULE   | As at<br>31.3.2009<br>Rs. | As at<br>31.3.2008<br>Rs. |
|--|---------------------------|---------------------------|
| <b>I. SOURCES OF FUNDS :</b>   |                           |                           |
| <b>1. SHARE HOLDERS' FUNDS</b>   |                           |                           |
| (a) Share Capital  | A<br>50,000,000           | 50,000,000                |
| (b) Reserves & Surplus   | B<br><u>5,649,169</u>     | <u>5,649,169</u>          |
|  | <u>55,649,169</u>         | <u>55,649,169</u>         |
| <b>2. LOAN FUNDS</b>   |                           |                           |
| (a) Secured Loans  | —                         | —                         |
| (b) Unsecured Loans  | —                         | —                         |
|  | —                         | —                         |
| <b>TOTAL (1+2)</b>   | <b>55,649,169</b>         | <b>55,649,169</b>         |
| <b>II. APPLICATION OF FUNDS :</b>  |                           |                           |
| <b>1. FIXED ASSETS :</b>   |                           |                           |
| (a) Gross Block  | C<br>2,028,666            | 2,028,666                 |
| (b) Less: Depreciation   | 37,988                    | 33,004                    |
| (c) Net Block  | <u>1,990,678</u>          | <u>1,995,662</u>          |
| <b>2. INVESTMENTS</b>  |                           |                           |
|  | D<br>900,000              | 900,000                   |
| <b>3. CURRENT ASSETS, LOANS, &amp; ADVANCES :</b>                          |                           |                           |
| (a) Shares & Securities  | E<br>20,270,303           | 41,413,145                |
| (b) Cash & Bank Balances   | F<br>418,728              | 173,643                   |
| (c) Other Current Assets   | —                         | —                         |
| (d) Loans & Advances   | G<br>13,423,799           | 41,328,852                |
|  | <u>34,112,830</u>         | <u>82,915,640</u>         |
| <b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>                          |                           |                           |
| (a) Current Liabilities & ProvisionsH                                      | 9,541,653                 | 52,229,815                |
| <b>Net Current Assets</b>  | <u>24,571,177</u>         | <u>30,685,825</u>         |
| <b>4 (a). MISCELLANEOUS EXPENDITURE</b><br>(To the extent not written off) |                           |                           |
| (b). PROFIT & LOSS A/C   | I<br>28,187,315           | 22,067,682                |
|  | <u>28,187,315</u>         | <u>22,067,682</u>         |
| <b>TOTAL (1+2+3+4)</b>   | <b>55,649,169</b>         | <b>55,649,169</b>         |
| <b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>               |                           |                           |
|  | K                         |                           |

Schedule A to L form part of this Balance Sheet

"As per our Report Attached"  
For SURESH KUMAR & CO.  
Chartered Accountants  
sd/-  
SURESH KUMAR  
Chennai, June 30, 2009

For and on behalf of the Board of Directors  
NISHIKANT CHOUDHRY,  
Managing Director  
sd/-  
RAVIKANT CHOUDHRY,  
Director

## Arihant's Securities Limited

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2009:

| SCHEDULE   | As at<br>31.3.2009<br>Rs. | As at<br>31.3.2008<br>Rs. |
|--|---------------------------|---------------------------|
| <b>INCOMES:</b>                                  |                           |                           |
| Interest Earnings                                | 253,608                   | 469,626                   |
| Profit in Trading of Shares                      | —                         | 5,241,157                 |
| Dividend Receipts                                | 442,488                   | 360,245                   |
| NPA Provision No More Req'd. Written Back        | 2,474,369                 | —                         |
| Misc Income                                      | 77,974                    | —                         |
| Total (1)  | <u>3,248,438</u>          | <u>6,061,028</u>          |
| <b>EXPENDITURE :</b>                             |                           |                           |
| Loss in Trading of Shares                        | 8,166,425                 | —                         |
| Administrative & Other Expenses                  | J<br>874,719              | 1,131,625                 |
| Depreciation                                     | C<br>4,984                | 4,984                     |
| Total (2)  | <u>9,046,127</u>          | <u>1,136,509</u>          |
| Profit (+) \ Loss (-) for the year before tax    | (1-2)<br>-5,797,689       | 4,924,520                 |
| Provision for Tax                                | 321,944                   | 421,714                   |
| Profit (+) \ Loss (-) for the year after tax     | -6,119,633                | 4,502,806                 |
| Add : Balance b/f from Previous Year             | -22,067,682               | -25,585,564               |
| Profit (+) \ Loss(-) Available for Appropriation | <u>-28,187,315</u>        | <u>-21,082,778</u>        |
| <b>APPROPRIATIONS:</b>                           |                           |                           |
| Transfer to Special Reserve                      | —                         | 984,904                   |
| Carried forward to next year                     | -28,187,315               | -22,067,682               |
|  | <u>-28,187,315</u>        | <u>-22,067,682</u>        |
| <b>Earning Per Share (Rupees)</b>                |                           |                           |
| Basic  | -1.22                     | 0.90                      |
| Diluted  | -1.22                     | 0.90                      |

"As per our Report Attached"  
For SURESH KUMAR & CO.  
Chartered Accountants  
sd/-  
SURESH KUMAR  
Chennai, June 30, 2009

For and on behalf of the Board of Directors  
NISHIKANT CHOUDHRY,  
Managing Director  
sd/-  
RAVIKANT CHOUDHRY,  
Director

## Arihant's Securities Limited

### SCHEDULES FORMING PART OF THE BALANCE SHEET :

|  | 31.3.2009         | 31.3.2008         |
|--|-------------------|-------------------|
|  | Rs.               | Rs.               |
| <b>SCHEDULE A : SHARE CAPITAL</b>                    |                   |                   |
| AUTHORISED :   |                   |                   |
| 60,00,000 Equity Shares of Rs.10 each                | <u>60,000,000</u> | <u>60,000,000</u> |
| ISSUED, SUBSCRIBED, & PAID UP                        |                   |                   |
| 50,00,000 Equity Shares of Rs. 10 each fully paid-up | <u>50,000,000</u> | <u>50,000,000</u> |
|  | <u>50,000,000</u> | <u>50,000,000</u> |
| <b>SCHEDULE B : RESERVES &amp; SURPLUS</b>           |                   |                   |
| General Reserves                                     | 2,500,000         | 2,500,000         |
| Special Reserve                                      | 3,149,169         | 3,149,169         |
|  | <u>5,649,169</u>  | <u>5,649,169</u>  |

### SCHEDULE C : FIXED ASSETS

| PARTICULARS<br>OF ASSETS | GROSS BLOCK               |                                 |                            | DEPRECIATION      |                     |                    | NET BLOCK          |                    |
|--------------------------|---------------------------|---------------------------------|----------------------------|-------------------|---------------------|--------------------|--------------------|--------------------|
|                          | COST<br>AS AT<br>1.4.2008 | ADDITIONS<br>DURING<br>THE YEAR | COST<br>AS AT<br>31.3.2009 | AS AT<br>1.4.2006 | FOR THE<br>THE YEAR | AS AT<br>31.3.2008 | AS AT<br>31.3.2009 | AS AT<br>31.3.2008 |
| Motor Cycle              | 39,138                    | —                               | 39,138                     | 25,121            | 2,015               | 27,136             | 12,002             | 14,017             |
| Land                     | 1,556,690                 | —                               | 1,556,690                  | —                 | —                   | —                  | 1,556,690          | 1,556,690          |
| Office Equipments        | 7,438                     | —                               | 7,438                      | 3,957             | 352                 | 4,309              | 3,129              | 3,481              |
| Computer Systems         | 16,150                    | —                               | 16,150                     | 3,926             | 2,617               | 6,543              | 9,607              | 12,224             |
| Flats                    | 409,250                   | —                               | 409,250                    | —                 | —                   | —                  | 409,250            | 409,250            |
| Grand Total              | 2,028,666                 | —                               | 2,028,666                  | 33,004            | 4,984               | 37,988             | 1,990,678          | 1,995,662          |

Rs.

Rs.

### SCHEDULE D : INVESTMENTS

(Valued at cost)

Long Term, Other Than Trade, Valued at cost

Land At Sriperumbudur

31.3.2009

31.3.2008

900,000

900,000

900,000

900,000

## Arihant's Securities Limited

### SCHEDULE E : SHARES & SECURITIES

#### QUOTED:

| 1. In fully paid equity shares: |                             | 31.3.2009 | 31.3.2008 |
|---------------------------------|-----------------------------|-----------|-----------|
| No. of Shares                   | Name of the Company         | Rs.       | Rs.       |
| 17000                           | Adiyaman Investment Ltd.    | 17,000    | 17,000    |
| 500                             | Ahmad Forge                 | 16,500    | 83,050    |
| 4300                            | Akash Housing Ltd.          | 4,300     | 4,300     |
| 3100                            | Arvind Mills                | 41,540    | 117,025   |
| 272                             | Ashapura Minechem           | 6,419     | —         |
| 49500                           | Ashville Invests. Ltd.      | 49,500    | 49,500    |
| 1000                            | Asian Cerc                  | 15,250    | 72,535    |
| 110000                          | Betala Global Fin. Ltd.     | 110,000   | 110,000   |
| 400                             | BF Utilities                | 128,120   | 425,000   |
| 10100                           | BMB Musics & Mag. Ltd.      | 10,100    | 10,100    |
| 2500                            | BPL Ltd.                    | 40,100    | 108,375   |
| 5000                            | Chimique Lab. Ltd.          | 5,000     | 5,000     |
| 5343                            | Clariant Chem               | 1,051,502 | 1,202,175 |
| 50000                           | Computer Power India Ltd.   | 5,000     | 5,000     |
| 80900                           | Coromandal Granite Co. Ltd. | 80,900    | 80,900    |
| 2550                            | Datanet System              | 34,681    | 12,113    |
| 1000                            | Deepak Fert                 | 56,600    | —         |
| 1000                            | Dish TV                     | 23,950    | 49,500    |
| 100500                          | Dr. Agarwal Eye Hospital    | 1,500,000 | 1,500,000 |
| 500                             | Easun Reyrolle              | 22,425    | —         |
| 1000                            | EDL                         | 47,350    | 154,250   |
| 2300                            | Enchante Jewel              | 8,510     | 2,300     |
| 1800                            | Essar Shipping              | 52,920    | 77,092    |
| 25000                           | Eveready                    | 445,000   | 973,750   |
| 2800                            | Fact Ent.                   | 28,000    | 28,000    |
| 800                             | Ganesh Forging              | 6,592     | 38,576    |
| 4600                            | Ganesh Lea-Finvest Ltd.     | 4,600     | 4,600     |
| 19500                           | Goldinfra                   | 294,310   | —         |
| 81000                           | Goldstone Technologies      | 1,097,550 | 991,359   |
| 700                             | Goldwon Textiles Ltd.       | 700       | 700       |
| 250                             | Gujrat Borosil              | 1,752     | 2,700     |
| 952                             | Gujrat Mineral              | 37,746    | —         |
| 1000                            | Gulfoilcorp                 | 27,050    | 99,250    |
| 6400                            | Gwalchem                    | 266,240   | 294,720   |
| 6100                            | Harrington Con. & Fin. Ltd. | 6,100     | 6,100     |
| 5400                            | Hillock Agro                | 5,400     | 5,400     |
| 5000                            | Himachal Futuristics        | 40,050    | 94,750    |
| 2450                            | India Bulls                 | 220,745   | 911,240   |
| 1200                            | Indo-Asian Fin              | 17,790    | 12,000    |



## Arihant's Securities Limited

| No. of Shares | Name of the Company            | 31.3.2009<br>Rs. | 31.3.2008<br>Rs. |
|---------------|--------------------------------|------------------|------------------|
| 1000          | Indo Castle                    | 7,050            | 10,000           |
| 7400          | Indo Germa Product Ltd.        | 7,400            | 7,400            |
| 500           | Indraprastha Gas               | 13,975           | 62,884           |
| 25000         | Indusind Bank                  | 807,500          | 1,102,500        |
| 82145         | Infodrive                      | 1,983,802        | 4,468,688        |
| 500           | innova                         | 2,745            | 4,655            |
| 10000         | IQ Infotech Ltd.               | 10,000           | 10,000           |
| 1000          | ISMT                           | 20,050           | 55,650           |
| 5000          | Jaibalaji                      | 396,400          | —                |
| 41500         | Jain Granites & Products Ltd.  | 41,500           | 41,500           |
| 100           | Jaisal Securities              | 885              | 100              |
| 2300          | Janzen Castmetals Ltd.         | 2,300            | 2,300            |
| 4900          | Jay Agro Chem Ltd.             | 4,900            | 4,900            |
| 200           | Kanishk Steel                  | 2,856            | 5,380            |
| 13200         | Kanoria Flavours Ltd.          | 13,200           | 13,200           |
| 250           | KCP                            | 28,913           | 28,913           |
| 1500          | Khoday India                   | 36,750           | 149,475          |
| 1500          | Kirl Fere In                   | 16,485           | 61,317           |
| 30000         | Kothari Sugar                  | 153,000          | 333,000          |
| 8000          | Kreon Financial                | 14,000           | 8,000            |
| 2100          | Kumbhat Finance                | 2,100            | 2,100            |
| 3200          | Lokesh                         | 63,680           | 205,440          |
| 150           | Lumax Auto                     | 2,550            | 7,268            |
| 224500        | M S Investments Ltd.           | 224,500          | 224,500          |
| 2100          | Mansi Finance                  | 11,571           | 8,400            |
| 200           | Maruti Indl. Carbohydrate Ltd. | 200              | 200              |
| 1250          | Mawana Sugars                  | 20,437           | 39,125           |
| 2000          | Mcleodruss                     | 129,100          | —                |
| 2500          | Midas Pharm                    | 25,000           | 40,400           |
| 1400          | Midday                         | 16,534           | 38,220           |
| 1000          | MRPL                           | 41,050           | —                |
| 1000          | Mundraport                     | 323,200          | 579,500          |
| 100           | Munoth Financial               | 683              | 100              |
| 52500         | National Plastics              | 371,700          | 485,625          |
| 500           | Navin Textiles Ltd.            | 500              | 500              |
| 1000          | Neclife                        | 11,260           | —                |
| 4600          | New Era Alkaloids Export Ltd.  | 4,600            | —                |
| 1000          | Neyveli Lignite                | 66,280           | —                |
| 1000          | Nile Ltd                       | 44,350           | 95,000           |
| 155           | Nitco                          | 3,642            | 32,676           |

## Arihant's Securities Limited

| No. of Shares | Name of the Company               | 31.3.2009<br>Rs. | 31.3.2008<br>Rs. |
|---------------|-----------------------------------|------------------|------------------|
| 200000        | Nubal India Ltd.                  | 200,000          | 200,000          |
| 4200          | Orient Organic Ltd.               | 4,200            | 4,200            |
| 13500         | P K Vaduvammai Finance Ltd.       | 13,500           | 13,500           |
| 269450        | Peeti Securities                  | 269,450          | 269,450          |
| 10000         | Petronet                          | 388,500          | 659,360          |
| 7370          | Pondy Oxides                      | 82,838           | 147,988          |
| 202           | Pratibha Ind                      | 15,898           | 39,075           |
| 3000          | Pressure Sensitive                | 5,730            | 9,450            |
| 500           | PSL Holdings                      | 43,325           | 46,500           |
| 9300          | Rajeswari Foundation              | 73,470           | 124,143          |
| 54            | Ranbaxy                           | 8,942            | 43,875           |
| 4028          | RDB Industries                    | 180,857          | 431,805          |
| 1477          | Refex Refri                       | 21,195           | 96,005           |
| 36            | Remi Metals                       | 253              | 2,534            |
| 14900         | Rishab Financial                  | 35,760           | 87,910           |
| 30            | RNRL                              | 1,346            | 10,706,544       |
| 5000          | RPL                               | 475,750          | 3,905,000        |
| 3339          | Rsystems                          | 163,611          | 273,965          |
| 45000         | Saberorgan                        | 568,800          | 652,500          |
| 600           | Sail                              | 54,510           | 54,510           |
| 5500          | Sajjan Udyog Exports Ltd.         | 5,500            | 5,500            |
| 1000          | Sakthi Sugar                      | 22,800           | 64,500           |
| 1500          | Shasun Chem                       | 18,825           | 44,900           |
| 4200          | Shasun Finance Ltd.               | 4,200            | 4,200            |
| 100           | Shopper's Invest. Ltd.            | 100              | 100              |
| 2000          | Shree Karthik Paper Mill Ltd.     | 2,000            | 2,000            |
| 1911          | Solar Explosives                  | 293,899          | 293,899          |
| 8200          | Sonarji Jewellery Exp. Ltd.       | 8,200            | 8,200            |
| 300           | South India Shipping Ltd.         | 300              | 300              |
| 200           | Spanc Tele                        | 5,570            | 32,250           |
| 3988          | Sparsh Sps                        | 91,325           | 581,251          |
| 500           | Spicejet Lim                      | 6,735            | 20,400           |
| 300           | SQL Star Inti                     | 2,205            | 9,645            |
| 1500          | Sree Jayalakshmi Serv. Ltd.       | 1,500            | 1,500            |
| 2600          | Sri Krishna Drugs Ltd.            | 2,600            | 2,600            |
| 500           | Sterling Guar. & Fin. Ltd.        | 500              | 500              |
| 9500          | Sterling Holiday                  | 267,900          | 260,300          |
| 4400          | STL Global Pp                     | 880              | 48,400           |
| 500           | Sub Projects                      | 23,300           | 51,480           |
| 5000          | Sudsun Housing Devp. (India) Ltd. | 5,000            | 5,000            |
| 2308          | Sun TV                            | 384,397          | 685,476          |

## Arihant's Securities Limited

| No. of Shares                             | Name of the Company           | 31.3.2009<br>Rs.  | 31.3.2008<br>Rs.  |
|---|-------------------------------|-------------------|-------------------|
| 225                                       | Surana Ind                    | 20,115            | 21,183            |
| 45643                                     | Tamari Mills                  | 45,643            | 13,597            |
| 1000                                      | Tantiacon                     | 32,500            | 90,350            |
| 300                                       | Thambi Modern                 | 1,380             | 2,579             |
| 25200                                     | Top Telemedia                 | 25,200            | 25,200            |
| 10000                                     | Tourism Finance               | 135,500           | 142,500           |
| 1000                                      | Trend East West Ltd.          | 1,000             | 1,000             |
| 2000                                      | Tributon Exports Ltd.         | 2,000             | 2,000             |
| 1600                                      | Tyroon Tea                    | 22,400            | 1,600             |
| 5000                                      | Uniply                        | 23,150            | 93,500            |
| 2400                                      | Unity Agro Tech. Ind. Ltd.    | 2,400             | 2,400             |
| 1000                                      | Ushamart                      | 27,400            | —                 |
| 500                                       | Videcind                      | 43,525            | —                 |
| 500                                       | Vijay Shanti                  | 5,980             | 31,800            |
| 10500                                     | XS Financial Serv. Ltd.       | 10,500            | 10,500            |
|   | Aban                          | —                 | 30,246            |
|   | New Era Alkaloids Export Ltd. | —                 | 4,600             |
| <u>1,906,828</u>                          |                               | <u>14,898,303</u> | <u>36,041,145</u> |
|   | Market Value                  | 16,595,225        | 26,346,344        |
| 2. In fully paid unquoted equity shares : |                               |                   |                   |
| No. of Shares                             | Name Of The Company           |                   |                   |
| 120000                                    | ASL Capital Holdings P. Ltd.  | 1,372,000         | 1,372,000         |
| 200000                                    | Cee TV Entertainment Ltd.     | 2,000,000         | 2,000,000         |
| 200000                                    | Raj Finlease Ltd.             | 2,000,000         | 2,000,000         |
| <u>520000</u>                             |                               | <u>5,372,000</u>  | <u>5,372,000</u>  |
|   | Grand Total                   | <u>20,270,303</u> | <u>41,413,145</u> |

## Arihant's Securities Limited

|  | Rs.               | Rs.               |
|--|-------------------|-------------------|
| <b>SCHEDULE F : CASH AND BANK BALANCES</b>   | <b>31.3.2009</b>  | <b>31.3.2008</b>  |
| Cash & Bank Balances :   |                   |                   |
| a) Cash in hand  | 35,910            | 115,910           |
| b) In Current Alc with Scheduled Banks   | <u>382,818</u>    | <u>57,733</u>     |
|  | <u>418,728</u>    | <u>173,643</u>    |
| <b>SCHEDULE G : LOANS &amp; ADVANCES</b><br>(Unsecured, recoverable in cash or kind, which value to be received) |                   |                   |
| Loans :  |                   |                   |
| Loans Given (Considered Good)  | 3,000,000         | 3,544,648         |
| Loans Given (Considered Doubtful)  | <u>2,451,174</u>  | <u>4,925,543</u>  |
| Advances :   | <u>5,451,174</u>  | <u>8,470,191</u>  |
| Sundry Advances & Deposits   | 7,774,354         | 32,249,343        |
| Tax Refundable   | <u>198,271</u>    | <u>609,319</u>    |
|  | <u>13,423,799</u> | <u>41,328,852</u> |
| <b>SCHEDULE H : CURRENT LIABILITIES &amp; PROVISIONS</b>   |                   |                   |
| Misc. Creditors  | 7,035,855         | 46,813,988        |
| NPA Provisions   | <u>2,451,174</u>  | <u>4,925,543</u>  |
| Provision for Taxation   | <u>54,624</u>     | <u>490,284</u>    |
|  | <u>9,541,653</u>  | <u>52,229,815</u> |
| <b>SCHEDULE I : PROFIT &amp; LOSS A/C</b>  | <u>28,187,315</u> | <u>22,067,682</u> |
| Balance as per Profit & Loss Alc   | <u>28,187,315</u> | <u>22,067,682</u> |
| <b>SCHEDULE J : ADMINISTRATIVE &amp; OTHER EXPENSES</b>  |                   |                   |
| Advertisement Expenses   | 21,975            | 27,082            |
| AGM Expenses   | 912               | 5,217             |
| Audit Fees   | 5,000             | 5,000             |
| Bank Charges   | 7,095             | 1,882             |
| Depository Charges   | 4,495             | —                 |
| Donations  | 10,000            | —                 |
| Insurance  | 337               | 337               |
| Legal & Professional Fees  | 186,750           | 238,250           |
| Membership & Subscriptions   | <u>33,716</u>     | <u>33,600</u>     |
| Miscellaneous Expenses   | —                 | 1,903             |
| NPA Provisions   | —                 | 309,059           |
| Postage  | 8,678             | 8,865             |
| Printing & Stationary  | 13,800            | 13,000            |
| Rates & Taxes  | —                 | 5,240             |
| Rent   | 75,000            | 75,000            |
| Repairs & Maint.   | 45,600            | —                 |
| Share Registrar Expenses   | 35,037            | 5,969             |
| Salaries   | 251,650           | 314,834           |
| Share Transaction Expenses   | <u>174,674</u>    | <u>86,287</u>     |
|  | <u>874,719</u>    | <u>1,131,525</u>  |

## **ARIHANT'S SECURITIES LIMITED**

### **SCHEDULE K: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

#### **A: SIGNIFICANT ACCOUNTING POLICIES**

##### **1. ACCOUNTING CONVENTION**

The Financial Statements are prepared on Historical Cost basis. The Revenues and the Expenditure of the Company are accounted on Accrual Basis. All the known liabilities and losses are provided for..

##### **2. SHARES & SECURITIES**

Shares & Securities are stated at Cost or Market Price whichever is lower.

##### **3. CASH FLOW**

Cash Flow Statement is Annexed

##### **4. CONTINGENCIES AND EVENTS OCCURING AFTER THE BALANCE SHEET DATE**

There are no material Changes after the Balance Sheet Date.

##### **5. PRIOR PERIOD ITEMS**

There is no material effect due to prior period Items.

##### **6. DEPRECIATION**

Depreciation is provided on Straight Line Method as per the rates stated in the Schedule XIV of the Companies Act 1956, on pro rata basis.

##### **7. REVENUE RECOGNITION**

The revenue and expenditure are accounted on a going concern basis.

##### **8. FIXED ASSETS**

Fixed Assets are shown at their historical costs less depreciation accumulated.

##### **9. GOVERNMENT GRANTS**

No Government Grants were received during the financial year.

##### **10. INVESTMENTS**

Investments are disclosed at their cost value.

##### **11. RETIREMENT BENEFITS**

The retirement benefits to the staff shall be accounted on crystallization of the liability.

##### **12. SEGMENT REPORTING**

The company is presently operating in two identifiable business segments viz., Loan Financing and Trading in shares. It operates in one geographical segment; services in India only. The particulars of segmentwise revenue, results and capital employed are annexed.

##### **13. ACCOUNTING OF LEASES**

The company has not entered in to any lease arrangements.

##### **14. PROVISION FOR CURRENT & DEFERRED TAX**

Provision, if any, for Current tax has been made in the accounts as per the related provisions of the Income-Tax, 1961. Being a loss making company, provision of deferred tax is not made.

Deferred Tax Asset or Liability is recognized for timing difference between the profit as per financial statements and the profit offered for Income Tax, based on the tax rates that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax assets, subject to the consideration of prudence, are recognised only if there is a reasonable certainty that sufficient future taxable income will be available, against which they can be realised.

#### 15. IMPAIRMENT

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a Pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognized immediately as income in the profit and loss account.

#### 16. CONTINGENT LIABILITIES

Contingent liabilities are not provided and are disclosed by way of notes on accounts.

#### 17. MISC. EXPENDITURE

Preliminary and Public Issue Expenditure are to be amortised over a period of 10 years.

### B: NOTES ON ACCOUNTS

1. Estimated amount of contract remaining to be executed on Capital Account and provided for (net of advances) is Rs. NIL (NIL)
2. Contingent Liabilities Not provided for : Nil (NIL)
3. Payment to Auditors:

|            | 2008-09  | 2007-08  |
|------------|----------|----------|
| Audit Fee: | Rs. 5000 | Rs. 5000 |

4. The Managing Director has forgone his remuneration for the year in view of inadequate profits made by the Company.
5. Expenditure in Foreign Currency : NIL (NIL)  
Earnings in Foreign Currency : NIL (NIL)  
CIF Value of Imports : NIL (NIL)
6. The retirement benefits to the staff shall be accounted on crystallisation of the liability.
7. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of the information available with the Company.
8. Deferred Tax Liability -- Nil
9. Provision for Doubtful Debts--Nil

#### 10. Related party disclosures:

List of parties where control exists:

Associate Companies: ASL Capital Holdings Pvt. Ltd.

Key Management Personnel: Nishikant Choudhry

List of related party transactions during the year:

(Rs. in lakhs)

| Transactions            | Associate Concern<br>(Rs. in Lakhs) | Key Management Personnel | Relative of key Management Personnel |
|-------------------------|-------------------------------------|--------------------------|--------------------------------------|
| Shares Purchased / Sold | 157.03                              | --                       | --                                   |
|                         |                                     |                          |                                      |

11. Particulars of Loans/ advances and investment in its own shares by listed companies, their subsidiaries, associates etc. required to be disclosed in the Annual Accounts of the company pursuant to Clause 32 of the Listing Agreement.

Loans and advances in nature of loans to subsidiaries and the companies in which the directors are interested:

| Name of the Company | Balance as on 31 <sup>st</sup> March, 2009 | Maximum Outstanding during the year |
|---------------------|--|-------------------------------------|
| -----NIL-----       |  |                                     |

Investments in nature of shares in associate company.

| Name of the Company        | Shares | Amount      |
|----------------------------|--------|-------------|
| ASL Capital holding P. Ltd | 120000 | 13,72,000/- |

12. Earnings Per Share:

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the number of equity shares outstanding during the year.

|  | 2008-2009 | 2007-08   |
|--|-----------|-----------|
| Profit after Taxation (Rs. in Lakhs)                 | (61.20)   | 45.03     |
| Weighted Average Number of Equity Shares Outstanding | 50,00,000 | 50,00,000 |
| Earnings Per Share (Rs.) Basic and Diluted           | -1.22     | 0.90      |
| Face Value per Share (Rs.)                           | 10/-      | 10/-      |

13. Additional Information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956 are not applicable to the company since the company is not a manufacturing concern.
14. The expenditure incurred on employees who were in receipt of remuneration in excess of Rs. 24,00,000/- p.a. or Rs. 2,00,000/- p.m. - NIL
15. Previous Year figures have been regrouped and recast wherever necessary.
16. Figures have been rounded to the nearest rupee.

"As per our Report Attached"

For SURESH KUMAR & CO.  
Chartered Accountants  
Sd/-

SURESH KUMAR  
Proprietor  
Membership No. 028376

Chennai, June 30, 2009

For and on behalf of the Board of Directors  
Sd/-

Nishikanth Choudhry, Managing Director

Sd/-

Ravikant Choudhry, Director

## Arihant's Securities Limited

### Schedule to the Balance Sheet For The Year Ended March 31, 2009

(as required in terms of Paragraph 96B of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998) (Rs. in lakhs)

| Particulars   | Amount outstanding | Amount overdue |
|---|--------------------|----------------|
| <b>Liabilities side :</b>   |                    |                |
| (1). Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:                |                    |                |
| a. Debentures : Secured : Unsecured<br>(Other than falling within the meaning of public deposits*)              | ---                | ---            |
| b. Deferred Credits   | ---                | ---            |
| c. Term Loans   | ---                | ---            |
| d. Inter-corporate loans and borrowing  | ---                | ---            |
| e. Commercial Paper   | ---                | ---            |
| f. Public Deposits*   | ---                | ---            |
| g. Other Loans (specify nature)   | ---                | ---            |
| * Please see Note 1 below   |                    |                |
| (2). Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid): |                    |                |
| a. in the form of Unsecured debentures  | ---                | ---            |
| b. in the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security | ---                | ---            |
| c. Other public deposits  | ---                | ---            |
| * Please see Note 1 below   |                    |                |
| <b>Assets side :</b>  |                    |                |
| (3). Break-up of Loans and Advances including bills receivables (other than those included in (4) below):       | Amount             |                |
| a. Secured  | ---                |                |
| b. Unsecured  | 54.51              |                |
| (4). Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities      |                    |                |
| (i) Lease assets including lease rentals under sundry debtors :   |                    |                |
| (a) Financial lease   | ---                |                |
| (b) Operating lease   | ---                |                |
| (ii) Stock on hire including hire charges under sundry debtors:   |                    |                |
| (a) Assets on hire  | ---                |                |
| (b) Repossessed Assets  | ---                |                |
| (iii) Hypothecation loans counting towards EL/HP activities   |                    |                |
| (a) Loans where assets have been repossessed  | ---                |                |
| (b) Loans other than (a) above  | ---                |                |
| (5). Break-up of Investments :  |                    |                |
| Current Investments :   |                    |                |
| 1. Quoted :   |                    |                |
| (i) Shares :       (a) Equity   | ---                |                |
| (b) Preference  | ---                |                |
| (ii) Debentures and Bonds   | ---                |                |
| (iii) Units of mutual funds   | ---                |                |
| (iv) Government Securities  | ---                |                |
| (v) Others (please specify)   | ---                |                |
| 2. Unquoted :   |                    |                |
| (i) Shares :       (a) Equity   | ---                |                |
| (b) Preference  | ---                |                |
| (ii) Debentures and Bonds   | ---                |                |
| (iii) Units of mutual funds   | ---                |                |
| (iv) Government Securities  | ---                |                |
| (v) Others (Please specify)   | ---                |                |
| Long Term Investments :   |                    |                |
| 1. Quoted :   |                    |                |
| (i) Shares :       (a) Equity   | ---                |                |
| (b) Preference  | ---                |                |



## Arihant's Securities Limited

|  |         |                          |             |
|--|---------|--------------------------|-------------|
| (ii). Debentures and Bonds   | —       |                          |             |
| (iii). Units of mutual funds   | —       |                          |             |
| (iv). Government Securities  | —       |                          |             |
| (v). Others (Please specify)   | —       |                          |             |
| 2. Unquoted :  |         |                          |             |
| (i) Shares :   |         |                          |             |
| (a) Equity   | —       |                          |             |
| (b) Preference   | —       |                          |             |
| (ii). Debentures and Bonds   |         |                          |             |
| (iii). Units of mutual funds   | —       |                          |             |
| (iv). Government Securities  | —       |                          |             |
| (v). Others: Land At Sriperumbudur   |         | 9.00                     |             |
| <b>6. Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:</b>                                     |         |                          |             |
| Please see Note 2 below  |         |                          |             |
|  |         | Amount net of provisions |             |
| Category   | Secured | Unsecured                | Total       |
| 1. Related Parties **  |         |                          |             |
| (a) Subsidiaries   | —       | —                        | —           |
| (b) Companies in the same group  | —       | —                        | —           |
| (c) Other related parties  | —       | —                        | —           |
| 2. Other than related parties  |         | 30.00                    | 30          |
| <b>Total</b>   |         | <b>30.00</b>             | <b>30</b>   |
| <b>7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b> |         |                          |             |
| Please see note 3 below  |         |                          |             |
| Category   |         | Market Value             | Book Value  |
| 1. Related Parties **  |         |                          |             |
| (a) Subsidiaries   |         | —                        | —           |
| (b) Companies in the same group  |         | —                        | —           |
| (c) Other related parties  |         | —                        | —           |
| 2. Other than related parties  |         | 9.00                     | 9.00        |
| <b>Total</b>   |         | <b>9.00</b>              | <b>9.00</b> |
| ** As per Accounting Standard of ICAI (Please see Note 3)  |         |                          |             |
| <b>8. Other information</b>  |         |                          |             |
| Particulars  |         | Amount                   |             |
| (i) Gross Non-Performing Assets  |         |                          |             |
| (a) Related parties  |         | —                        |             |
| (b) Other than related parties   |         | 24.51                    |             |
| (ii) Net Non-Performing Assets   |         |                          |             |
| (a) Related parties  |         | —                        |             |
| (b) Other than related parties   |         | —                        |             |
| (iii) Assets acquired in satisfaction of debt  |         | —                        |             |

### Notes:

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

"As per our Report Attached"  
 For SURESH KUMAR & CO.  
 Chartered Accountants

SURESH KUMAR  
 Chennai, June 30, 2009

For and on behalf of the Board of Directors  
 NISHIKANT CHOUDHRY,  
 Managing Director  
 RAVIKANT CHOUDHRY,  
 Director

## Arihant's Securities Limited

### CASH FLOW STATEMENT

|  | Current<br>Year<br>Rs. | Previous<br>Year<br>Rs. |
|--|------------------------|-------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>              |                        |                         |
| Net Profit before Tax and Extraordinary Items              | -5,797,689             | 4,924,520               |
| Adjustments for:   |                        |                         |
| Add: NPA Provisions  | -2,474,369             | 309,059                 |
| Add: Depreciation, Wind Mill Loss, Preliminary Exps.       | 4,984                  | 4,984                   |
|  | <u>-8,267,074</u>      | <u>5,238,563</u>        |
| Less: Other Income   | 77,974                 | —                       |
| Operating Profit before working capital changes            | <u>-8,345,048</u>      | <u>5,238,563</u>        |
| Adjustments for:   |                        |                         |
| Add: Decrease in Current Assets                            | 49,047,896             | -38,891,539             |
|  | <u>40,702,848</u>      | <u>-33,652,976</u>      |
| Add: Increase in Current Liabilities                       | <u>-40,535,737</u>     | <u>32,149,104</u>       |
| Cash Generated from Operations                             | 167,111                | -1,503,872              |
| Add: Other Income  | 77,974                 | —                       |
| Less: Issue Expenditure Not W/o                            | —                      | —                       |
| Net Cash from Operating activities                         | <u>245,085</u>         | <u>-1,503,872</u>       |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>              |                        |                         |
| Sale of Fixed Assets                                       | —                      | 1,050,000               |
| Sale of Investments  | —                      | —                       |
| Net cash used for Investing activities                     | <u>—</u>               | <u>1,050,000</u>        |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>              |                        |                         |
| Proceeds from Issue of Share Capital                       | —                      | —                       |
| Secured Unsecured Loans Taken                              | —                      | —                       |
| Net Cash Inflow from financing activities                  | <u>—</u>               | <u>—</u>                |
| <b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b> | <u>245,085</u>         | <u>-453,872</u>         |
| Cash & Cash Equivalents as at 1.04.2007                    | 173,643                | 627,514                 |
| Cash & Cash Equivalents as at 31.03.2008                   | <u>418,728</u>         | <u>173,643</u>          |

"As per our Report Attached"  
 For SURESH KUMAR & CO.  
 Chartered Accountants  
 SURESH KUMAR  
 Chennai, June 30, 2009

For and on behalf of the Board of Directors  
 NISHIKANT CHOUDHRY,  
 Managing Director  
 RAVIKANT CHOUDHRY,  
 Director

## Arihant's Securities Limited

### REPORTING OF SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED, UNDER CLAUSE 41 OF THE LISTING AGREEMENT

| PARTICULARS  | YEAR                  | YEAR                  |
|--|-----------------------|-----------------------|
|  | ENDED ON<br>31.3.2009 | ENDED ON<br>31.3.2008 |
|  |                       | (Rupees In Lacs)      |
| 1. Segment Revenue   |                       |                       |
| a) Loans   | 4.28                  | 4.59                  |
| b) Trading of Shares   | -77.24                | 56.01                 |
| Total  | -72.96                | 60.60                 |
| Less: Intersegment revenue                                   | -                     | -                     |
| Gross Income from Operations                                 | -72.96                | 60.60                 |
| 2. Segment Results   |                       |                       |
| Profit(+)/Loss(-) before tax and interest from each segment  |                       |                       |
| a) Loans   | 4.28                  | 4.59                  |
| b) Trading of Shares   | -78.98                | 55.15                 |
| Total  | -74.70                | 59.74                 |
| Less: i) Interest  |                       |                       |
| ii) Other unallocable expenditure net off unallocable income | -16.72                | 10.51                 |
| Total Profit Before Tax                                      | -57.98                | 49.23                 |
| 3. Capital Employed (Segment Assets-Segment Liab.)           |                       |                       |
| a) Loans   | 30.00                 | 35.45                 |
| b) Trading of Shares   | 226.14                | 444.17                |
| Total Segment Capital  | 256.14                | 479.62                |

#### NOTES:

- The above audited financial results were taken on record at the Board Meeting of the Company held on 30th June, 2009.
- Status of Investor Complaints for the quarter ended 31.3.2009:

| Number of Complaints   |                             |                                |                         |
|------------------------|-----------------------------|--------------------------------|-------------------------|
| Pending As At 1.1.2009 | Received During the Quarter | Attended To During The Quarter | Pending As At 31.3.2009 |
| NIL                    | NIL                         | NIL                            | NIL                     |

Place : Chennai  
Date : June 30, 2009

On behalf of the Board  
  
 NISHIKANT CHOUDHRY  
 Managing Director

# Arihant's Securities Limited

## ARIHANT'S SECURITIES LTD.

Registered Office: 138 Dr. Radhakrishnan Salai, Mylapore, Chennai 600004

### PROXY FORM

I/We .....  
of .....  
being member(s) of Arihant's Securities Ltd. hereby appoint .....  
of ..... or  
failing him / her .....  
as my/our proxy to attend and vote for me/us on my / our behalf at the Fifteenth Annual General Meeting of the Company held on September 16th, 2009 at 9.30 a.m. at the Registered Office of the Company at No.138, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600004, and / or any adjournment thereof.

Signed this ..... day of ..... 2009

1 Rupee  
Revenue  
Stamp

Signature .....

Note: The Proxy Form duly filled in and signed by the Share Holder should reach the Company at its registered office not later than 48 hours before the time of the meeting.

----- Cut Here -----

### ARIHANT'S SECURITIES LIMITED

138, Dr. Radhakrishnan Salai, Mylapore, Chennai 600004.

### ATTENDANCE SLIP

#### PARTICULARS TO BE FILLED IN BY THE MEMBER:

Name of the Member.....  
Member's Register Folio..... No. of Shares held.....  
Name of the Proxy if attending for member.....

I hereby record my presence at the Fifteenth Annual General Meeting held on September 16th, 2009 at 9.30 a.m. at the Registered Office of the Company at No.138, Dr. Radhakrishnan Salai, Mylapore, Chennai 600004.

- Note:
1. Please sign the Attendance Slip and hand over at the Reception.
  2. Please carry your copy of the Annual Report at the Meeting.

Signature of Member/ Proxy

Book-Post

---

*If undelivered please return to:*

**Arihant's Securities Limited**

138, Dr. Radhakrishnan Salai,  
Mylapore, Chennai 600 004.