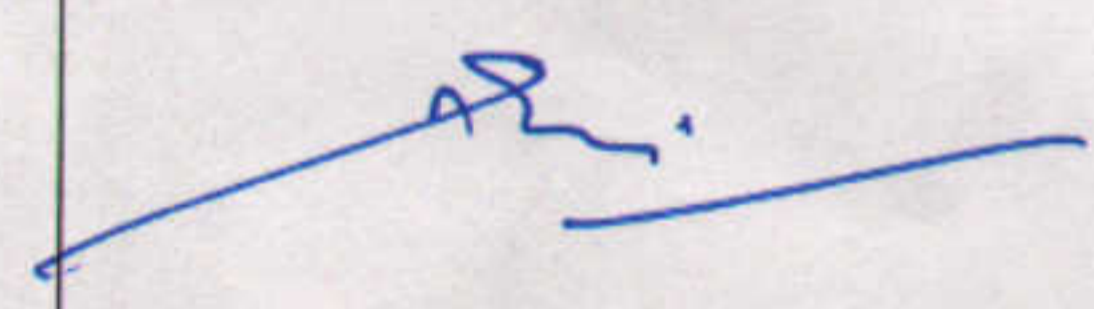
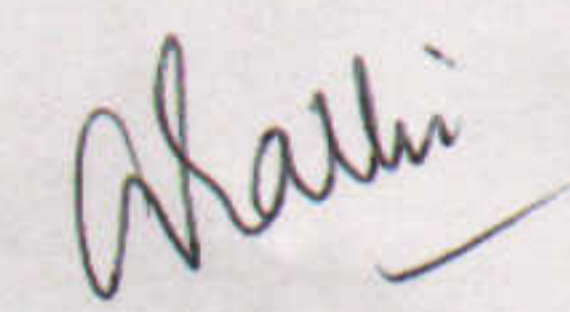
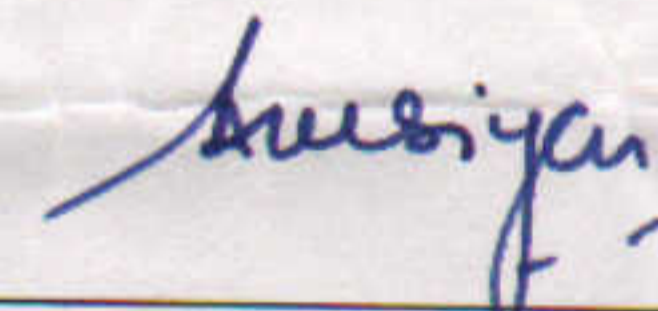



May 24, 2014

FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

1	Name Of Company	ARIHANT CAPITAL MARKETS LTD.
2	Annual Financial Statement for the year ended	31 <sup>st</sup> March, 2014
3	Type of Audit Observation	Un-qualified
4	Frequency of Audit observation	N.A.
5	<b>Signature</b>	
	Ashok Kumar Jain Chairman & Managing Director	
	Akhilesh Rathi Chairman of Audit Committee	
	Ajay Tulsayan Auditor of The Company	
	Tarun Goyal Chief Financial Officer	



In line with the progressive India.



**ARIHANT** Capital markets Ltd.  
Generating Wealth. Satisfying Investors.



## Chairman's Message

Dear Shareholders

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

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

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

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

**Ashok Kumar Jain**  
Chairman & Managing Director

# Company Information

## BOARD OF DIRECTORS

**Mr. Ashok Kumar Jain**  
(Chairman and Managing Director)

**Mrs. Anita Surendra Gandhi**  
(Whole-time Director)

**Mr. Sunil Kumar Jain**  
**Mr. Akhilesh Rathi**  
**Mr. Rakesh Jain**  
**Mr. Pankaj Kumar Gupta**  
**Mr. Parag Rameshbhai Shah**

Company secretary  
**Mr. Mahesh Pancholi**

### AUDITORS

**M/s Arora, Banthia & Tulsian**  
Chartered Accountants  
6<sup>th</sup> Floor, Silver Arc Plaza, 20/1 New Palasia,  
Indore -452 001 (M.P.)  
Tel: +91-731-2534318, Fax: +91-731-2433519

### REGISTERED OFFICE

E/5 Ratlam Kothi Area, Indore - 452 001 (M.P.)  
Tel: +91-731-2519610, Fax: +91-731-3048915

### CORPORATE OFFICE

3<sup>rd</sup> Floor, Krishna Bhavan, 67, Nehru Road,  
Vile Parle (E) Mumbai - 400057  
Tel: +91-22-42254800/ 42254828,  
Fax: +91-22-42254880

### ADMINISTRATIVE OFFICE

6, Lad Colony, Y.N. Road, Indore - 452 001 (M.P.)  
Tel: +91-731-4217100, Fax: +91-731-3016199

### REGISTRAR & TRANSFER AGENT

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

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

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014, the statement of Profit and Loss Account of the Company for the year ended on that date and the reports of the Board of Directors and auditors thereon.
2. To declare a dividend on equity shares for the year 2013-14.
3. To appoint a director in place of Mr. Sunil Kumar Jain (DIN: 00184860), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mrs. Anita S. Gandhi (DIN: 02864338), who retires by rotation and being eligible offers herself for re-appointment.
5. To appoint auditors and to fix their remuneration and in this regard to consider, and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

**“RESOLVED THAT** M/s Arora, Banthia & Tulsian, Chartered Accountants (registration no. 007028C), be and are hereby re-appointed as auditors of the Company from the conclusion of this AGM until the conclusion of the next AGM of the Company on such remuneration as shall be fixed by the Board of Directors exclusive of travelling and other out of pocket expenses.”

**SPECIAL BUSINESS**

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

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

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

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



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

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

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

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

**By the order of the Board of Directors**

**Place: Indore**  
**Dated: 30<sup>th</sup> June, 2014**

**Mahesh Pancholi**  
**(Company Secretary)**  
**M. No. F7143**



1. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend the meeting and poll/vote on his/her behalf. The proxy need not be a member of the Company. The instrument appointing the proxy, however in order to be effective, should be deposited at the registered office of the Company not less than 48 hours before the meeting.
2. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of item no. 6 to 9 of the notice as set out above, is annexed hereto.
3. The register of members and share transfer books of the Company will remain closed from Saturday, 2<sup>nd</sup> August, 2014 to Saturday, 9<sup>th</sup> August, 2014 (both days inclusive) in connection with the AGM and for the purpose of payment of dividend, if approved by the members.
4. The dividend as recommended by the Board, if declared at the meeting, will be paid on or after 16<sup>th</sup> August, 2014 to those members:
  - a) whose names appeared as beneficial owners as at the end of 1<sup>st</sup> August, 2014 as per the list to be furnished by Depositories in respect of shares held in electronic form; and
  - b) whose names appeared as members in register of the members of the Company after giving effect of valid transfer in physical form, which are lodged with company/registrar and share transfer agent on or before 1<sup>st</sup> August, 2014 as per the list to be furnished by registrar in respect of shares held in physical form.
5. In all correspondence with the company members are requested to quote their folio number and in case shares are held in electronic form, they should quote Client ID and DP ID Number.
6. The register of Directors' and Key Managerial Personnel and their shareholding maintained under section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
7. The register of Contracts or Arrangements in which the Directors are interested, maintained u/s 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
8. Members who hold shares in dematerialized form are requested to inform their Client ID and DP ID number for easier identification for attendance at the meeting.
9. Shareholders who are still holding physical share certificate(s) are advised to dematerialize their shareholding to avail benefit of dematerialization.
10. Members desiring to have any information on accounts are requested to write to the Company at least 7 days in advance before the date of the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting. The shareholders are requested to write to the company secretary or to the registrar and share transfer agent, M/s Ankit Consultancy Private Limited, regarding transfer of shares and for resolving grievances, if any.
11. Members are requested to notify any changes in their address/bank mandate to their respective depository participants (DPs) in respect of their electronic share accounts and to the registrar and share transfer agent of the Company, in respect of their physical shares folio, at:





**Ankit Consultancy Pvt. Ltd.**

Plot No. 60 Electronic Complex, Pardeshipura,  
Indore-452010, M.P.

12. Members who are holding physical shares in more than one folio are requested to intimate to the Company/registrars and share transfer agent the details of all their folio numbers for consolidation into single folio.
13. Members/Proxies are requested to bring their copy of annual report to the meeting with the attendance slip, duly filled in, for attending the meeting.
14. Corporate members intending to send their authorized representatives to attend the AGM are advised to send a duly certified copy of the board resolution authorizing their representatives to attend and vote at the meeting.
15. Pursuant to the requirements on corporate governance under Clause 49 of Listing Agreement entered into with stock exchanges, the information about directors proposed to be appointed/re-appointed is given in the annexure to the notice.
16. Dividend for the financial year ended 31<sup>st</sup> March, 2007, which remains unclaimed or unpaid, will be due for transfer to the Investor Education and Protection Fund of the Central Government, pursuant to the provision of section 124 of the Companies Act, 2013 (section 205A of the erstwhile Companies Act, 1956), on 31<sup>st</sup> October, 2014. Members, who have not yet encashed their dividend warrants for the financial year ended 31<sup>st</sup> March, 2007 or any subsequent financial years are requested to lodge their claims with the Company/ Ankit Consultancy Pvt. Ltd., without delay. Members are advised that no claims shall lie against the said fund or against the Company for the amounts of dividend so transferred to the said fund.
17. All documents referred to in the notice and explanatory statement will be available for inspection by the members at the registered office of the Company between 10:00 a.m. and 5:00 p.m. on all working days from the date hereof up to the date of meeting.
18. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those members whose email addresses are registered with the company or the Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their email addresses, physical copies are being sent by the permitted mode. To support the "Green Initiative", the members who have not registered their email addresses are requested to register the same with Registrar of the Company/Depositories.

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

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

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

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



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

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

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

**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013 ('THE ACT').****Item No. 6 to 9**

Pursuant to Section 149, 150, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014, it is proposed to appoint Mr. Akhilesh Rathi, Mr. Pankaj Kumar Gupta, Mr. Parag Rameshbhai Shah and Mr. Rakesh Jain as Independent Directors of the Company up to 5 (five) consecutive years, i.e. till 31<sup>st</sup> March, 2019. The Company has also received notice pursuant to section 160 of the Companies Act, 2013 from members proposing the appointment of aforesaid Independent Directors.

**Details of directors seeking appointment / re-appointment at the AGM**

Particulars	Mrs. Anita S. Gandhi	Mr. Akhilesh Rathi	Mr. Sunil Kumar Jain
<b>DIN No.</b>	02864338	02002322	00184860
<b>Date of Birth</b>	December 11, 1963	December 26, 1965	May 3, 1968
<b>Date of Appointment</b>	January 30, 2010	January 22, 1994	June 25, 1992
<b>Qualifications</b>	B.Com, CA, ICWA	B.Com, MBA	M.Com.
<b>Expertise in Specific functional Area</b>	Wide experience in primary and secondary market research	Wide experience in finance, textile, real estate and service industries	Wide experience in the field of capital markets
<b>Directorship held in other public companies (excluding private companies), foreign companies and section 25 companies</b>	Nil	- Savitt Universal Ltd. - Bhaskar Infrastructure Ltd. - New City of Bombay Manufacturing Mills Ltd.	Nil
<b>Memberships/ Chairmanship of Committees of other public companies (includes only Audit Committee and shareholders/ Investor Grievances Committee)</b>	Nil	Nil	Nil
<b>No. of shares held in the company</b>	Nil	Nil	16,06,656

Annexure to **Notice****Details of directors seeking appointment / re-appointment at the AGM**

Particulars	Mr. Pankaj Kumar Gupta	Mr. Parag Rameshbhai Shah	Mr. Rakesh Jain
<b>DIN No.</b>	00085831	00512469	00184860
<b>Date of Birth</b>	September 7, 1951	March 29, 1969	June 30, 1966
<b>Date of Appointment</b>	January 30, 2010	January 30, 2010	December 1, 2006
<b>Qualifications</b>	B. Sc, B. Com, FCA, LLB, DBM	B.E. (Mechanical)	M. Com
<b>Expertise in Specific functional Area</b>	Wide experience in corporate, banking and insurance sectors	Wide experience in formulation of short-term and long-term planning, budgeting etc.	Wide experience in the field of real estate and stock markets
<b>Directorship held in other public companies (excluding private companies), foreign companies and section 25 companies</b>	- IDBI Trusteeship Services Ltd.	Nil	Nil
<b>Memberships/ Chairmanship of Committees of other public companies (includes only Audit Committee and shareholders/ Investor Grievances Committee)</b>	Audit Committee - IDBI Trusteeship Services Ltd.*	Nil	Nil
<b>No. of shares held in the company</b>	Nil	29,000	Nil

\*Chairman of the committee

By the order of the Board of Directors

Place: Indore  
Dated: 30<sup>th</sup> June, 2014  
CIN L67120MP1992PLC007182

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



Dear Shareholders,

Your Directors have the pleasure in presenting the Twenty Second Annual Report on the business and operations of your Company together with the audited accounts for the year ended 31<sup>st</sup> March, 2014.

### Financial Performance

The following table gives the financial performance of your company on a standalone and consolidated basis for the year ended March 31, 2014:

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Gross income	3567.13	3600.99	4633.34	5094.02
Profit before depreciation	726.16	493.96	1086.60	921.50
Depreciation	107.10	128.36	118.87	137.51
Profit before tax	332.55	365.60	487.30	783.98
Provision for taxation	81.28	102.05	127.02	231.38
Profit after taxation	251.26	263.54	360.27	552.61
Minority interest	-	-	-8.79	1.17
Profit attributable to shareholders of the company	251.26	263.54	369.06	551.44
Balance of profit and loss a/c (b/f)	98.52	67.68	385.97	268.25
Profit available for appropriation	349.78	331.23	755.03	819.68
<b>Appropriations:</b>				
Transfer to general reserve	50.00	50.00	185.00	250.00
Transfer to statutory reserve	Nil	Nil	6.56	1.00
Dividend (inclusive of dividend tax)	182.71	182.71	182.71	182.71
Balance carried to balance sheet	117.07	98.52	380.76	385.97

### Review of Operations

During the year under review, the company has posted gross income of ₹3567.13 Lacs (previous year ₹ 3600.99 Lacs). The Company has posted net profit after tax, for the year 2013-14, of ₹251.26 Lacs compared to ₹263.54 Lacs in the previous year.

On consolidated basis during the year under review the Company has posted gross income of ₹4633.34 Lacs (previous year ₹5094.02 Lacs). Net profit on consolidated basis for the year 2013-14 is ₹360.27 Lacs compared to ₹552.61 Lacs during previous year.



A detailed note on the Company's operational and financial performance is given in Management Discussion and Analysis (MDA) Report which is annexed to the Directors' Report. The MDA report has been prepared in compliance with the terms of Clause 49 of the Listing Agreement with the BSE Ltd.

#### **Dividend**

Your Directors recommended a dividend of ₹0.75 per share i.e. 15 per cent (previous year also 15 per cent) on 2,08,22,560 equity shares to be appropriated from the profits of the year 2013-2014, subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM).

#### **Transfer to General Reserves**

The Company proposes to transfer ₹50 Lacs to the general reserves out of the amount available for appropriations and an amount of ₹117.07 Lacs is proposed to be retained in the Profit and Loss Account.

#### **Public Deposits**

The Company did not accept any public deposits during the year under review.

#### **Subsidiaries**

Your Company has seven subsidiaries:

1. Arihant Futures and Commodities Limited 2. Arihant Financial Services Limited 3. Arihant Finsec Limited 4. Arihant Insurance Broking Services Limited 5. Arihant Financial Planners and Advisors Pvt. Ltd. 6. Arihant Quality Educational Services And Trainings Ltd. 7. Ahinsa Lifespace Infraheight Ltd.

Details of major subsidiaries of the Company and their business operations during the year under review are covered in the Management's Discussion and Analysis Report.

Pursuant to the general circular no. 2/2011 dated 8<sup>th</sup> February, 2011 of the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit & Loss A/c. and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will provide a copy of separate annual accounts in respect of each of its subsidiary to any shareholder of the Company who asks for it and the said annual accounts will also be kept open for inspection at the Registered office of the Company and that of the respective subsidiary companies.

#### **Directors**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Sunil Kumar Jain and Mrs. Anita S. Gandhi, who are due to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

#### **Transfer of Amounts to Investor Education and Protection Fund**

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of Seven years have been transferred by the Company to the Investor Education and Protection Fund.

#### **Conservation Of Energy, Technology Absorption And Foreign Exchange Earnings/ Outgo**

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of



Particulars in the Report of Board of Directors) Rules, 1988 concerning conservation of energy and technology absorption respectively are not applicable to the Company. There was no inflow or outflow of foreign exchange during the year under review.

#### **Particulars of Employees**

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, and the rules framed thereunder, there were no personnel in your Company's services, during the financial year under review, who received remuneration over ₹ 60 lacs annually. Besides, there were no personnel in the service of your Company for a part of the year who received remuneration in excess of ₹ 5 lacs per month.

#### **Director's Responsibility Statement**

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Director's statement, as an averment of their responsibility, is as under:

- (i) The Company has, in the preparation of the annual accounts for the year ended March 31, 2014, followed the applicable accounting standards along with proper explanations relating to material departures, if any.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at 31<sup>st</sup> March, 2014 and of the profit or loss of the Company for the year ended on that date.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2014 on a going concern basis.

#### **Auditors and Auditor's Report**

M/s Arora Banthia & Tulsian, Chartered Accountants, auditors of the company, bearing ICAI Registration no. 007028C retire at the ensuing AGM and, being eligible, offer themselves for re-appointment. As required under the provisions of section 139 of the Companies Act, 2013 the Company has obtained written confirmation from the M/s Arora Banthia & Tulsian that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

The notes to the accounts referred to in the Auditor's Report are self-explanatory and therefore, do not call for any further comments.

#### **Management Discussion and Analysis Report**

The Management Discussion and Analysis Report covering the matters listed in Clause 49 of the Listing Agreement for the year under review is given as a separate statement in the Annual Report.

#### **Corporate Governance**

Your directors reaffirm that the Company has complied with the corporate governance norms as stipulated under the provisions of the Listing Agreement entered into with the stock exchanges and prescribed by the Securities and Exchange Board of India (SEBI).

A Certificate from practicing company secretary confirming compliance to the corporate governance requirements by the Company is attached to this report. A detailed report on corporate governance as stipulated in Clause 49 of the Listing Agreement is included in the Annual Report.





### **Listing At The Stock Exchange**

The equity shares of the Company continue to be listed on the BSE Ltd, Mumbai. The annual listing fee for the year 2014-15 has been paid to BSE Ltd., Mumbai.

### **Acknowledgment**

Your directors take this opportunity to thank the customers, shareholders, financial institutions, National Stock Exchange, Bombay Stock Exchange, MCX Stock Exchange, SEBI, Reserve Bank of India, National Securities Depository Limited, Central Depository Services Limited and other government and regulatory agencies for their consistent support and encouragement to the Company.

We also place on record our sincere appreciation to all the members of Arihant family including our employees, sub brokers and authorized persons for their hard work, support and commitment. Their dedication and competence has made these results achievable.

**For and on behalf of the Board of Directors**

**Place: Indore**

**Dated: 24<sup>th</sup> May, 2014**

**Sd/-**

**Ashok Kumar Jain**

**(Chairman)**

**FY2013-14: A Glance and Outlook**

The Indian economy continued its downward momentum for the second year in a row with a sub 5% growth owing to a high interest rate regime, persistently high inflation, weakening rupee and an overall negative sentiment. The burgeoning fiscal deficit that was recorded at 4.5% along with increasing macro-economic imbalances had left the economy crippled during the past financial year. Weak demand, high borrowing costs and stalled projects on account of delays in securing government approvals have contributed to the sharpest economic downturn in India in a decade. The slowing economy had a direct impact on the performance of financial markets; besides volatile global markets along with tapering of quantitative easing by the US government also played a spoilsport.

As per our expectations stated in the last MDA report, FY2013-14 continued to be a tough business environment to work amidst the subdued volumes and decreasing participation from retail segment. Although India has one of the highest household savings rate, the percentage of savings that are currently channelized into stock markets is miniscule. Driving the retail public to invest in stock markets has been one of the key hurdle areas for the growth of industry at large. Consolidation of brokerage houses and vast scale shut down of shops was witnessed in financial year 2013-14. In this backdrop of a dramatic fall in volumes of retail segment and pessimism looming large amidst the masses, our major focus area was client retention and acquisition, followed by scaling up across existing products and services and technology upgradation.

With the worst of slowdown leaving behind us, we believe that the Indian economy is poised to grow remarkably and scale highs that the markets have never witnessed in its history. India's elections were nothing short of historic as we witnessed a record voter turnout and a single party majority for the first time in a generation. The new government appears to be poised to embark on next series of reforms by sounding all the right noises to tackle the major issues. Their first priority will be implementing stalled projects, stay the course on fiscal consolidation and possibly even speed it up by subsidy reduction. Hence, we remain optimistic about India's growth story and maintain a positive outlook for FY2015.

Investor friendly government measures like reduction or elimination of STT shall be a keenly watched measure that will provide a thrust to the Indian broking industry. Moreover, rationalization of taxes such as stamp duty, transaction and turnover taxes that are higher compared with other developed nations, will aid in boosting volumes. Our large retail client group, widespread franchisee network and strong reach will enable us to tap the potential that exists in the financial industry.

**Who we are and what we do**

Established as a stock broking company in 1992, we are today one of India's leading integrated financial services company. Initiated with the idea to make financial products and services easily understandable and accessible to all, the Company now offers equity, commodity and currency broking services, merchant banking services, distribution of financial products, financial planning, and depository services through its 685 investment centers across India servicing over 1.17 lac customers that includes retail, high networth individuals and domestic and foreign financial institutions. Here is a list of products and services offered by your Company:

- Equities and Derivatives Broking
- Online Services – Ari-trade offers online trading, online IPO and online mutual funds
- Commodities Broking
- Currency Derivatives Broking
- Financial Planning
- Priority Client Group
- Mutual Fund Investment and Advisory
- IPO, Bonds (including NHAI, REC, NABARD)
- Merchant Banking (Category I)

We derive majority of our revenues from our equity broking division. The Company conducts its operations along with its subsidiaries and associates (together hereinafter referred to as Arihant or the Company).

**Review of Operations**

On a consolidated basis, your Company earned total revenue of ₹46.33 crore with a net profit of ₹ 3.60 crore during the FY2014. The revenues of your Company dropped 9.04% in the financial year under review, primarily due to subdued volumes and muted retail participation in FY2014, while the reported net profit decreased 33.07%. The sharp drop in net profit is due to a write-off of ₹ 4.80 crore, as an exceptional item, towards the loss incurred on the investment done in National Spot Exchange Ltd (NSEL).

**Your Company's consolidated performance during the financial year 2013-2014 is as follows:**

(₹ in Lacs)

Year ended	March 31, 2014	March 31, 2013
Income from operations	4,062.48	4,416.82
Other Income	570.87	677.19
<b>Total Income</b>	<b>4,633.35</b>	<b>5,094.01</b>
Total Expenditure	3,665.61	4,310.03
Profit before exceptional items	967.73	783.99
Exceptional Items	480.43	0
Profit before Tax	487.30	783.99
Tax on Profit	127.03	231.38
Net Profit for the period	360.27	552.61
Earnings Per Share (Rs)	1.77	2.65

As we had stated last year, in uncertain times every penny saved is a penny earned. Taking this into consideration, your Company continued to maintain a cautious stance on the expenditure and considerably reduced its expenses, wherever feasible. The following table outlines company's expenditure:

(₹ in Lacs)

Year ended	March 31, 2014	March 31, 2013
Commission and Brokerage	1388.55	1653.40
Employees Cost	928.81	1017.85
Depreciation	118.87	137.51
Administrative & Other Expenditure	1148.50	1302.04
<b>TOTAL EXPENDITURE</b>	<b>3584.73</b>	<b>4110.80</b>

Volatility is a part of our business, and hence we believe there would be periods of volatility in the Indian equity markets, which will also reflect in our business performance. However, focus on tapping new revenues streams, improving efficiencies, adapting ourselves to the changing mindset of clients and updating ourselves with the highly dynamic financial markets would help us in offsetting the said volatility.



### **Risk factors relating to our business operations**

The Company faces a variety of risks because of the business environment it operates in, which may affect its operations or financial results, and many of those risks are driven by factors that the Company cannot control or predict. Capital markets worldwide, including the Indian capital markets, are exposed to significant fluctuations and hence, the company is exposed to several risks apart from the fundamental risk of business operations. Hence adequate risk management system has been put in place by the management to ensure the success and financial soundness of the company. However, despite the company's attempts to identify areas of potential risks and implement policies and procedures to mitigate those risks, there can be no assurance that the company will not suffer unexpected losses in its area of operations.

### **The risk factors that can be specifically identified with our business operations are outlined below:**

- *Capital market risk is inherent in our business:* The major sources of our revenues are derived from equity brokerage business. Hence, like other players in the market, our business is highly sensitive to economic and political conditions prevalent in the country. Any sustained downturn in general economic conditions or Indian equity markets and severe market fluctuations would likely result in reduced client trading volumes and net revenues, and hence, will have a material adverse effect on our profitability.
- *Technological risk plays a significant role in our industry:* The substantial amount of costs involved in deployment of technology is a critical factor. Obsolescence is another major concern as upgradation of technology is an ongoing exercise. Any significant changes in technology would pose pressure on our profitability.
- *Systems failures, delays and capacity constraints could harm our business*
- *We are exposed to credit risk with clients and counterparties:* We provide exposure limits to clients, based on the collaterals of securities that we receive from them, in connection with our brokerage business. Sharp change in market values of securities and the failure by parties to honour their commitments on a timely basis could have a material adverse effect on the profitability of our operations.
- *Substantial competition could reduce our market share:* India has become one of the most attractive investment destinations in the world. Many foreign players have entered in the Indian financial services market and would continue to do so. There has been substantial price competition in the industry, including various free trade offers and a declining trend in the brokerage charges to the clients. We expect this competitive environment to continue in the future and this could affect our results of operations.
- *We are subject to various legal actions filed against us by interested parties:* In our ordinary course of business, investors, trading members or any other third party may institute complaints, arbitration proceedings, lawsuits or other actions against us. Accordingly, in some cases fines, penalties or other repercussions would be borne by us that could materially affect our results of operations or cash flows.
- *Regulatory uncertainties or failure to comply with any regulatory authority could affect our business:* The financial services industry is subject to extensive regulations covering all aspects of the business. Securities and Exchange Board of India (SEBI), National Stock Exchange (NSE), the Bombay Stock Exchange of Mumbai (BSE), Forward Market Commission (FMC), Central Government, State Government and other regulatory bodies can, among other things, impose fine, penalties, suspend our business or exercise other such powers in their jurisdiction, which could potentially harm our business operations.



### Human Resources

Arihant's success is dependent on our ability to attract, retain and motivate highly talented human capital including sales and marketing and infrastructure professionals and good support staff. We accomplish this by ensuring that we have competitive compensation structure. Employees are the key to achievement of the Company's objectives and strategies. The Company provides employees with a fair and equitable work environment and support from the peers to develop their capabilities, trusting them with freedom to act and to take responsibility. The Company continuously invests in the development of its human resources through a series of employee friendly measures aimed at talent acquisition, development, motivation and retention.

Your Company continued to emphasise on improving and upgrading the skills of its employees and conducted several training programs in this regard. Moreover, in line with the Company's staff certification policy, all employees are mandatorily required to take relevant industry standard certifications such as NCFM, BSE Certification on Stock Markets (BCSM), Association of Mutual Funds of India (AMFI), Chartered Financial Analyst (CFA) and Chartered Financial Planner (CFP). Most of the Company's employees are qualified professionals (CA, CS, MBAs) or have obtained such certifications.

Arihant is committed to creating a team oriented and collegiate working environment.

### Internal Control System

The Company has an internal control system commensurate with its requirements and the size of business to ensure that the assets and interests of the Company are safeguarded. The adequacy and effectiveness of the internal control across various activities, as well as compliance with laid-down system and policies, are comprehensively and frequently monitored by your Company's management at all the levels of the organization. The Company has established well defined written policies and processes across the organisation covering all major activities including authority for approvals. In all cases where monetary decision is involved, various limits and authorities are in place.

The Company has hired the services of a professional firm of chartered accountants to function as independent internal auditors and to assist the management in effective discharge of its responsibilities by furnishing it with findings, observations and pertinent comments, checking adequacy of internal controls, adherence to regulatory compliance and company's policies and procedures, analysis and recommendations concerning the activities covered for audit and conducting a review of it during the year. Findings of internal audit reports and effectiveness of internal control measures is reviewed by top management and audit committee of the Board.

In addition to a third party, the Company has in place an internal audit team for reviewing all the branches and sub-brokers on a regular basis. This team regularly visits branches and sub-brokers to ensure regulatory compliance and company's policies and procedures are fully complied with. The Company also carries out post audit reviews to ensure follow up on the observations made and their implementation.

The financial services business in India is well-regulated and compliance intensive. We have an exclusive compliance department run by a team of experts and headed by our Chief Compliance Officer. The Company is governed by the SEBI's stock brokers and sub-brokers rules, regulations, bye laws and circulars issued there under, SEBI Merchant Bankers Regulation 1992 and Association of Mutual Funds of India's regulations for mutual fund distribution. Our depository division is compliant with NSDL and CDSL requirements and is governed by the SEBI. Our subsidiary, Arihant Financial Services Ltd, is a Non-Banking Financial Corporation (NBFC) registered by the Reserve Bank of India and Arihant Futures and Commodities Ltd, commodities broking subsidiary, is governed by Forwards Contract Regulation Act, 1952 and Forward Market Commission.

### Risk management

A comprehensive and integrated risk management framework forms the basis of all the de-risking efforts of the Company. Formal reporting and control mechanisms ensure timely information availability and facilitate proactive risk management. We



recognise that risk is inherent in our business and the markets in which we operate. As such Arihant is committed to the creation and maintenance of strong risk management as well as rigorous control standards throughout the organisation. The Company's risk management policies encompass structured reporting and strict controls to ensure smooth running of the business and security of client's data.

Uninterrupted connectivity is vital for the company's smooth running and risk management. Technology plays an integral role in the company's business operations and we have put in place a strong Business Continuity Plan to mitigate the risk owing to technology failure. Multiple data-centres, sophisticated firewalls, dual internet bandwidth are some of the elements of our BCP. We have sophisticated risk management applications for evaluating each client's risk and our team of experts actively monitor those to take immediate action to stay within our risk management guidelines. Being in the financial services sector and predominantly a broking company, we work in a highly regulated environment and strictly abide by the policies and laws prescribed by the regulatory authorities such as SEBI, RBI, FMC, and AMFI.

### **The Environment**

At Arihant, we follow environment friendly practices in order to leave as less environmental footprint as possible. We endeavour to pursue a 'paperless' work environment for employees. This reduces costs, saves trees and increases productivity by eliminating manual tasks, decreasing printing costs and streamlining workflow.

We also encourage our clients to go paperless by signing up for electronic trade confirmations (e-contract notes), account statements and bills. Not only is this good for the environment, but it enables clients to receive important information electronically – even if they're away from home.

### **Commitment to doing what is right**

Our management team and Board of Directors are resolved to do what, we believe, is best for our associates, clients and shareholders.

### **Opportunities and Threats**

#### **Our strengths**

We believe that our competitive strengths include – commitment to working for the growth of our clients, strong brand and long standing client relationships, a strong network spanning over 685 investment centres across India in over 110 cities, low cost structure, a strong understanding of the brokerage industry and ability to scale and adapt quickly to this highly dynamic industry.

#### **Strategy**

We intend to capitalize on the growth and consolidation of the brokerage industry and leverage our low cost infrastructure to grow our market share and profitability. To achieve these goals we seek to increase business from existing and new clients, expand our network particularly in markets where the competition is not intense and potential is high. We seek to further strengthen our position by increasing our relevance to clients by being able to understand their investment requirement and offer them a solution that best meet their needs (client centric approach).

Our long term strategy is to find new ways to engage untapped clients in the capital markets to help them create wealth and increase our market share by giving superior offerings to long term investors, active traders and institutions. Helping our client make better investment decision and expanding our suite of diversified investment products and services to serve the investor's needs are the key elements of our strategy.

#### **Our competition**

A lacklustre market, changing technology, changing regulations and burgeoning compliance requirements is already taking its toll on the Indian broking industry. But when that is not enough the stiff competition makes it all the more challenging for the



broking industry. We operate in a highly competitive and extremely dynamic market and compete with not only the large broking companies of the country that includes banks with huge client base but also the best broking and wealth management companies of the world.

As the competition gets stiff and the target market narrows, the margins start thinning. There is a limit to which costs can be curtailed as there are certain infrastructure and regulatory costs which cannot be trimmed; on the contrary has only been rising over the years.

We believe that the principal competitive factors in our industry is the ability to work with integrity and work for the benefit of the client, attract and retain high quality personnel, have a scalable and cost-effective business model, increase the scale and breadth of the service offering to become a one stop solution for all investment needs, keep pace with ever changing equity markets, technology and customer requirements, have a proven track record of creating value for customers and to ensure honest and professional business practise, which is particularly crucial in financial services industry. We strongly believe that we compete favourably among all these factors and our dedication towards doing what's right for our client will help us grow stronger in the future.

#### **Cautionary Statement**

Statements in this report describing the Company's objectives, or outlook, opportunities, future business strategies, expectations or predictions contain certain forward looking statements within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed in this statement.

**Company's philosophy on corporate governance**

Corporate governance is about commitment to values and ethical business conduct. Arihant Capital Markets Ltd. (hereinafter referred to as 'the Company' or Arihant) believes that good corporate governance consists of a combination of business practices which result in enhancement of the value of the Company to its shareholders and simultaneously enables the Company to fulfill its obligations to other stakeholders such as customers, employees and financiers, and to the society in general.

Transparency, integrity, fairness, accountability and disclosure are Arihant's business ethos that are central to the working the Company and its directors. We are happy to inform you that our company's existing practices and policies are significantly in conformity with the requirements stipulated by SEBI and complies with the requirement of the corporate governance in terms of Clause 49 of the Listing Agreement.

**Board of Directors****a) Size and composition of the Board**

The Company has the policy to have an appropriate mix of executive and independent directors to maintain the independence of the Board. Currently the Board consists of 7 members, two of whom are executive or whole-time directors, four are independent directors and one is non executive director. The Board believes that the current size is appropriate, based on our present circumstances. The composition of the board is in conformity with the code of corporate governance as specified under clause 49 of the Listing Agreement.

The composition of the Board and details of the Board of Directors and their directorships/memberships held in committees of other companies (excluding the Company) as on 31<sup>st</sup> March, 2014 is as under:

S. No.	Name of the Director	DIN	Position	No. of directorship (s) held in other companies	No. of outside committee position held	
					Member	Chairman
1.	Mr. Ashok Kumar Jain*	00184729	Chairman & Managing Director	4	Nil	Nil
2.	Mrs. Anita Surendra Gandhi	02864338	Whole-time Director	Nil	Nil	Nil
3.	Mr. Sunil Kumar Jain	00184860	Non-executive Director	Nil	Nil	Nil
4.	Mr. Akhilesh Rathi	02002322	Non-executive Independent Director	3	Nil	Nil
5.	Mr. Pankaj Kumar Gupta	00085831	Non-executive Independent Director	1	Nil	1
6.	Mr. Parag Rameshbhai Shah	00512469	Non-executive Independent Director	Nil	Nil	Nil
7.	Mr. Rakesh Jain	00951773	Non-executive Independent Director	Nil	Nil	Nil

\*Founder member of the Board





The independent directors have confirmed that they satisfy the criteria laid down for independent directors as stipulated in clause 49(l) (A) (iii) of the Listing Agreement.

- Other than Mr. Ashok Kumar Jain and Mr. Sunil Kumar Jain who are related as brothers, none of the directors are related to one another.
- Other directorships do not include alternate directorships, directorships of private limited companies, of companies registered under section 25 of the Companies Act, 1956 and of companies incorporated outside India.
- Chairmanship/Membership of board committees includes chairmanship/membership of audit committee and shareholders/investors grievances committee only. The membership/chairmanship of board committee of private limited companies, foreign companies and companies registered under section 25 of the Companies Act, 1956 are excluded for the aforesaid purpose.

**b) Board meetings held during the year**

Four board meetings were held during the year ended 31<sup>st</sup> March 2014. These were held on 28<sup>th</sup> May, 2013, 10<sup>th</sup> August, 2013, 9<sup>th</sup> November, 2013 and 8<sup>th</sup> February, 2014.

The details of director's attendance at board meetings held during financial year 2013-14 and at the last annual general meeting are as under:

S. No.	Name of the Director	No. of Board Meetings		Whether attended the last AGM
		Held	Attended	
1.	Mr. Ashok Kumar Jain	4	4	Yes
2.	Mr. Sunil Kumar Jain	4	2	Yes
3.	Mr. Akhilesh Rathi	4	3	Yes
4.	Mr. Rakesh Jain	4	3	No
5.	Mrs. Anita Surendra Gandhi	4	4	No
6.	Mr. Pankaj Kumar Gupta	4	3	No
7.	Mr. Parag Rameshbhai Shah	4	3	No

The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

**Committees of the Board**

Your Company has three major Board level Committees:

- i) Audit Committee
- ii) Shareholders'/investors' Grievance Committee
- iii) Remuneration/Compensation Committee

**Audit committee**

The Audit Committee of Arihant consists of three members, viz., Mr. Akhilesh Rathi, Mr. Sunil Kumar Jain and Mr. Rakesh Jain. The chairman of the committee is Mr. Akhilesh Rathi and Mr. Mahesh Pancholi acts as the secretary to the committee. The Committee's composition meets with the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. All the members of the committee have requisite financial management expertise.



During the year, four meetings of the committee were held and the meetings were attended by the members of the committee as detailed below:

S. No.	Name of the Director	Position	No. of Meetings	
			Held	Attended
1.	Mr. Akhilesh Rathi	Chairman	4	2
2.	Mr. Sunil Kumar Jain	Member	4	3
3.	Mr. Rakesh Jain	Member	4	4

#### Stakeholders' Relationship Committee (formerly termed as Shareholders'/Investors grievance committee)

The shareholders'/investors grievance committee comprising of four members, viz. Mr. Akhilesh Rathi, Mr. Ashok Kumar Jain, Mr. Sunil Kumar Jain and Mr. Rakesh Jain, looks into redressal of shareholder/investor complaints like non-transfer of shares, non-receipt of balance-sheet, non-receipt of dividend, etc. Mr. Akhilesh Rathi is the chairman of the committee while Mr. Mahesh Pancholi, the compliance officer of the Company, acts as the secretary to the committee. This committee oversees the performance of the registrar and transfer agents and secretary who have been authorised to deal with all these matters and also recommends measures for overall improvement of the quality of investor services.

During the financial year 2013-2014, the committee held four meetings. During the meeting all queries like non-receipt of annual reports, dividend, transfer of shares, new share certificates, change of address etc., were resolved to the satisfaction of the shareholders/investors. There were no complaints outstanding as on March 31, 2014.

The Committee's Composition meets with the requirements of Section 178(5) of the Companies Act, 2013 and as per the requirements of SEBI; the Board of Directors of the Company has approved the change nomenclature of the Shareholders' Grievances Committee to Stakeholders' Relationship Committee.

#### Nomination and Remuneration Committee (formerly termed as Remuneration Committee)

The remuneration committee determines and recommends to the Board the compensation payable to the directors. The remuneration committee consists of three non-executive directors as members, viz., Mr. Akhilesh Rathi, Mr. Sunil Kumar Jain and Mr. Rakesh Jain. Mr. Mahesh Pancholi acts as the secretary and Mr. Akhilesh Rathi is the Chairman of the committee. One meeting of the committee was held during the financial year 2013-2014.

The terms of reference of remuneration committee include deciding Company's policies on specific remuneration packages for all the directors, designing and implementation of performance appraisal systems and discretionary performance bonus payments for them and such other functions as may be delegated to it by the Board of Directors.

While deciding on the remuneration to the Directors, the Board and remuneration committee considers the performance of the company, the current trends in the industry, the qualifications of the appointee, his/her experience, level of responsibility, past performance and other relevant factors.

In accordance with section 178 of the Companies Act, 2013 and as per SEBI Circular, the Board of Directors of the Company has approved the change in nomenclature of the committee.

#### Remuneration to directors

All the non-executive directors receive remuneration only by way of sitting fees for attending meeting of the board/committee. The details of the remuneration paid to chairman and managing director and whole-time director during the year is as under:

(₹ in Lacs)

S. No.	Name of the Director	Salary	Perquisite	Commission	Total
1.	Mr. Ashok Kumar Jain	36.00	0.74	0.00	36.74
2.	Mrs. Anita S. Gandhi	29.57	0.00	0.00	29.57

**Sitting fees and shares held by non-executive directors**

S. No.	Name of the Director	No. of Equity Shares	Sitting fees
1.	Mr. Sunil Kumar Jain	16,06,656	₹ 60,000
2.	Mr. Akhilesh Rathi	NIL	₹ 60,000
3.	Mr. Rakesh Jain	NIL	₹ 80,000
	Mr. Pankaj Kumar Gupta	NIL	₹ 60,000
5.	Mr. Parag Rameshbhai Shah	29,000	₹ 60,000

**Disclosures**

- The Company does not have any material related parties' transactions which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in Note No. 24 of the annual accounts of the Company forming part of the annual report.
- The financial statements have been prepared in accordance with the accounting policies generally accepted in India.
- There were no instances of non-compliance on any matter related to the capital markets, resulting in disciplinary action against the Company, during the last three years.
- The Company has implemented the mandatory requirements of corporate governance as set out in the listing agreement with the stock exchanges. In respect of compliance with the non-mandatory requirements, the Company has constituted a Nomination and Remuneration Committee, details whereof are given under the heading of Nomination and Remuneration Committee. The quarterly, half-yearly and annual results of the Company are put up on the Company's website [www.arihantcapital.com](http://www.arihantcapital.com) and are being published in national newspapers in English and Hindi language. The auditors' observations / suggestions / qualifications, if any, have been adequately explained wherever necessary in the appropriate notes to accounts and are self explanatory.
- The Company has constituted a risk management committee comprising of business heads and other functional heads of the company. The Company has adopted a risk management policy framework for risk identification, assessment and control to effectively manage risks associated with the business of the Company.
- The Company has adopted Whistle Blower Policy with an objective to promote ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior, wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. The Confidentiality of those reporting violations is maintained and they are subjected to any discriminatory practice.

**Code for prevention of insider-trading practices**

The Company has instituted a comprehensive code for prevention of Insider Trading, for its directors and designated employees, in compliance with SEBI (Prohibition of insider Trading) Regulations, 1992, as amended from time to time.

**General body meetings**

Details of the Annual General Meetings held in the last three years are as under:

Financial Year	Venue	Date	Time
2010-2011	Hotel President, R.N.T. Marg, Indore (MP)	15/09/2011	4.00 P.M.
2011-2012	Hotel President, R.N.T. Marg, Indore (MP)	14/07/2012	12.30 P.M.
2012-2013	Hotel President, R.N.T. Marg, Indore (MP)	22/07/2013	11:00 A.M.



#### **Postal ballot**

No special resolution was passed through Postal Ballot during the Financial Year 2013-14. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot. All the resolutions including special resolutions set out in respective notices were passed by shareholders by show of hands. During the financial year 2010-11, for passing a special resolution through postal ballot for Alteration in object clause of Memorandum of Association.

#### **Compliance certificate**

Certificate from the practicing company secretary confirming the compliance with all the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement is enclosed along with this report.

#### **CEO / CFO certification**

As required under Clause 49 V of the Listing Agreement with the BSE, the CEO/CFO certificate for the financial year 2013-14 signed by Mr. Ashok Kumar Jain, Managing Director and CEO and Mr. Tarun Goyal, CFO was placed before the Board of Directors at their meeting held on 24<sup>th</sup> May, 2014.

#### **Subsidiary Companies**

The Audit Committee reviews the consolidated financial statements of the Company and the investment made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

#### **Code of conduct for directors and senior management**

In compliance with Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct and Ethics. The Code is applicable to all board members and senior management personnel one level below the executive directors including all functional heads. The code of conduct is available on the website of the Company [www.arihantcapital.com](http://www.arihantcapital.com).

Requisite annual affirmations of compliance with respective codes have been made by the directors and senior management of the Company. A declaration signed by the Chairman & Managing Director to this effect is enclosed at the end of this report.

#### **Communication to the shareholders**

The quarterly/ half yearly / annual results and official news releases of the Company are published in accordance with the Stock Exchange Listing Agreement in newspapers viz. "Free Press" (English), "Choutha Sansar" (Hindi). In addition to this the annual report is also sent to all the shareholders. Quarterly and annual financial statements, along with shareholding pattern, are also posted on our website [www.arihantcapital.com](http://www.arihantcapital.com) under the caption "Investor Relations" in the Section –'About us'.

#### **Green Initiative**

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA), by its recent circulars, enabling electronic delivery of documents including the annual report, quarterly, half yearly results to shareholders at their e-mail address previously registered with the depository participants (DPs)/company/registrars and share transfer agents.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses to help us in the endeavour to save trees and protect the planet. Those holding shares in demat form can register their e-mail address with their concerned DP. Those shareholders who hold shares in physical form are requested to register their e-mail addresses with our registrar, Ankit Consultancy Pvt. Ltd, by sending a letter, duly signed by the first/sole holder quoting details of folio no.



**Management discussion and analysis report**

Management Discussion and Analysis Report forms a part of the Annual Report.

**Declaration by the CEO under Clause 49 of the Listing Agreement regarding adherence to the Arihant code of conduct**

In accordance with Clause 49 I (D) of the Listing Agreement, I hereby declare that all the directors and senior management personnel of the Company have affirmed compliance with the code of conduct applicable to all the directors and senior management, for the year ended March 31<sup>st</sup>, 2014.

For Arihant Capital Markets Ltd

Sd/-

Ashok Kumar Jain

Chairman and Managing Director

Place: Indore

Dated: 24<sup>th</sup> May, 2014

## CERTIFICATE ON COMPLIANCE WITH CORPORATE GOVERNANCE

To  
The Members  
Arihant Capital Markets Limited

We have examined the relevant records of Arihant Capital Markets Limited for the purpose of certifying compliance with the conditions of corporate governance for the year ended 31<sup>st</sup> March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Ajit Jain & Co,  
Company Secretaries

Mr. Ajit Jain  
(Proprietor)

Membership No.: 3933

Place: Indore

Dated: 24<sup>th</sup> May, 2014



1	<b>Venue of Annual General Meeting (AGM)</b>	Lemon Tree Hotel, 3, R.N.T. Marg, Indore-452001 (M.P.)
2	<b>Time and Date of AGM</b>	12:30 p.m., August 9 <sup>th</sup> , 2014
3	<b>Date(s) of Book Closure</b>	02.08.2014 to 09.08.2014 (both days inclusive)
4	<b>Financial Calendar</b> <b>Financial Results for*</b> - Quarter ending June 30 <sup>th</sup> , 2014 Quarter ending September 30 <sup>th</sup> , 2014 Quarter ending December 31 <sup>st</sup> , 2014 Year ending March 31 <sup>st</sup> , 2015 *tentative dates	Second week of August, 2014 Second week of November, 2014 Second week of February, 2015 Last week of May, 2015
5	<b>Dividend Payment Date</b>	on or after 16 <sup>th</sup> August, 2014
6	<b>Listing of Equity Shares on the Stock Exchange at</b>	The BSE Limited P.J. Towers, Dalal Street, Mumbai-400001
7	<b>Company Registration Details</b>	L67120MP1992PLC007182
8	<b>Stock Code</b>	511605
9	<b>Depository ISIN No. for equity shares</b>	INE420B01028
10	<b>Stock Market Data:</b>	Monthly high and low stock price along with volumes of equity shares traded on <b>BSE</b> for the FY2013-14 is given below:

Month	High (₹)	Low (₹)	Volume (No.)
April 2013	20.50	15.00	1,19,146
May 2013	21.80	15.50	35,259
June 2013	24.20	13.90	1,27,206
July 2013	20.00	13.05	32,807
August 2013	17.50	13.00	22,326
September 2013	16.40	12.80	22,532
October 2013	16.83	13.00	26,191
November 2013	14.44	12.06	78,200
December 2013	17.00	12.75	46,888
January 2014	20.00	14.55	31,000
February 2014	18.40	14.45	29,724
March 2014	15.75	12.21	1,79,692

**11. Distribution schedule as on March 31<sup>st</sup>, 2014**

Shareholding of Nominal Value of		Shares-holders No.	% of Total holders	Share Amount in ₹	% of Total Equity
₹	- ₹				
UPTO	1000	1204	37.52	500245	0.48
1001	2000	499	15.55	777300	0.75
2001	3000	147	4.58	367090	0.35
3001	4000	719	22.41	2323485	2.23
4001	5000	205	6.39	985505	0.95
5001	10000	205	6.39	1542715	1.48
10001	20000	98	3.05	1437030	1.38
20001	30000	33	1.03	824195	0.79
30001	40000	19	0.59	663745	0.64
40001	50000	11	0.34	506870	0.49
50001	100000	25	0.78	1786300	1.72
100000	ABOVE	44	1.37	92398320	88.74
<b>Total</b>		<b>3209</b>	<b>100.00</b>	<b>104112800</b>	<b>100.00</b>

**12 Dematerialization of Shares**

About 97.52 per cent of Company's paid up equity share capital has been dematerialized up to March 31<sup>st</sup>, 2014

**13 Dematerialized at NSDL & CDSL Physical**

**20306936**  
**515624**

**14 Shareholding Pattern as on March 31, 2014:**

Category	No. of Shares held	% of Shareholding
Promoters & Promoters Group	15421052	74.06
Mutual Funds & Institutional Investors	NIL	NIL
Corporate Bodies	911596	4.38
Indian Public	4412295	21.18
NRI / OBC	77617	0.38
<b>TOTAL</b>	<b>20822560</b>	<b>100.00</b>

**15 Share Transfer System & Dematerialization**

Shares received for transfer in physical form are processed and the share certificates are returned within 7 days from the date of receipt, subject to documents being valid and complete in all respects. In case no response is received within 15



days of lodging the transfer request, the lodger should write to the Company or the registrar with the full details, so that necessary action can be taken to safeguard the interest of the investor. The Company obtains, from a Company Secretary in practice, half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement and files a copy of the said certificate with the Stock Exchange.

A summary of all the transfers, transmissions, issue of duplicate share certificate requests, deletion requests, etc. are placed at every board meeting/ Stakeholders' Relationship Committee (earlier Shareholders'/Investors' Grievance Committee) from time to time for their review.

Shareholders who wish to get their physical shares dematerialized should approach to their Depository Participant (DP) where they have a demat account. On receipt of demat request form (DRF) and share certificates by the Company/registrar, the dematerialization request is processed and the shares are, thereafter, credited in demat account of the shareholder.

## 16 Investor Correspondence/Query

### A. Investor Correspondence

For transfer / dematerialization of shares, payment of dividend, for shares held in physical form and any other query relating to the shares of the Company please contact:

Ankit Consultancy Private Limited,  
Plot No. 60, Electronic Complex, Pardeshipura, Indore (M.P.)  
T. +91-731-2551745-46, F. +91-731-4065798

### For shares held in demat form

to the depository participant

### B Any other matters and unsolved complaints

Company Secretary  
E-5 Ratlam Kothi, Indore - 452001, (M.P.)

### Notes:

- I. Annual listing fee for the year 2014-15 has been paid to the BSE Limited, Mumbai.
- II. Annual custody fee for the year 2014-15 has been paid by the Company to NSDL and CDSL.
- III. Distribution schedule and shareholding pattern as on March 31<sup>st</sup>, 2014.
- IV. During the financial year 2013-14, the Company has credited ₹ 2,77,992 lying unpaid /unclaimed in the dividend account (2005-06) to the Investor Education & Protection Fund pursuant to Section 205C of the Companies Act, 1956. The Company shall be transferring the unclaimed/unpaid dividend amount for the financial year 2006-07, to the Investor Education and Protection Fund in term of the provisions of the Companies Act, 2013.
- V. The Company has also uploaded the details of unpaid/unclaimed amounts lying with the company as on July 22, 2013 (date of last Annual General Meeting) on the MCA website under the provision of IEPF (uploading of information regarding unpaid and unclaimed amount lying with the companies) Rules, 2012.
- VI. In term of Clause 5A of the Listing Agreement, the Company has opened Unclaimed Suspense Account, namely "Arihant Capital Markets Ltd. - Unclaimed Suspense Account" and the unclaimed shares lying with the registrar of the Company have been dematerialized and credited to "Arihant Capital Markets Ltd. - Unclaimed Suspense Account". As per Clause 5A (I) and Clause 5A (II) of Listing Agreement, the details of the shares in the Suspense Account are as follows:





Particulars	No. of Shareholders	No. of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1 <sup>st</sup> , 2013	190	157120
Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	0	0
Number of shareholders and aggregate number of shares transferred to the Unclaimed Suspense account during the year	0	0
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31 <sup>st</sup> , 2014	190	157120

The voting rights on the shares in the suspense accounts as on March 31<sup>st</sup>, 2014 shall remain frozen till the rightful owners of such shares claim the shares.

- VII. Nomination: Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.
- VIII. Electronic Clearing Service: The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividends. Dividend will be credited to the Member's bank account through NECS wherever complete core banking details are available with the company. In cases where the core banking details are not available, dividend warrants will be issued to the Members with bank details printed thereon as available in the Company's records. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. The Company complies with the SEBI requirement. NECS form is attached to the Notice, if not provided.
- IX. The Company's financial results and official press releases are displayed on the Company's website [www.arihantcapital.com](http://www.arihantcapital.com)
- X. The financial statements, shareholding pattern, quarterly compliances and other relevant corporate communication are filed with Bombay Stock Exchange Limited electronically through BSE Listing Centre.



To,  
The Members  
Arihant Capital Markets Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Arihant Capital Markets Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 date 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act



(hereinafter referred to as the “Order”), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:
- a) 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;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 (“the Act”) read with the General Circular 15/2013 date 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

**For Arora Banthia & Tulsiyan**  
**Chartered Accountants**  
**Firm No:007028C**

**CA Ajay Tulsiyan**  
**Partner**  
**Membership No. : 74868**  
**Indore, 24<sup>th</sup> May, 2014**



**Annexure referred to in paragraph 1 under the heading of “report on other legal and regulatory requirements” of our report of even date to the members of Arihant Capital Markets Limited on the accounts for the period ended 31<sup>st</sup> March, 2014**

1. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.  
(b) The fixed assets of the Company are physically verified by the management at regular intervals, which in our opinion, is reasonable considering the size of the Company and the nature of assets. During the year, as informed to us by management, no material discrepancies have been noticed on such verification.  
(c) In our opinion, substantial parts of the Company’s fixed assets have not been disposed off by the Company, during the year.
2. (a) The securities held as stock in trade have been verified by the Management with the statement of holdings provided by depository participants and brokers at reasonable intervals. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedures of confirmation of securities held as stock in trade followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the records of the Company relating to securities held as stock in trade, in our opinion, the Company has maintained proper records of stock in trade and no material discrepancies between the book records and the statement of holdings provided by NSDL, other depository participants and brokers have been noticed.
3. a) The Company has granted unsecured loan to two company covered in the register maintained under section 301 of The Companies Act, 1956. The maximum amount involved was ₹7,49,09,200/- and the closing balance is ₹2,02,09,200/-.  
b) In our opinion the rate of interest and other term and conditions of loan given by the company are not prima facie prejudicial to the interest of the Company.  
c) The payments of principal amounts and interest in respect of such loans during the year has been regular/ as per stipulation.  
d) The Company had outstanding unsecured loan taken from one company covered in the register maintained under section 301 of The Companies Act, 1956. The maximum amount involved was ₹1,04,95,000/- and the closing balance was ₹Nil.  
e) In our opinion the rate of interest and other term and conditions of loan taken by the company are not prima facie prejudicial to the interest of the Company.  
f) The payments of principal amounts and interest in respect of such loans during the year has been regular/ as per stipulation.
4. In our opinion and according to the information and explanations given to us the Company has an adequate internal control procedure commensurate with the size and nature of its business, with regard to the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
5. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of The Companies Act, 1956, have been so entered.  
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of



contracts and arrangements referred in (5)(a) above and exceeding the value of ₹ Five Lacs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public as governed by the provision of section 58A and 58AA or any other relevant provisions of the Act and rules framed thereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We are informed that maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of The Companies Act, 1956, in respect of the activities carried on by the Company.
9. a) As per the records of the Company, the company is generally regular in depositing the statutory dues including provident fund, income tax, wealth tax, service tax, cess and other material statutory dues applicable to it with the appropriate authorities  
b) According to the information and explanations given to us, no undisputed amount in respect of income tax, sales tax, service tax, custom duty, wealth tax, excise duty, cess applicable to it is outstanding as at the last day of the financial year concerned for a period of more than six months from the date they became payable.  
c) According to the information and explanations given to us and on the basis of examination of records of the Company provident fund, sales tax, income tax, wealth tax, cess which have not been deposited on account of dispute are given below:

Name of the Statute	Nature of Dues	Financial Year	Amount (₹)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2010-2011	550703	Commissioner of Appeals

10. The Company has no accumulated losses at the end of financial year and has not incurred cash losses in the current financial year and the immediately preceding financial year.
11. The Company has not defaulted in payments of any dues to financial institutions, banks or debenture holders.
12. In our opinion the Company has maintained adequate documents and records where it has granted loans and advances on the basis of security of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
14. The Company is dealing in securities for which proper records have been maintained of the transactions and timely entries have been made therein. Securities held by the Company are held in the name of the Company or in the name of its nominees except to the extent of the exemption granted under Section 49 of the Act.
15. In our opinion and according to the information and explanations given to us, the terms & conditions on which the Company has given guarantees for loan taken by other party from bank or financial institution are not prejudicial to the interest of the Company.



16. According to the information and explanations given to us and the record examined by us, the Company has not taken any term loans.
17. According to the information and explanation given to us and on an overall examination of Balance Sheet of the Company and the Cash Flow Statement, in our opinion funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made preferential allotment of shares to the parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the period covered by our audit.

**For Arora Banthia & Tulsian**  
**Chartered Accountants**  
**Firm No:007028C**

**CA Ajay Tulsian**  
**Partner**  
**Membership No. : 74868**  
**Indore, 24<sup>th</sup> May, 2014**

Standalone Balance Sheet as at 31<sup>st</sup> March, 2014

Particulars	Note No.	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' fund</b>			
Share Capital	2	10,41,12,800	10,41,12,800
Reserves and Surplus	3	41,94,78,235	41,26,22,519
		<b>52,35,91,035</b>	<b>51,67,35,319</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities (net)	4	73,95,231	77,39,110
		<b>73,95,231</b>	<b>77,39,110</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	5	71,958	65,138
Trade Payables	6	19,36,22,742	20,08,07,088
Other Current Liabilities	7	8,96,79,198	8,75,01,957
Short-Term Provisions	8	1,82,71,015	1,82,71,015
		<b>30,16,44,913</b>	<b>30,66,45,198</b>
<b>TOTAL</b>		<b>83,26,31,179</b>	<b>83,11,19,628</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	9	9,36,67,153	9,88,31,895
Intangible Assets	9	38,00,518	60,64,613
Non-Current Investments	10	7,96,86,480	7,71,46,480
Other Non-Current Assets	11	2,10,85,000	2,40,85,000
		<b>19,82,39,151</b>	<b>20,61,27,988</b>
<b>Current Assets</b>			
Current Investments	12	9,66,85,091	10,37,42,726
Inventories	13	3,69,92,564	0
Trade Receivables	14	9,46,23,965	20,91,31,207
Cash and Cash Equivalents	15	30,85,25,509	23,60,67,951
Short-Term Loans and Advances	16	2,02,09,200	0
Other Current Assets	17	7,73,55,700	7,60,49,756
		<b>63,43,92,029</b>	<b>62,49,91,641</b>
<b>TOTAL</b>		<b>83,26,31,179</b>	<b>83,11,19,628</b>

Significant Accounting Policies and Notes on Financial Statements 1 to 35

AS PER OUR REPORT OF EVEN DATE

**For Arora Banthia & Tulsian**  
Chartered Accountants  
Firm No:007028C

**CA Ajay Tulsian**  
Partner  
Membership No. : 74868  
Indore, 24<sup>th</sup> May, 2014

FOR AND ON BEHALF OF THE BOARD

**Ashok Kumar Jain**  
Chairman and  
Managing Director

**Akhilesh Rathi**  
Director

**Mahesh Pancholi**  
Company Secretary



Standalone Statement of Profit and Loss for the  
year ended 31<sup>st</sup> March, 2014

Particulars	Note No.	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>Income</b>			
I Revenue from Operations	18	31,53,74,174	32,21,75,581
II Other income	19	4,13,38,626	3,79,23,582
<b>III Total Revenue (I+II)</b>		<b>35,67,12,800</b>	<b>36,00,99,163</b>
<b>IV Expenses</b>			
Employee benefits expenses	20	7,62,55,180	8,13,35,652
Finance costs	21	1,16,53,386	2,04,36,402
Other expenses	22	19,61,87,972	20,89,31,309
Net depreciation and amortization expenses	9	1,07,09,998	1,28,36,055
<b>Total (II)</b>		<b>29,48,06,535</b>	<b>32,35,39,417</b>
<b>V Profit Before Exceptional and Extraordinary Items and Tax (III-IV)</b>		<b>6,19,06,265</b>	<b>3,65,59,746</b>
VI Exceptional items	23	2,86,51,143	0
<b>VII Profit Before Extraordinary Items and Tax (V-VI)</b>		<b>3,32,55,121</b>	<b>3,65,59,746</b>
VIII Extraordinary Items		0	0
<b>IX Profit Before Tax (VII-VIII)</b>		<b>3,32,55,121</b>	<b>3,65,59,746</b>
X Tax expenses			
Current tax		84,72,270	1,04,22,696
Deferred tax		-3,43,880	-2,17,236
<b>Total tax expenses</b>		<b>81,28,390</b>	<b>1,02,05,460</b>
<b>XI Profit/(loss) for the year</b>		<b>2,51,26,731</b>	<b>2,63,54,286</b>
XII Earnings per Share	25		
Equity Shares of ₹5 each			
Basic		1.21	1.27
Diluted		1.21	1.27

Significant Accounting Policies and Notes on Financial Statements 1 to 35

AS PER OUR REPORT OF EVEN DATE

**For Arora Banthia & Tulsiyan**  
Chartered Accountants  
Firm No:007028C

**CA Ajay Tulsiyan**  
Partner  
Membership No. : 74868  
Indore, 24<sup>th</sup> May, 2014

FOR AND ON BEHALF OF THE BOARD

**Ashok Kumar Jain**  
Chairman and  
Managing Director

**Akhilesh Rathi**  
Director

**Mahesh Pancholi**  
Company Secretary





## Standalone Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

Particulars	Note No.	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>Cash flow from operating Activities</b>			
Net profit before taxation		3,32,55,121	3,65,59,746
Add adjustments for :			
(Profit) / Loss on sale of fixed assets		4,25,637	7,13,634
Depreciation / amortisation		1,07,09,998	1,28,36,055
Dividend income		-23,41,961	-38,46,572
<b>Operating profit before working capital changes</b>		<b>4,20,48,796</b>	<b>4,62,62,863</b>
<b>Adjustments for changes in working capital :</b>			
- Trade and other receivables		11,45,07,242	2,85,735
- Inventories		-3,69,92,564	6,81,84,157
- Loans & advances		-2,44,00,510	-4,52,33,210
- Trade and other payables		-50,07,105	-4,14,53,693
Cash generated from operation		9,01,55,859	2,80,45,852
- Taxes paid (net)		-25,86,906	-95,45,512
<b>Net cash from Operating Activities (A)</b>		<b>8,75,68,953</b>	<b>1,85,00,340</b>
<b>Cash flow from Investing Activities</b>			
(Purchase) / Sales of fixed assets		-37,06,796	-21,43,211
(Purchase) / Sales of investments		45,17,636	2,32,14,969
Dividend received		23,41,961	38,46,572
<b>Net cash used in Investing Activities(B)</b>		<b>31,52,801</b>	<b>2,49,18,330</b>
<b>Cash flow from Financing Activities</b>			
Dividend paid		-1,56,16,920	-1,04,11,280
Dividend distribution tax paid		-26,54,096	-16,88,970
Increase/ (Decrease) in secured loans		6,820	-5,32,97,115
Increase/ (Decrease) in unsecured loans		0	-5,50,00,000
<b>Net cash used in Financing Activities(C)</b>		<b>-1,82,64,196</b>	<b>-12,03,97,365</b>
Net increase in cash and cash equivalents (A+B+C)		7,24,57,559	-7,69,78,695
Cash and cash equivalents at the beginning of the year		23,60,67,951	31,30,46,645
<b>Cash and cash equivalents at the end of the year</b>		<b>30,85,25,509</b>	<b>23,60,67,951</b>
<b>Cash and cash equivalents comprise of</b>			
Cash and cheques in hand		1,13,789	25,880
Balances with scheduled banks		30,84,11,720	23,60,42,071
<b>TOTAL</b>		<b>30,85,25,509</b>	<b>23,60,67,951</b>

Significant Accounting Policies and Notes on Financial Statements 1 to 35

AS PER OUR REPORT OF EVEN DATE

**For Arora Banthia & Tulsiyan**  
Chartered Accountants  
Firm No:007028C

**CA Ajay Tulsiyan**  
Partner  
Membership No. : 74868  
Indore, 24<sup>th</sup> May, 2014

FOR AND ON BEHALF OF THE BOARD

**Ashok Kumar Jain**  
Chairman and  
Managing Director

**Akhilesh Rathi**  
Director

**Mahesh Pancholi**  
Company Secretary

**NOTE 1: STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES****A. BASIS OF ACCOUNTING**

The accounts are prepared in accordance with the accounting principles generally accepted in India and are in line with the relevant laws as well as the guidelines prescribed by the Department of Company Affairs and the Institute of Chartered Accountants of India. The accounts are prepared on historical cost basis and on the principle of going concern. Accounting policies not specifically referred to are in consonance with prudent and generally accepted accounting practices. The accounting policies have been consistently applied unless otherwise stated.

**B. USE OF ESTIMATES**

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and results of operations during the reporting periods. Although these estimates are based upon the management's best knowledge of current events & actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements, estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals.

**C. REVENUE RECOGNITION**

- i. Company recognises Brokerage Income on the basis of the date of trade of settlement, of respective stock exchanges.
- ii. Other Income is accounted for on accrual basis.
- iii. The Maintenance Charges in respect of Account Holders of the Depository Division of the Company are accounted on prorata basis. In case of receipt of lifetime fees, the total amount received is recognized in the period of receipt.
- iv. Incentive on primary market subscription – mobilisation is accounted on the basis of intimation received by the Company.

**D. VALUATION OF INVENTORIES**

Securities Shown as Inventories are valued scrip wise at Weighted Average Cost of the day or Market Value whichever is lower. Cost includes direct expenses.

**E. FIXED ASSETS**

- i. Fixed Assets are stated at cost of acquisition less accumulated depreciation.
- ii. Depreciation on Fixed Assets has been provided on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 on pro rata basis which in the opinion of the management are reflective of the estimated useful lives of fixed asset.

**F. IMPAIRMENT OF ASSETS**

Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated Futures cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

**G. INVESTMENTS**

Investments are classified into current investments and non-current investments. Investments which are intended to be held for more than one year are classified as non-current investments and investments which are intended to be held for



## Notes Forming Part of **Standalone Financial Statements**

less than one year are classified as current investments. Investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for.

### **H. CASH & CASH EQUIVALENTS**

Cash comprises cash on hand and balances with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into cash and which are subject to insignificant risks of changes in value.

### **I. FOREIGN CURRENCY TRANSACTIONS**

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- (b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.
- (c) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

### **J. EARNING PER SHARE**

The Company reports Basic and Diluted Earning Per Share in accordance with Accounting Standard –20, “Earning Per Share” issued by The Institute of Chartered Accountants of India. Basic Earning Per Share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted Earning Per Share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

### **K. TAXES ON INCOME**

- a. Current Tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.
- b. Deferred Tax is recognized on timing differences; being the differences between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets subject to the consideration of prudence are recognized and carried forward only to the extent there is a reasonable certainty that sufficient Futures taxable income will be available against which such deferred tax assets can be realized.

### **L. RETIREMENT BENEFITS**

- i. Gratuity liability is a defined benefit obligation and is wholly unfunded. The Company accounts for liability for future gratuity benefits based on actuarial assumptions.
- ii. Provident fund is a defined contribution scheme and the contributions as required by the statute are charged to the Profit and Loss Account as incurred.

### **M. EQUITY INDEX/ STOCK FUTURES**

- a) “Initial Margin – Equity Derivative Instrument”, representing the initial margin paid for entering into contracts for equity index/stock futures which are released on final settlement/squaring-up of underlying contracts, are disclosed under Other Current Assets.
- b) Equity index/stock futures for arbitrage purposes are marked-to-market on a daily basis. Debit or credit balance disclosed under Other Current Assets or Other Current Liabilities, respectively, in the “Mark-to-Market Margin – Equity



Index/Stock Futures Account”, represents the net amount paid or received on the basis of movement in the prices of index/ stock futures till the Balance Sheet date.

- c) As on the Balance Sheet date, profit/loss on open positions in equity index/ stock futures is accounted for as follows:
- Credit balance in the “Mark-to-Market Margin – Equity Index/Stock Futures Account”, being the anticipated profit, is ignored and no credit for the same is taken in the Profit and Loss Account.
  - Debit balance in the “Mark-to-Market Margin – Equity Index/Stock Futures Account”, being anticipated loss, is adjusted in the Profit and Loss Account.
- d) On final settlement or squaring-up of contracts for equity index/stock futures, the profit or loss is calculated as the difference between the settlement/squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract in “Mark-to-Market Margin – Equity Index/ Stock Futures Account” after adjustment of provision for anticipated losses is recognised in the Profit and Loss Account.
- e) When more than one contract in respect of the relevant series of equity index/ stock futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

#### **N. EQUITY INDEX/ STOCK OPTIONS**

- a. “Initial Margin Equity Derivative Instrument” representing the initial margin paid, and “Margin Deposit”, representing the additional margin paid over and above the initial margin, for entering into contracts for equity index/ stock options, which are released on final settlement/squaring-up of the underlying contracts, are disclosed under Other Current Assets.
- b. “Equity Index/Stock Option Premium Account” represents the premium paid or received for buying or selling the options, respectively.
- c. As at the Balance Sheet date, in the case of long positions, provision is made for the amount by which the premium paid for those options exceeds the premium prevailing on the Balance Sheet date, and in the case of short positions, for the amount by which the premium prevailing on the Balance Sheet date exceeds the premium received for those options, and is reflected in “Provision for Loss on Equity Index/ Stock Option Account”.
- d. When the options are squared up before expiry of the options, the premium prevailing in “Equity Index/Stock Option Premium Account” on that date is recognised in the Profit and Loss Account. If more than one option contract in respect of the same index/stock with the same strike price and expiry date to which the squared-up contract pertains is outstanding at the time of squaring-up of the contract, the weighted average method is followed for determining the profit or loss. On the expiry of the contracts and on exercising the options, the difference between the final settlement price and the strike price is transferred to the Profit and Loss Account. In both the above cases, the premium paid or received for buying or selling the option, as the case may be, is recognised in the Profit and Loss Account for all squared-up/settled contracts.

#### **O. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Notes Forming Part of **Standalone Financial Statement**

Particulars	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>2. Share Capital Authorised</b>		
2,50,00,000 (2,50,00,000) equity share of ₹5/- each	12,50,00,000	12,50,00,000
<b>Issued, Subscribed &amp; Paid up</b>		
2,08,22,560 (2,08,22,560) equity share of ₹5/- each #	10,41,12,800	10,41,12,800
<b>Total</b>	<b>10,41,12,800</b>	<b>10,41,12,800</b>
# 78,08,460 (78,08,460) shares out of the issued, subscribed and paid up share capital were allotted as bonus shares in last five years by capitalisation of General Reserves.		
<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>		
Equity Shares of face value ₹5/-		
Share outstanding at the beginning of the period	2,08,22,560	2,08,22,560
Share outstanding at the end of period	2,08,22,560	2,08,22,560
<b>b. List of the Shareholders holding more than 5% of the total number of shares issued by the company</b>		
<b>Name of the shareholders</b>		
Ashok Kumar Jain	60,63,040 (29.12%)	60,63,040 (29.12%)
Kiran Jain	47,28,320 (22.71%)	47,28,320 (22.71%)
Sunil Kumar Jain	16,06,656 (7.72%)	16,06,656 (7.72%)
Arpit Jain	11,47,840 (5.51%)	11,47,840 (5.51%)
<b>3. Reserves and Surplus</b>		
<b>General Reserve</b>		
Balance as per the last financial statements	40,27,70,709	39,77,70,709
Add: Transfer from Profit & Loss	50,00,000	50,00,000
Less: On issue of shares	0	0
<b>Closing Balance</b>	<b>40,77,70,709</b>	<b>40,27,70,709</b>
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	98,51,810	67,68,540
Profit for the year	2,51,26,731	2,63,54,286
Less: Appropriations		
Proposed dividend on equity shares	1,56,16,920	1,56,16,920
[Dividend per share ₹0.75 (Previous year ₹0.75)]		
Tax on proposed equity dividend	26,54,096	26,54,096
Transfer to General Reserve	50,00,000	50,00,000
<b>TOTAL</b>	<b>41,94,78,235</b>	<b>41,26,22,519</b>



Particulars	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>4. Deferred Tax Liabilities/ (Assets)</b>		
<b>Deferred Tax Liabilities</b>		
Related to Fixed Assets	89,56,987	94,79,869
<b>Total (a)</b>	<b>89,56,987</b>	<b>94,79,869</b>
<b>Deferred Tax Assets</b>		
Disallowance under the Income Tax Act, 1961	15,61,757	13,75,517
Unabsorbed Losses	0	3,65,242
<b>Total (b)</b>	<b>15,61,757</b>	<b>17,40,758</b>
<b>Net Deferred Tax Liabilities /(Assets) [(a)-(b)]</b>	<b>73,95,231</b>	<b>77,39,110</b>
<b>5. Short Term Borrowings</b>		
Secured		
From Bank*	71,958	65,138
Unsecured		
From Others (Refer Note 24)		0
<b>TOTAL</b>	<b>71,958</b>	<b>65,138</b>
* Loans from bank are secured against pledge of fixed deposit receipt and securities owned by company.		
<b>6. Trade Payables</b>		
Sundry Creditors (Includes Trade Payables)		
Other than Micro, Small and Medium Enterprises	19,36,22,742	20,08,07,088
Micro, Small and Medium Enterprises	0	0
(Refer Note 30)		
<b>TOTAL</b>	<b>19,36,22,742</b>	<b>20,08,07,088</b>
<b>7. Other Current Liabilities</b>		
Other Payables	3,85,86,260	3,59,49,833
Unpaid Dividend #	22,44,665	20,99,920
Deposits from Intermediaries	4,88,48,273	4,93,27,074
Equity Index/Stock Option Premium	0	1,25,130
<b>TOTAL</b>	<b>8,96,79,198</b>	<b>8,75,01,957</b>
# Out of the above amount, the company is required to credit a sum of ₹3,99,603/- lying in the unpaid dividend account, on or before 31 <sup>st</sup> October, 2014 to the Investor Education & Protection Fund pursuant to Sub-section (1) of Section 205C of The Companies Act, 1956.		
<b>8. Short-Term Provisions</b>		
Proposed Dividend	1,56,16,920	1,56,16,920
Tax on Dividend	26,54,096	26,54,096
<b>TOTAL</b>	<b>1,82,71,016</b>	<b>1,82,71,016</b>

**9. Fixed Assets**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 <sup>st</sup> April 2013	Additions for the Year	Deductions Adjustment for the Year	As at 31 <sup>st</sup> March, 2014	As at 1 <sup>st</sup> April 2013	For the Year	On Deductions	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Tangible Assets</b>										
Building	6,69,08,913	18,48,000	0	6,87,56,913	23,23,601	10,90,614	0	34,14,215	6,53,42,698	6,45,85,312
Furniture & Fixtures	2,19,20,462	3,87,164	7,79,576	2,15,28,050	89,12,552	13,51,425	6,69,293	95,94,684	1,19,33,365	1,30,07,909
Office Equipments	1,05,01,634	7,30,517	10,23,273	1,02,08,878	30,88,029	5,13,786	7,83,650	28,18,165	73,90,713	74,13,605
Computers	5,79,89,583	4,49,900	2,75,02,510	3,09,36,973	4,83,62,942	44,41,281	2,73,86,343	2,54,17,880	55,19,092	96,26,641
Electrical Installations	27,43,991	51,734	15,44,796	12,50,929	21,58,480	2,95,241	15,41,568	9,12,153	3,38,776	5,85,510
Motor Vehicles	49,51,702	28,67,165	28,67,165	49,51,702	13,38,782	7,15,181	2,44,769	18,09,194	31,42,508	36,12,920
<b>Sub Total (A)</b>	<b>16,50,16,285</b>	<b>63,34,480</b>	<b>3,37,17,320</b>	<b>13,76,33,445</b>	<b>6,61,84,387</b>	<b>84,07,528</b>	<b>3,06,25,623</b>	<b>4,39,66,291</b>	<b>9,36,67,153</b>	<b>9,88,31,898</b>
<b>Intangible Assets</b>										
Software	2,31,32,594	46,726	91,24,053	1,40,55,266	1,70,67,982	23,02,470	91,15,703	1,02,54,749	38,00,518	60,64,613
<b>Sub Total (B)</b>	<b>2,31,32,594</b>	<b>46,726</b>	<b>91,24,053</b>	<b>1,40,55,266</b>	<b>1,70,67,982</b>	<b>23,02,470</b>	<b>91,15,703.4</b>	<b>1,02,54,749</b>	<b>38,00,518</b>	<b>60,64,613</b>
<b>Total (A+B)</b>	<b>18,81,48,879</b>	<b>63,81,205</b>	<b>4,28,41,373</b>	<b>15,16,88,711</b>	<b>8,32,52,369</b>	<b>1,07,09,998</b>	<b>3,97,41,327</b>	<b>5,42,21,040</b>	<b>9,74,67,671</b>	<b>10,48,96,511</b>
<b>Previous year</b>	<b>18,90,12,363</b>	<b>31,64,711</b>	<b>40,28,196</b>	<b>18,81,48,878</b>	<b>7,27,09,378</b>	<b>1,28,36,055</b>	<b>22,93,063</b>	<b>8,32,52,370</b>	<b>10,48,96,508</b>	



Particulars	FV (₹)	31 <sup>st</sup> March, 2014 (Qty.)	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (Qty.)	31 <sup>st</sup> March, 2013 (₹)
<b>10. Non Current Investments</b>					
<b>Trade Investments</b>					
<b>In Equity Shares - Unquoted, fully paid up</b>					
BSE Limited	1	20000	0	20000	0
Saurashtra Kutch Stock Exchange Limited	100	50	5,05,000	50	5,05,000
<b>Total Trade Investment (A)</b>			<b>5,05,000</b>		<b>5,05,000</b>
<b>Other Investments</b>					
<b>In Equity Shares of Subsidiary Companies</b>					
<b>Unquoted, fully paid up</b>					
Arihant Finsec Limited	10	450000	4,05,00,000	450000	4,05,00,000
Arihant Future & Commodities Limited	10	354500	78,02,045	354500	78,02,045
Arihant Insurance Broking Services Limited	10	750000	75,00,000	750000	75,00,000
Arihant Financial Services Limited	10	250000	2,06,24,435	250000	2,06,24,435
Arihant Financial Planner and Advisor Pvt. Ltd.	10	21000	2,10,000	21000	2,10,000
Ahinsa Lifespace Infraheight Ltd .	10	50000	5,00,000		
Arihant Quality Educational Services And Trainings Ltd.	10	204000	20,40,000		
			<b>7,91,76,480</b>		<b>7,66,36,480</b>
<b>In Equity Shares - Unquoted, fully paid up</b>					
The Saraswat Co-Operative Bank Limited	10	500	5,000	500	5,000
			<b>5,000</b>		<b>5,000</b>
<b>Total Other Investment (B)</b>			<b>7,91,81,480</b>		<b>7,66,41,480</b>
<b>Total Non Current Investments (A+B)</b>			<b>7,96,86,480</b>		<b>7,71,46,480</b>
<b>11. Other Non Current Assets</b>					
(Unsecured, considered good )					
Deposits with Exchanges / Depositories			2,10,85,000		2,40,85,000
<b>TOTAL</b>			<b>2,10,85,000</b>		<b>2,40,85,000</b>
<b>12. Current Investments</b>					
<b>Investment in Equity Shares - Quoted, fully paid up</b>					
Corporation Bank	10	62476	3,03,78,144	62476	3,03,78,144
IDBI Bank Limited	10	100000	1,62,16,582	100000	1,62,16,582
Mahindra Lifespace Developers Limited	10	15256	55,20,916	50000	1,71,48,000
Bajaj Holding & Investment Limited	10	6000	57,96,777	0	0
Dewan Housing Finance Corporation Limited	10	177033	3,87,72,672	0	0
<b>(A)</b>			<b>9,66,85,091</b>		<b>6,37,42,726</b>
<b>Investment in units - Quoted</b>					
Kotak Flexi Debt Scheme Plan A - Daily Dividend	10		0	3981090	4,00,00,000
<b>(B)</b>			<b>0</b>		<b>4,00,00,000</b>
<b>Total (A+B)</b>			<b>9,66,85,091</b>		<b>10,37,42,726</b>

Market value of Quoted Investments ₹7,23,21,038/- (Previous Year ₹9,10,75,155/-)



Notes Forming Part of **Standalone Financial Statement**

Particulars	FV (₹)	31 <sup>st</sup> March, 2014 (Qty.)	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (Qty.)	31 <sup>st</sup> March, 2013 (₹)
<b>13. Inventories</b>					
<b>Stock in Trade</b>					
<b>Quoted Equity Shares</b>					
Godrej Properties Limited	5	30000	54,90,188	0	0
IDFC Limited	10	50000	56,94,375	0	0
IPCA Laboratories Limited	2	2872	23,58,917	0	0
LIC Housing Finance Limited	2	5000	11,34,250	0	0
Mahindra Holidays & Resorts India Limited	10	30606	70,56,213	0	0
Oberoi Realty Limited	10	23302	50,78,671	0	0
Tata Coffee Limited	10	11000	1,01,79,950	0	0
			<b>3,69,92,564</b>		<b>0</b>
Aggregate Value of Stock-in-Trade					
- At Cost			3,74,64,433		0
- At Market Value			3,71,58,501		0

Particulars	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>14. Trade Receivables</b> (Unsecured Considered good, except where provided for)		
Debts over six months	3,14,50,491	2,37,79,044
Other Debts	6,31,73,474	18,53,52,163
<b>Total</b>	<b>9,46,23,965</b>	<b>20,91,31,207</b>
<b>15. Cash and Cash Equivalents</b>		
<b>Balances with banks</b>		
On current accounts	1,51,67,056	4,38,17,151
On deposit account*	29,10,00,000	19,01,25,000
On Unclaimed dividend account	22,44,665	20,99,920
Cash on hand	1,13,789	25,880
<b>Total</b>	<b>30,85,25,509</b>	<b>23,60,67,951</b>

\* Fixed deposits with bank include deposits of ₹15,80,00,000/- (previous year ₹11,37,25,000) with maturity of more than 12 months

<b>16. Short-Term Loans and Advances</b> (Unsecured, considered good )		
Loan to related parties (Refer note 24)	2,02,09,200	0
<b>Total</b>	<b>2,02,09,200</b>	<b>0</b>



Particulars	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>17. Other Current Assets</b>		
Deposits with Exchanges / Depositories	77,50,668	31,52,000
Deposit with Related parties (Refer Note 24)	25,25,000	25,25,000
Other Deposits	53,77,568	57,54,358
Other Advances	5,73,20,124	3,53,03,793
Advance income-tax (net of provision for taxation)	43,82,340	1,02,67,707
Initial Margin	0	1,90,46,899
<b>TOTAL</b>	<b>7,73,55,700</b>	<b>7,60,49,756</b>
<b>18. Revenue From Operations</b>		
Brokerage	23,58,34,535	24,92,24,606
Commission Received (Net)	1,92,53,882	1,10,35,649
Fees From Merchant Banking	66,96,499	95,44,889
Deferred Payment Charges	2,82,62,941	2,70,43,704
Depository Receipts	1,35,15,274	1,39,74,157
Profit/(Loss) on Trading*	10,21,168	56,55,965
Profit/(Loss) on Commodity Trading	18,39,989	0
Profit on Sale of Investments (net)	66,07,925	18,50,038
Dividend Income	23,41,961	38,46,572
<b>Total</b>	<b>31,53,74,174</b>	<b>32,21,75,581</b>
<b>*Trading details in cash segment</b>		
Opening Stock	0	6,81,84,157
Purchase (including charges)	12,27,28,687	26,34,33,687
Sales	8,72,31,764	33,40,59,544
Closing Stock	3,69,92,565	0
<b>19. Other Income</b>		
Interest Received	3,39,54,530	3,09,29,734
Rent	62,37,000	59,49,075
Bad debts recovered	2,44,448	6,10,659
Miscellaneous income	9,02,649	4,34,114
<b>Total</b>	<b>4,13,38,626</b>	<b>3,79,23,582</b>
<b>20. Employee Benefits Expenses</b>		
Salaries, wages and bonus	7,34,62,868	7,91,49,196
Contribution to provident and other fund	3,93,678	4,25,283
Gratuity expense	7,20,733	61,174
Staff welfare expenses (Refer Note No.26)	16,77,901	16,99,999
<b>Total</b>	<b>7,62,55,180</b>	<b>8,13,35,652</b>

Notes Forming Part of **Standalone Financial Statement**

Particulars	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>21.Finance Costs</b>		
Interest expenses	1,16,53,386	2,04,36,402
	<b>1,16,53,386</b>	<b>2,04,36,402</b>
<b>22.Other Expenses</b>		
Advertisement	1,59,047	1,86,113
<b>Auditors' Remuneration</b>		
Audit fee	4,50,000	4,50,000
Taxation matters	5,60,000	62,500
Limited review	30,000	10,000
Other services	54,000	39,000
Bad Debts Written Off	1,05,82,535	1,13,69,165
Bank & Depository Charges	30,92,436	45,70,164
Business Development	3,50,607	15,95,382
Communication including V-Sat	78,89,067	1,00,47,780
Depository Charges	20,35,594	29,49,800
Electricity	41,54,940	44,81,080
Exchange Transaction Charges	1,85,73,589	1,51,69,483
Insurance	4,46,539	3,91,143
Legal and Professional	32,66,126	30,73,451
Loss on Sale of Fixed Assets	4,25,637	7,13,634
Membership Fee & Subscription	13,29,376	27,10,365
Miscellaneous	26,19,990	23,86,067
Office Establishment	15,48,340	17,98,792
Rent	1,41,43,620	1,42,99,522
Repairs & Maintenance	39,47,679	38,49,423
Software Maintenance	52,40,931	63,51,299
Stationery & Printing	11,23,080	12,90,816
Sub Brokerage/Referral Fees	11,09,51,526	11,74,82,531
Travelling, Conveyance and Motor Car	32,13,313	36,53,799
	<b>19,61,87,972</b>	<b>20,89,31,309</b>

**23.**The Company had exposure to National Spot Exchange Limited (NSEL) of ₹2,96,55,693/- with respect to Proprietary positions. NSEL has not been able to adhere to its payment obligation over the past few months. The Company has perused legal action against NSEL through its broker and other by filing writ petition in Bombay High Court and criminal complaint in Economic Offences Wing (EOW) jointly with other victimized brokers and clients. Pending Final outcome which is uncertain, the company has written off the amount of ₹2,86,51,143/- in respect of its Proprietary position which is disclosed under the head "Exceptional Items".



**24. Related party transactions**

"Related party disclosures, as required by Accounting Standard 18, "Related Party Disclosures" issued by the Institute of Chartered Accountants of India for the year ended 31<sup>st</sup> March, 2014 are given below:"

Relationships (During the year)	
Key Management Personnel	Ashok Kumar Jain, Chairman & Managing Director
	Sunil Kumar Jain, Director
	Akhilesh Rathi, Director
	Anita Gandhi, Director
	Parag R. Shah, Director
	Pankaj Kumar Gupta, Director
	Rakesh Jain, Director
Subsidiaries	Arihant Futures & Commodities Limited
	Arihant Financial Services Limited
	Arihant Finsec Limited
	Arihant Insurance Broking Services Limited
	Arihant Financial Planners & Advisors Private Limited
	Arihant Quality Educational Services And Trainings Ltd
	Ahinsa Lifespace Infraheight Limited
Relatives of Key Management Personnel	Arpit Jain
	Ashok Kumar Jain HUF
	Kiran Jain
	S.N. Gandhi & Co.
	Shruti Jain

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Enterprise over which control	Total
<b>Brokerage Received</b>					
Arihant Finsec Limited	0	0	228896	0	228896
	0	0	59093	0	59093
<b>Depository Charges Received</b>					
Arihant Financial Services Limited	0	0	369	0	369
	0	0	0	0	0
Arihant Finsec Limited	0	0	11063	0	11063
	0	0	59428	0	59428
Arihant Futures & Commodities Ltd	0	0	50198	0	50198
	0	0	1796365	0	1796365

Notes Forming Part of **Standalone Financial Statement**

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Enterprise over which control	Total
<b>Interest Received</b>					
Arihant Financial Services Limited	0	0	109891	0	109891
	0	0	494055	0	494055
<b>Expenses Recovered</b>					
Arihant Futures & Commodities Ltd	0	0	454998	0	454998
	0	0	394465	0	394465
<b>Expenses</b>					
Salary & Incentive *	6631023	612594	0	0	7243617
	6594982	523208	0	0	7118190
Rent #	0	3000000	0	0	3000000
	0	3030000	0	0	3030000
Legal & Professional \$	0	123596	0	0	123596
	0	741576	0	0	741576
Sitting Fees %	320000	0	0	0	320000
	240000	0	0	0	240000
<b>Interest Paid</b>					
Arihant Financial Services Limited	0	0	4318001	0	4318001
	0	0	6148495	0	6148495
<b>Commission Paid</b>					
Arihant Financial Planners & Advisors Pvt. Ltd	0	0	77443	0	77443
	0	0	53112	0	53112
<b>Brokerage Paid</b>					
Arihant Futures & Commodities Ltd	0	0	26398	0	26398
	0	0	0	0	0
<b>Assets</b>					
<b>Fixed Asset</b>					
Arihant Quality Educational Services And					
Trainings Ltd	0	0	40000	0	40000
	0	0	0	0	0
<b>Deposits ^</b>	0	2525000	0	0	2525000
	0	2525000	0	0	2525000
<b>Loans Given</b>					
Arihant Financial Services Limited					
(Maximum Outstanding)	0	0	73450000	0	73450000
	0	0	96800000	0	96800000
Arihant Quality Educational Services And					
Trainings Ltd (Maximum Outstanding)	0	0	1459200	0	1459200
	0	0	0	0	0



Particulars	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Enterprise over which control	Total
<b>Liabilities</b>					
Loans Taken					
Arihant Financial Services Limited					
(Maximum Outstanding)	0	0	104950000	0	104950000
	0	0	155899999	0	155899999
<b>Loans Outstanding at the year end</b>					
<b>Loans Given</b>					
Arihant Financial Services Limited	0	0	18750000	0	18750000
	0	0	0	0	0
Arihant Quality Educational Services And Trainings Ltd	0	0	1459200	0	1459200
	0	0	0	0	0
<b>Debtors as at the year end</b>					
Arihant Finsec Limited	0	0	0	0	0
	0	0	7875802	0	7875802
<b>Corporate Guarantee Given</b>					
Arihant Futures & Commodities Ltd	0	0	200000000	0	200000000
	0	0	600000000	0	600000000
<b>Equity Contribution made during the year</b>					
Arihant Financial Planners and Advisors Private Limited	0	0	0	0	0
	0	0	105000	0	105000
Arihant Quality Educational Services And Trainings Ltd	0	0	2040000	0	2040000
	0	0	0	0	0
Ahinsa Lifespace Infraheight Limited	0	0	500000	0	500000
	0	0	0	0	0
<b>Advance for Property</b>					
Shyam Developers	0	0	0	27000000	27000000
	0	0	0	27000000	27000000

Figure in italics represents previous year figures

\*Payment to key management personnel for Salaries and Incentive includes to Ashok Kumar Jain ₹ 3674223 (Previous Year ₹3638182) and Anita Gandhi ₹2956800 (Previous Year ₹2956800) and to relatives of key management personal includes Shruti Jain ₹612594 (Previous Year ₹523208).

# Rent paid to Kiran Jain ₹2175000 (Previous Year ₹2205000), Ashok Kumar Jain HUF ₹412500 (Previous Year ₹412500) and Arpit Jain ₹412500 (Previous Year ₹412500).

§ Professional fees paid to S.N. Gandhi ₹123596 (Previous Year ₹741576).

% Sitting fees paid to Sunil Kumar Jain ₹60000 (Previous Year ₹60000), Rakesh Jain ₹80000 (Previous Year ₹60000), Pankaj Kumar Gupta ₹60000 (Previous Year ₹30000), Paragbhai Shah ₹60000 (Previous Year ₹30000) and Akhilesh Rathi ₹60000 (Previous Year ₹60000).

^ Rent Deposit given includes Kiran Jain ₹1837500 (Previous Year ₹1837500), Ashok Kumar Jain HUF ₹ 343750 (Previous Year ₹343750) and Arpit Jain ₹343750 (Previous Year ₹343750).

Notes Forming Part of **Standalone Financial Statement**

25. Earning Per Share	2013-2014	2012-2013
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	2,51,26,731	2,63,54,286
ii) Weighted Average number of equity shares used as denominator for calculating EPS	2,08,22,560	2,08,22,560
iii) Basic and Diluted Earnings per Share (₹)	1.21	1.27
iv) Face value per Equity Share (₹)	5	5

26. As per Accounting Standard 15 "Employee Benefits", the disclosure as defined in the Accounting Standard are given below:	2013-2014	2012-2013
<b>Defined Contribution Plans</b>		
Employer's Contribution to Provident Fund	3,93,678	4,25,283

**Defined Benefit Plan**

The gratuity paid by the company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the financial obligation. The company does not has any policy for leave encashment.

Actuarial Assumptions	2013-2014	2012-2013
Mortality Table (LIC)	2006-08 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.93%	8.00%
Rate of escalation in salary (per annum)	5%	5%

**27. Income in foreign currency ₹51763 (previous year ₹30,625). Expenditure in foreign currency ₹Nil (previous year ₹Nil).**

**28. Contingent Liability & Capital Commitments**

- Bank Guarantees of ₹11000000 (Previous Year ₹10000000) extended to Bombay Stock Exchange Limited under the mandatory rules for membership and ₹48000000 (Previous Year ₹62000000) towards additional margin.
- Bank Guarantees of ₹7500000 (Previous Year ₹7500000) extended to National Securities Clearing Corporation Limited under the mandatory rules for membership and ₹269500000 (Previous Year ₹254500000) towards additional margin.
- Bank Guarantees of ₹1500000 (Previous Year ₹Nil) extended to MCX-SX Clearing Corporation Limited under the mandatory rules for membership and ₹20000000 (Previous Year ₹85000000) towards additional margin.
- Corporate guarantee of ₹200000000 (Previous Year ₹600000000) given to banks on behalf of subsidiary M/s Arihant Futures and Commodities Limited.
- Claims against the Company not acknowledged as debts ₹Nil (Previous Year ₹Nil).
- Income Tax Demand for various years ₹35,71,794 (₹26,28,451)

**29. Fixed Deposits**

Fixed deposits with scheduled banks include ₹72261000 (Previous Year ₹500000) which is under the lien of National Securities Clearing Corporation Limited, ₹13000000 (Previous Year ₹125000) which is under the lien of Bombay Stock Exchange Limited, ₹5500000 (Previous Year ₹26500000) which is under the lien of MCX-SX Clearing Corporation Limited.

**30. Disclosures under Micro, Small, & Enterprises Development Act, 2006**

Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises (SME). The Company is in the process of compiling relevant information from its suppliers about their coverage under the said act. Since the relevant information is not readily available, no disclosures have been made in the accounts. however, in view of the management, the amounts due to the suppliers are paid within the mutually agreed credit period and therefore, there will not be any interest that may be payable in accordance with the provisions of the Act.



31. Securities are normally held by the Company in its own name except securities pledged with exchange. Securities, which are not registered in the name of the Company, are held by the Company with valid transfer documents.

32. Securities received from clients as collateral for margins are held by the Company in its own name in a fiduciary capacity.

**33. Segment Reporting**

As per the definition of 'Business Segment' and 'Geographical Segment' contained in Accounting Standard 17 "Segment Reporting", the management is of the opinion that the Company's operation comprise of operating in Primary and Secondary market and incidental activities thereto, there is neither more than one reportable business segment nor more than one reportable geographical segment, and, therefore, segment information as per Accounting Standard 17 is not required to be disclosed.

**34. Previous year figures**

The previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year presentation.

35. The Ministry of Corporate Affairs, Government of India, vide General Circular No.2 and 3 dated 8<sup>th</sup> Feb, 2011 and 21<sup>st</sup> Feb, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act,1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

**For Arora Banthia & Tulsian**  
Chartered Accountants  
Firm No:007028C

**CA Ajay Tulsian**  
Partner  
Membership No. : 74868  
Indore, 24<sup>th</sup> May, 2014

FOR AND ON BEHALF OF THE BOARD

**Ashok Kumar Jain**  
Chairman and  
Managing Director

**Akhilesh Rathi**  
Director

**Mahesh Pancholi**  
Company Secretary



Disclosure pursuant to Section 212 of the Companies Act, 1956  
**relating to Subsidiary Companies for the year ended on 31.03.2014**



Particulars	Name of the subsidiary Companies						
	Arihant Financial Services Limited	Arihant Finsec Limited	Arihant Future & Commodities Ltd.	Arihant Insurance Broking Services Ltd.	Arihant Financial Planners and Advisors Private Ltd.	Arihant Quality Educational Services And Trainings Ltd	Ahinsa Lifespace Infraheight Limited
I. Extent of the interest of the Company in the Subsidiaries at the end of the financial year:							
a) Shares held in the Subsidiaries	250000 equity shares of ₹ 10/- each, fully paid up	450000 equity shares of ₹ 10/- each, fully paid up	354500 equity shares of ₹ 10/- each, fully paid up	750000 equity shares of ₹ 10/- each, fully paid up	21000 equity shares of ₹ 10/- each, fully paid up	204000 equity shares of ₹ 10/- each, fully paid up	50000 equity shares of ₹ 10/- each, fully paid up
b) Percentage of holding	100.00%	100.00%	99.86%	100.00%	51.22%	51.00%	100.00%
II. Financial year ended of the Subsidiaries	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
III. The net aggregate amount of Profits less Losses so far as it concerns members of the Company and is not dealt within the Company's accounts.							
a) For the financial year ended 31st March, 2014	32,79,710	66,47,543	24,87,970	3,09,998	35,582	-18,36,122	-26,147
b) For the Previous year	2,75,403	-69,198	2,83,38,461	2,04,140	1,57,890	NA	NA
IV. The net aggregate amount of Profits less Losses so far as it concerns members of the Company and is dealt within the Company's accounts.							
a) For the financial year ended 31st March, 2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) For the Previous year	Nil	Nil	Nil	Nil	Nil	Nil	Nil
V. Capital	25,00,000	45,00,000	35,50,000	75,00,000	4,10,000	40,00,000	5,00,000
VI. Reserves	3,70,41,268	8,78,11,077	9,30,02,106	7,24,366	1,91,428	-18,36,122	-26,147
VII. Total Assets	10,30,12,816	14,36,62,599	26,41,36,177	82,62,915	6,13,075	39,04,094	4,78,347
VIII. Total Liabilities	10,30,12,816	14,36,62,599	26,41,36,177	82,62,915	6,13,075	39,04,094	4,78,347
IX. Turnover	1,36,96,655	1,12,10,466	9,23,36,721	10,46,447	3,93,830	5,43,679	Nil
X. Profit before Taxation	47,49,012	91,48,623	36,40,857	4,28,652	39,552	-24,83,982	-37,839
XI. Provision for Taxation	14,69,302	25,01,080	11,52,887	1,18,654	3,970	-6,57,860	-11,692
XII. Profit after Taxation	32,79,710	66,47,543	24,87,970	3,09,998	35,582	-18,36,122	-26,147



To,  
The Members  
Arihant Capital Markets Limited

#### **Report On Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Arihant Capital Markets Limited ("the Company") and its subsidiaries, hereinafter referred to as the "Group" which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

#### **Management's Responsibility for the Consolidated Financial Statements**

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of the General Circular 15/2013 date 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the "financial statements / consolidated financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:



- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For Arora Banthia & Tulsian  
Chartered Accountants  
Firm No:007028C**

**CA Ajay Tulsian  
Partner  
Membership No. : 74868  
Indore, 24<sup>th</sup> May, 2014**



Particulars	Note No.	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' fund</b>			
Share Capital	2	10,41,12,800	10,41,12,800
Reserves and Surplus	3	57,86,81,686	56,00,46,577
		<b>68,27,94,486</b>	<b>66,41,59,377</b>
<b>Minority Interest</b>		14,90,042	4,08,902
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities (net)	4	67,60,606	68,58,829
		<b>67,60,606</b>	<b>68,58,829</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	5	71,958	65,138
Trade Payables	6	34,80,83,251	36,40,09,748
Other Current Liabilities	7	15,45,45,257	10,79,29,775
Short-Term Provisions	8	1,82,71,016	1,82,71,016
		<b>52,09,71,481</b>	<b>49,02,75,677</b>
<b>TOTAL</b>		<b>121,20,16,616</b>	<b>116,17,02,785</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	9		
Tangible Assets		21,32,72,972	16,01,76,886
Intangible Assets		41,19,018	66,45,605
Non-Current Investments	10	9,88,451	7,06,726
Other Non-Current Assets	11	2,75,05,000	2,92,05,000
		<b>24,58,85,441</b>	<b>19,67,34,217</b>
<b>Current Assets</b>			
Current Investments	12	9,66,85,091	10,42,42,726
Inventories	13	3,69,92,564	6,51,41,660
Trade Receivables	14	21,84,16,394	26,01,45,855
Cash and Cash Equivalents	15	51,91,79,883	44,24,47,207
Other Current Assets	16	9,48,57,243	9,29,91,121
		<b>96,61,31,175</b>	<b>96,49,68,568</b>
<b>TOTAL</b>		<b>121,20,16,616</b>	<b>116,17,02,785</b>

Significant Accounting Policies and Notes on Financial Statements 1 to 35

AS PER OUR REPORT OF EVEN DATE

**For Arora Banthia & Tulsian**  
Chartered Accountants  
Firm No:007028C

**CA Ajay Tulsian**  
Partner  
Membership No. : 74868  
Indore, 24<sup>th</sup> May, 2014

FOR AND ON BEHALF OF THE BOARD

**Ashok Kumar Jain**  
Chairman and  
Managing Director

**Akhilesh Rathi**  
Director

**Mahesh Pancholi**  
Company Secretary



Consolidated Statement of Profit and Loss  
for the **year ended 31<sup>st</sup> March, 2014**

Particulars	Note No.	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>Income</b>			
I Revenue from Operations	17	40,62,47,718	44,16,82,494
II Other income	18	5,70,86,949	6,77,19,424
<b>III Total Revenue (I+II)</b>		<b>46,33,34,667</b>	<b>50,94,01,918</b>
<b>IV Expenses</b>			
Purchase of traded goods	19	0	34,10,187
Employee benefits expenses	20	9,28,80,740	10,17,84,959
Finance costs	21	80,88,238	1,65,12,735
Other expenses	22	25,37,05,687	29,55,44,121
Net depreciation and amortization expenses	9	1,18,86,993	1,37,51,126
<b>Total (II)</b>		<b>36,65,61,657</b>	<b>43,10,03,128</b>
<b>V Profit Before Exceptional and Extraordinary Items and Tax (III-IV)</b>		<b>9,67,73,010</b>	<b>7,83,98,790</b>
VI Exceptional items	23	4,80,43,015	0
VII Profit Before Extraordinary Items and Tax (V-VI)		4,87,29,995	7,83,98,790
VIII Extraordinary Items		0	0
IX Profit Before Tax (VII-VIII)		4,87,29,995	7,83,98,790
X Tax expenses			
Current tax		1,28,00,953	2,45,90,295
Deferred tax		-98,222	-14,52,486
<b>Total tax expenses</b>		<b>1,27,02,731</b>	<b>2,31,37,809</b>
XI Profit/(loss) for the year before Minority Interest		3,60,27,264	5,52,60,981
Less : Minority Interest		-8,78,860	1,17,886
<b>XII Profit/(loss) for the year</b>		<b>3,69,06,124</b>	<b>5,51,43,095</b>
<b>XIII Earnings per Share</b>			
Equity Shares of ₹5 each	26		
Basic		1.77	2.65
Diluted		1.77	2.65

Significant Accounting Policies and Notes on Financial Statements 1 to 35

AS PER OUR REPORT OF EVEN DATE

**For Arora Banthia & Tulsian**  
Chartered Accountants  
Firm No:007028C

**CA Ajay Tulsian**  
Partner  
Membership No. : 74868  
Indore, 24<sup>th</sup> May, 2014

FOR AND ON BEHALF OF THE BOARD

**Ashok Kumar Jain**  
Chairman and  
Managing Director

**Akhilesh Rathi**  
Director

**Mahesh Pancholi**  
Company Secretary



Consolidated Cash Flow Statement for  
the **year ended 31<sup>st</sup> March, 2014**

Particulars	Note No.	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>Cash flow from operating Activities</b>			
Net profit before taxation		4,87,29,995	7,83,98,790
Add adjustments for :			
(Profit) / Loss on sale of fixed assets		6,01,029	9,20,820
(Profit) / Loss on sale of Investments		-67,49,335	-20,57,913
Preliminary Expenses		87,580	0
Depreciation / amortisation		1,18,86,993	1,37,51,126
Dividend Income		-31,44,767	-55,37,226
<b>Operating profit before working capital changes</b>		<b>5,14,11,495</b>	<b>8,54,75,597</b>
<b>Adjustments for changes in working capital :</b>			
- Trade and other receivables		3,82,76,608	4,70,39,591
- Inventories		2,81,49,096	2,23,03,739
- Loans & Advances		17,00,000	-47,80,000
- Trade and other payables		3,06,88,985	-10,98,19,804
Cash generated from operation		15,02,26,183	4,02,19,123
- Taxes paid (net)		-1,12,14,224	-1,98,45,202
<b>Net cash from Operating Activity (A)</b>		<b>13,90,11,959</b>	<b>2,03,73,921</b>
<b>Cash flow from Investing Activities</b>			
(Purchase) / Sales of fixed assets		-6,30,57,520	-69,09,494
(Purchase) / Sales of Investments		1,40,25,245	2,53,56,215
Dividend received		31,44,767	55,37,226
<b>Net Cash Used In Investing Activity (B)</b>		<b>-4,58,87,507</b>	<b>2,39,83,947</b>
<b>Cash flow from Financing Activities</b>			
Dividend Paid		-1,56,16,920	-1,04,11,280
Preliminary Expenses		-87,580	0
Proceeds from secured loans		6,820	-7,23,85,412
Issue Of Share Capital		19,60,000	1,00,000
Dividend distribution tax paid		-26,54,096	-16,88,970
<b>Net cash used in Financing Activities(C)</b>		<b>-1,63,91,776</b>	<b>-8,43,85,662</b>
Net increase in cash and cash equivalents (A+B+C)		7,67,32,676	-4,00,27,793
Cash and cash equivalents at the beginning of the year		44,24,47,207	48,24,75,001
<b>Cash and cash equivalents at the end of the year</b>		<b>51,91,79,883</b>	<b>44,24,47,207</b>
<b>Cash and cash equivalents comprise of</b>			
Cash and cheques in hand		5,23,856	3,37,004
Balances with scheduled banks		51,86,56,027	44,21,10,203
<b>TOTAL</b>		<b>51,91,79,883</b>	<b>44,24,47,207</b>

Significant Accounting Policies and Notes on Financial Statements 1 to 35

AS PER OUR REPORT OF EVEN DATE

**For Arora Bantia & Tulsian**  
Chartered Accountants  
Firm No:007028C

**CA Ajay Tulsian**  
Partner  
Membership No. : 74868  
Indore, 24<sup>th</sup> May, 2014

FOR AND ON BEHALF OF THE BOARD

**Ashok Kumar Jain**  
Chairman and  
Managing Director

**Akhilesh Rathi**  
Director

**Mahesh Pancholi**  
Company Secretary

**NOTE 1: STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES****A. BASIS OF ACCOUNTING**

The accounts are prepared in accordance with the accounting principles generally accepted in India and are in line with the relevant laws as well as the guidelines prescribed by the Department of Company Affairs and the Institute of Chartered Accountants of India. The accounts are prepared on historical cost basis and on the principle of going concern. Accounting policies not specifically referred to are in consonance with prudent and generally accepted accounting practices. The accounting policies have been consistently applied unless otherwise stated.

**B. USE OF ESTIMATES**

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and results of operations during the reporting periods. Although these estimates are based upon the management's best knowledge of current events & actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements, estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals.

**C. REVENUE RECOGNITION**

- i. Group recognises Brokerage Income and Profit/ (Loss) from Trading of Securities on the basis of the date of trade of settlement, of respective stock exchanges.
- ii. Income from interest on Loans is recognized on accrual basis.
- iii. Other Income is accounted for on accrual basis.
- iv. The Annual Maintenance Charges in respect of Account Holders of the Depository Division of the Group are accounted at the time of opening of account or completion of the year irrespective of the period they pertain to.

**D. FIXED ASSETS**

- i. Fixed Assets are stated at cost of acquisition less accumulated depreciation.
- ii. Depreciation on Fixed Assets of the group has been provided on Straight Line Method at the rates specified in schedule XIV of the Companies Act, 1956 on prorata basis which in the opinion of the management are reflective of the estimated useful lives of fixed asset.

**E. INVESTMENTS**

Investments are classified into long term investments and current investments. Investments which are intended to be held for more than one year are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments. Investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for.

**F. STOCK IN TRADE**

Securities Shown as Inventories are valued scrip wise at Weighted Average Cost of the day or Market Value whichever is lower. Cost includes direct expenses

**G. CASH & CASH EQUIVALENTS**

Cash comprises cash on hand and balances with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into cash and which are subject to insignificant risks of changes in value

**H. RETIREMENT BENEFITS**

- i. Gratuity liability is a defined benefit obligation and is wholly unfunded. The Group accounts for liability for future gratuity benefits based on actuarial valuation.
- ii. Provident fund is a defined contribution scheme and the contributions as required by the statute are charged to the Profit and Loss Account as incurred.

**I. EQUITY INDEX/ STOCK FUTURES**

- (a) "Initial Margin – Equity Derivative Instrument", representing the initial margin paid for entering into contracts for equity index/stock futures which are released on final settlement/squaring-up of underlying contracts, are disclosed under Loans and Advances.
- (b) Equity index/stock futures for arbitrage purposes are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and Advances or Current Liabilities, respectively, in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of index/ stock futures till the Balance Sheet date.
- (c) As on the Balance Sheet date, profit/loss on open positions in equity index/ stock futures are accounted for as follows:
  - Credit balance in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", being the anticipated profit, is ignored and no credit for the same is taken in the Profit and Loss Account.
  - Debit balance in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", being anticipated loss, is adjusted in the Profit and Loss Account.
- (d) On final settlement or squaring-up of contracts for equity index/stock futures, the profit or loss is calculated as the difference between the settlement/squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract in "Mark-to-Market Margin – Equity Index/ Stock Futures Account" after adjustment of provision for anticipated losses is recognised in the Profit and Loss Account.

When more than one contract in respect of the relevant series of equity index/ stock futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

**J. EQUITY INDEX/ STOCK OPTIONS**

- (a) "Initial Margin Equity Derivative Instrument" representing the initial margin paid, and "Margin Deposit", representing the additional margin paid over and above the initial margin, for entering into contracts for equity index/ stock options, which are released on final settlement/squaring-up of the underlying contracts, are disclosed under Loans and Advances.
- (b) "Equity Index/Stock Option Premium Account" represents the premium paid or received for buying or selling the options, respectively.
- (c) As at the Balance Sheet date, in the case of long positions, provision is made for the amount by which the premium paid for those options exceeds the premium prevailing on the Balance Sheet date, and in the case of short positions, for the amount by which the premium prevailing on the Balance Sheet date exceeds the premium received for those options, and is reflected in "Provision for Loss on Equity Index/ Stock Option Account".
- (d) When the options are squared up before expiry of the options, the premium prevailing in "Equity Index/Stock Option Premium Account" on that date is recognised in the Profit and Loss Account. If more than one option contract in respect of the same index/stock with the same strike price and expiry date to which the squared-up contract pertains is outstanding at the time of squaring-up of the contract, the weighted average method is followed for determining the profit or loss.





## Notes Forming Part of **Consolidated Financial Statements**

On the expiry of the contracts and on exercising the options, the difference between the final settlement price and the strike price is transferred to the Profit and Loss Account.

In both the above cases, the premium paid or received for buying or selling the option, as the case may be, is recognised in the Profit and Loss Account for all squared-up/settled contracts.

### **K. TAXES ON INCOME**

- i. Current Tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.
- ii. Deferred Tax is recognized on timing differences, being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets subject to the consideration of prudence are recognized and carried forward only to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### **L. EARNING PER SHARE**

The Group reports Basic and Diluted Earning Per Share in accordance with Accounting Standard –20, “Earning Per Share” issued by The Institute of Chartered Accountants of India. Basic Earning Per Share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted Earning Per Share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

### **M. FOREIGN CURRENCY TRANSACTIONS**

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- (b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.
- (c) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

### **N. IMPAIRMENT OF ASSETS**

Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset’s net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

### **CASH & CASH EQUIVALENTS**

Cash comprises cash on hand and balances with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into cash and which are subject to insignificant risks of changes in value

### **O. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.



**P. BASIS OF CONSOLIDATION**

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies have been combined on a line-by line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.
- b) The excess of cost to the Company of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- c) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.



## Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2014

Particulars	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>2. Share Capital Authorised</b>		
2,50,00,000 (2,50,00,000) equity share of ₹5/- each	12,50,00,000	12,50,00,000
<b>Issued, Subscribed &amp; Paid up</b>		
2,08,22,560 (2,08,22,560) equity share of ₹5/- each #	10,41,12,800	10,41,12,800
<b>Total</b>	<b>10,41,12,800</b>	<b>10,41,12,800</b>
<p># 78,08,460 (78,08,460) shares out of the issued, subscribed and paid up share capital were allotted as bonus shares in last five years by capitalisation of General Reserves.</p>		
<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>		
Equity Shares of face value ₹5/-		
Share outstanding at the beginning of the period	2,08,22,560	2,08,22,560
Share outstanding at the end of period	2,08,22,560	2,08,22,560
<b>b. List of the Shareholders holding more than 5% of the total number of shares issued by the company</b>		
<b>Name of the shareholders</b>		
Ashok Kumar Jain	60,63,040 (29.12%)	60,63,040 (29.12%)
Kiran Jain	47,28,320 (22.71%)	47,28,320 (22.71%)
Sunil Kumar Jain	16,06,656 (7.72%)	16,06,656 (7.72%)
Arpit Jain	11,47,840 (5.51%)	11,47,840 (5.51%)
<b>3. Reserves and Surplus</b>		
<b>General Reserve</b>		
Balance as per the last financial statements	51,38,43,955	48,88,43,955
Add: Transfer from Profit & Loss	1,85,00,000	2,50,00,000
Less: On issue of shares	0	0
<b>Closing Balance</b>	<b>53,23,43,955</b>	<b>51,38,43,955</b>
<b>Statutory Reserve</b>		
Balance as per last Balance Sheet	42,00,000	41,00,000
Add : Transfer from Profit and Loss Account	6,56,000	1,00,000
<b>Closing Balance</b>	<b>48,56,000</b>	<b>42,00,000</b>
<b>Capital Reserve on Consolidation</b>		
Balance as per last Balance Sheet	34,05,129	34,05,129
Add : Change during the year	0	0
<b>Closing Balance</b>	<b>34,05,129</b>	<b>34,05,129</b>



Particulars	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	3,85,97,493	2,68,25,414
Profit for the year	3,69,06,124	5,51,43,095
Less: Appropriations		
Proposed dividend on equity shares	1,56,16,920	1,56,16,920
[Dividend per share ₹0.75 (Previous year ₹0.75)]		
Tax on proposed equity dividend	26,54,096	26,54,096
Transfer to General Reserve	1,85,00,000	2,50,00,000
Transfer to Statutory Reserve	6,56,000	1,00,000
<b>Net surplus in the statement of Profit and Loss</b>	<b>3,80,76,602</b>	<b>3,85,97,493</b>
<b>TOTAL</b>	<b>57,86,81,686</b>	<b>56,00,46,577</b>
<b>4. Deferred Tax Liabilities</b>		
<b>Deferred Tax Liabilities</b>		
Related to Fixed Assets	94,20,950	98,54,898
<b>Total (a)</b>	<b>94,20,950</b>	<b>98,54,898</b>
<b>Deferred Tax Assets</b>		
Disallowance under the Income Tax Act, 1961	17,47,432	15,83,697
MAT Credit Entitlement	1,01,512	0
Unabsorbed Losses	8,11,399	14,12,372
<b>Total (b)</b>	<b>26,60,343</b>	<b>29,96,069</b>
<b>Net Deferred Tax Liabilities /(Assets) [(a)-(b)]</b>	<b>67,60,607</b>	<b>68,58,829</b>
<b>5. Short Term Borrowings</b>		
<b>Secured</b>		
From Bank*	71,958	65,138
<b>Unsecured</b>		
From Others	0	0
<b>TOTAL</b>	<b>71,958</b>	<b>65,138</b>
* Loans from bank are secured against pledge of fixed deposit receipt and securities owned by company.		
<b>6. Trade Payables</b>		
Sundry Creditors (Includes Trade Payables)		
Other than Micro, Small and Medium Enterprises	34,80,83,251	36,40,09,748
Micro, Small and Medium Enterprises	0	0
(Refer Note 31)		
<b>TOTAL</b>	<b>34,80,83,251</b>	<b>36,40,09,748</b>



Notes on Consolidation Financial Statements for the  
**year ended 31<sup>st</sup> March, 2014**

Particulars	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>7. Other Current Liabilities</b>		
Other Payables	9,58,14,185	4,87,49,600
Unpaid Dividend #	22,44,665	20,99,920
Deposits from Intermediaries	5,64,86,407	5,69,55,126
Equity Index/Stock Option Premium	0	1,25,130
<b>Total</b>	<b>15,45,45,257</b>	<b>10,79,29,775</b>

# Out of the above amount, the company is required to credit a sum of ₹3,99,603/- lying in the unpaid dividend account, on or before 31<sup>st</sup> October, 2014 to the Investor Education & Protection Fund pursuant to Sub -section (1) of Section 205C of The Companies Act, 1956.

<b>8. Short-Term Provisions</b>		
Proposed Dividend	1,56,16,920	1,56,16,920
Tax on Dividend	26,54,096	26,54,096
<b>Total</b>	<b>1,82,71,016</b>	<b>1,82,71,016</b>



Notes on Consolidation Financial Statements for the  
**year ended 31<sup>st</sup> March, 2014**

**9. Fixed Assets**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 1 <sup>st</sup> April, 2013	Additions for the Year	Deductions Adjustment for the Year	As at 31 <sup>st</sup> March, 2014	As at 1 <sup>st</sup> April, 2013	For the Year	On Deductions	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Tangible Assets</b>									
Freehold Land	5,48,63,890	5,64,08,770	0	11,12,72,660	0	0	0	11,12,72,660	5,48,63,890
Premises	6,69,08,913	18,48,000	0	6,87,56,913	23,23,601	10,90,614	0	34,14,215	6,45,85,312
Furniture & Fixtures	2,20,16,249	19,97,059	7,79,576	2,32,33,732	89,25,194	14,09,223	6,69,293	96,65,124	1,30,91,055
Office Equipments	1,05,37,463	11,35,770	10,23,273	1,06,49,960	30,89,670	5,26,118	7,83,650	28,32,138	74,47,793
Computers	5,93,12,644	12,30,960	2,75,02,510	3,30,41,094	4,93,31,927	46,04,002	2,73,86,343	2,65,49,586	99,80,717
Electrical Installations	27,43,991	3,69,389	15,44,796	15,68,584	21,58,480	3,17,313	15,41,568	9,34,225	5,85,510
Motor Vehicles	1,16,77,719	28,67,165	35,68,290	1,09,76,594	20,55,108	13,46,671	5,70,502	28,31,277	96,22,611
<b>Sub Total (A)</b>	<b>22,80,60,869</b>	<b>6,58,57,113</b>	<b>3,44,18,445</b>	<b>25,94,99,537</b>	<b>6,78,83,980</b>	<b>92,93,941</b>	<b>3,09,51,356</b>	<b>4,62,26,565</b>	<b>16,01,76,889</b>
<b>Intangible Assets</b>									
Software	2,51,49,745	74,815	91,24,053	1,61,00,507	1,85,04,442	25,93,052	91,15,703	1,19,81,790	66,45,304
MCX Membership	3,51,000	0	0	3,51,000	3,50,900	0	0	3,50,900	100
NCDEX Membership	50,000	0	0	50,000	49,900	0	0	49,900	100
NSEL Membership	5,00,000	0	0	5,00,000	4,99,900	0	0	4,99,900	100
<b>Sub Total (B)</b>	<b>2,60,50,745</b>	<b>74,815</b>	<b>91,24,053</b>	<b>1,70,01,507</b>	<b>1,94,05,141</b>	<b>25,93,052</b>	<b>91,15,703</b>	<b>1,28,82,489</b>	<b>66,45,605</b>
<b>Total (A+B)</b>	<b>25,41,11,614</b>	<b>6,59,31,928</b>	<b>4,35,42,498</b>	<b>27,65,01,044</b>	<b>8,72,89,121</b>	<b>1,18,86,993</b>	<b>4,00,67,060</b>	<b>5,91,09,054</b>	<b>16,68,22,494</b>
Previous year figure	25,10,52,664	82,30,993	51,72,044	25,41,11,613	7,64,67,721	1,37,51,126	29,29,725	8,72,89,122	16,68,22,491



Notes on Consolidation Financial Statements for the  
year ended 31<sup>st</sup> March, 2014

Particulars	FV (₹)	31 <sup>st</sup> March, 2014 (Qty.)	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (Qty.)	31 <sup>st</sup> March, 2013 (₹)
<b>10. Non Current Investments</b>					
<b>Trade Investments</b>					
<b>In Equity Shares - Unquoted, fully paid up</b>					
BSE Limited	1	20000	0	20000	0
Saurashtra Kutch Stock Exchange Limited	100	50	5,05,000	50	5,05,000
<b>Total Trade Investment (A)</b>			<b>5,05,000</b>		<b>5,05,000</b>
<b>Other Investments</b>					
<b>In Equity Shares - Unquoted, fully paid up</b>					
The Saraswat Co-Operative Bank Limited	10	500	5,000	500	5,000
<b>Quoted Mutual Fund</b>					
Reliance Money Manager Fund - Retail Option - Growth		0	0	61.97	93,003
Reliance Money Manager Fund - Growth Plan Growth Option			4,78,451	66.64	1,03,723
<b>Total Other Investment (B)</b>			<b>4,83,451</b>		<b>2,01,726</b>
<b>Total Non Current Investments (A+B)</b>			<b>988,451</b>		<b>706,726</b>
Market value of Quoted Investments ₹5,05,373 (₹2,04,288)					
<b>11. Other Non Current Assets</b>					
(Unsecured, considered good )					
Deposits with Exchanges / Depositories			2,75,05,000		2,92,05,000
<b>Total</b>			<b>2,75,05,000</b>		<b>2,92,05,000</b>
<b>12. Current Investments</b>					
<b>Investment in Equity Shares - Quoted, fully paid up</b>					
Corporation Bank	10	62476	3,03,78,144	62476	3,03,78,144
IDBI Bank Limited	10	100000	1,62,16,582	100000	1,62,16,582
Mahindra Lifespace Developers Limited	10	15256	55,20,916	50000	1,71,48,000
Bajaj Holding & Investment Limited	10	6000	57,96,777	0	0
Dewan Housing Finance Corporation Limited	10	177033	3,87,72,672	0	0
<b>(A)</b>			<b>9,66,85,091</b>		<b>6,37,42,726</b>
<b>Quoted Mutual Fund</b>					
Axis Income Saver - Growth	10		0	50000	5,00,000
Kotak Flexi Debt Scheme Plan A - Daily Dividend	10		0	3981090	4,00,00,000
<b>(B)</b>			<b>0</b>		<b>4,05,00,000</b>
<b>Total (A+B)</b>			<b>9,66,85,091</b>		<b>10,42,42,726</b>

Market value of Quoted Investments ₹7,28,26,411 (Previous Year ₹ 9,18,58,853)



Notes on Consolidation Financial Statements for the  
year ended 31<sup>st</sup> March, 2014

Particulars	FV (₹)	31 <sup>st</sup> March, 2014 (Qty.)	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (Qty.)	31 <sup>st</sup> March, 2013 (₹)
<b>13. Inventories</b>					
<b>Quoted Equity Shares</b>					
AK Capital Services Limited	10	0	0	29900	44,75,764
Akzo Noble India Limited	10	0	0	13027	1,28,73,879
Bajaj Finance Limited	10	0	0	5669	65,44,010
Cairn India Limited	10	0	0	20000	54,43,000
Chambal Fertilizers & Chemicals Limited	10	0	0	64798	32,31,609
Cipla Limited	2	0	0	6984	26,52,174
Dewan Housing Finance Corporation Limited	10	0	0	66311	1,07,85,484
Essel Propack Limited	2	0	0	15009	4,62,277
Godrej Properties Limited	5	30000	54,90,188	0	0
IDFC Limited	10	50000	56,94,375	0	0
IPCA Laboratories Limited	2	2872	23,58,917	0	0
LIC Housing Finance Limited	2	5000	11,34,250	0	0
Mahindra Holidays & Resorts India Limited	10	30606	70,56,213	14577	37,46,289
NHPC Limited	10	0	0	300000	59,55,360
Oberoi Realty Limited	10	23302	50,78,671	0	0
Petronet LNG Limited	10	0	0	20000	27,08,000
Power Grid Corporation of India Limited	10	0	0	20000	21,19,000
Reliance Capital Limited	10	0	0	10000	31,20,813
Tata Coffee Limited	10	11000	1,01,79,950	0	0
Tata Global Beverages Limited	1	0	0	8000	10,24,000
			<b>3,69,92,564</b>		<b>6,51,41,660</b>
<b>Aggregate Value of Stock-in-Trade</b>					
- At Cost			3,74,64,433		6,83,67,434
- At Market Value			3,71,58,501		6,58,10,975





## Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2014

Particulars	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>14. Trade Receivables</b> (Considered good, except where provided for)		
Debts over six months		
-Unsecured	3,79,92,105	2,60,34,624
Other Debts		
-Secured	6,87,33,483	1,87,98,879
-Unsecured	11,16,90,805	21,53,12,352
<b>15. Cash and Cash Equivalents</b>		
<b>Balances with banks</b>		
On current accounts	6,55,75,473	6,64,56,733
On deposit account*	45,08,35,889	37,35,53,551
On Unclaimed dividend account	22,44,665	20,99,920
Cash on hand	5,23,856	3,37,004
<b>Total</b>	<b>51,91,79,883</b>	<b>44,24,47,207</b>
* Fixed deposits with bank include deposits of ₹19,96,85,888 (previous year ₹19,25,46,988) with maturity of more than 12 months		
<b>16. Short-Term Loans and Advances</b>		
Deposits with Exchanges / Depositories	1,27,91,305	99,28,717
Deposit with Related parties (Refer Note 25)	33,37,500	31,87,500
Other Deposits	56,51,283	59,04,358
Other Advances	6,19,74,098	4,22,33,859
Advance income-tax (net of provision for taxation)	1,11,03,058	1,26,89,788
Initial Margin	0	1,90,46,899
<b>Total</b>	<b>9,48,57,243</b>	<b>9,29,91,121</b>
<b>17. Revenue From Operations</b>		
Brokerage	31,01,52,338	36,45,52,870
Sale Value of Commodities Transaction	0	31,86,500
Commission Received (Net)	1,92,53,881	1,10,35,650
Fees From Merchant Banking	66,96,499	95,44,889
Income From Fees	5,43,679	0
Deferred Payment Charges	2,82,01,311	2,06,76,147
Depository Receipts	1,35,15,274	1,39,14,729
Interest on Loans and Deposit	88,31,583	16,25,769
Profit/(Loss) on Share Trading*	99,80,495	81,46,379
Profit from Jobbing Transactions (net)	9,44,191	3,15,533
Profit/(Loss) on Commodity Trading	-26,67,918	7,75,423
Profit on Sale of Investments (net)	67,49,335	20,57,913
Dividend Income	31,44,767	55,37,226
Consultancy Charges	33,700	1,18,800
Other	8,68,582	1,94,666
<b>Total</b>	<b>40,62,47,718</b>	<b>44,16,82,494</b>



Particulars	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>*Trading details in cash segment</b>		
Opening Stock	6,51,41,660	8,74,45,399
Purchase (including charges)	197,66,78,796	248,86,68,397
Sales	202,54,21,358	250,94,97,209
Closing Stock	3,69,92,565	6,51,41,660
<b>18. Other Income</b>		
Interest Received	4,94,08,445	6,07,03,908
Rent	62,37,000	59,49,075
Bad Debts Recovered	2,44,448	6,10,659
Miscellaneous Income	11,97,057	4,55,782
<b>Total</b>	<b>5,70,86,949</b>	<b>6,77,19,424</b>
<b>19. Purchase Value of Commodities Transaction</b>		
Charges on Commodities (Delivery)	0	55,622
Purchase Value of Commodities transaction	0	33,54,565
<b>Total</b>	<b>0</b>	<b>34,10,187</b>
<b>20. Employee Benefit Expenses</b>		
Salaries, Wages and Bonus	8,98,50,432	9,93,61,478
Contribution to Provident and other Fund	3,93,678	4,25,283
Gratuity Expense	7,20,733	61,174
Staff Welfare Expenses	19,15,897	19,37,024
<b>Total</b>	<b>9,28,80,740</b>	<b>10,17,84,959</b>
<b>21. Finance Cost</b>		
Interest Expenses	80,88,238	1,65,12,735
	<b>80,88,238</b>	<b>1,65,12,735</b>

Notes on Consolidation Financial Statements for the  
year ended 31<sup>st</sup> March, 2014

Particulars	31 <sup>st</sup> March, 2014 (₹)	31 <sup>st</sup> March, 2013 (₹)
<b>22. Other Expenses</b>		
Advertisement	1,59,047	1,86,113
<b>Auditors' Remuneration</b>		
Audit fee	6,06,236	5,90,506
Taxation matters	7,10,815	1,30,590
Limited review	30,000	10,000
Other services	54,000	43,494
Bad Debts Written Off	1,05,82,535	1,43,67,102
Bank & Depository Charges	25,24,274	45,54,749
Business Development	36,05,594	51,61,371
Communication including V-Sat	93,63,885	1,11,31,304
Depository Charges	19,85,027	29,81,357
Electricity	47,65,452	48,15,174
Exchange Transaction Charges	3,64,53,235	3,91,37,294
Insurance	6,67,090	5,90,332
Legal and Professional	38,09,537	37,00,788
Loss on Sale of Assets	6,01,029	9,20,820
Membership Fee & Subscription	18,31,631	31,29,187
Miscellaneous Expenses	30,30,692	28,40,662
Office Expenses	16,39,834	17,98,792
Preliminary	87,580	0
Rent, Rates & Taxes	1,62,67,795	1,52,91,858
Repairs & Maintenance	40,54,149	40,34,579
Software Maintenance	62,42,215	83,01,213
Stationery & Printing	13,10,094	16,65,646
Sub Brokerage/Referral Fees and Expenses	13,88,55,226	16,53,40,232
Travelling, Conveyance and Motor Car Expenses	44,68,715	48,20,958
<b>Total</b>	<b>25,37,05,687</b>	<b>29,55,44,121</b>

**23.** Arihant Capital Markets Limited and its subsidiary Arihant Future & Commodities Ltd has exposure to National Spot Exchange Limited (NSEL) of ₹2,96,55,693/- & ₹2,00,89,325/- respectively, with respect to Proprietary positions. NSEL has not been able to adhere to its payment obligation over the past few months. Arihant Future & Commodities Ltd perused legal action against NSEL and other by filing writ petition in Bombay High Court and criminal complaint in Economic Offences Wing (EOW) jointly with other victimized brokers and clients. Pending final outcome which is uncertain, the Group has written off the amount of ₹4,80,43,015/- in respect of its Proprietary position which is disclosed under the head "Exceptional Items"



Name of Subsidiaries	Country of Incorporation	Proportion of Interest	
		as on 31.03.14	as on 31.03.13
<b>24. Companies included in consolidation</b>			
Arihant Financial Services Limited	India	100.00%	100.00%
Arihant Futures & Commodities Limited	India	99.86%	99.86%
Arihant Finsec Limited	India	100.00%	100.00%
Arihant Insurance Broking Services Limited	India	100.00%	100.00%
Arihant Financial Planners and Advisors Private Limited	India	51.22%	51.22%
Arihant Quality Educational Services And Trainings Ltd	India	51.00%	NA
Ahinsa Lifespace Infraheight Limited	India	100.00%	NA

**25. Related party transactions**

"Related party disclosures, as required by Accounting Standard 18, "Related Party Disclosures" issued by the Institute of Chartered Accountants of India for the year ended 31st March, 2014 are given below:"

**Relationships (During the year)**

Key Management Personnel	Ashok Kumar Jain, Chairman & Managing Director
	Sunil Kumar Jain, Director
	Akhilesh Rathi, Director
	Anita Gandhi, Director
	Pankaj Kumar Gupta, Director
	Parag R Shah, Director
	Rakesh Jain, Director
Relatives of Key Management Personnel	Arpit Jain
	Ashok Kumar Jain HUF
	Kiran Jain
	S.N Gandhi & Co
	Shruti Jain
	Swati Jain

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Total
Salary & Incentive *	6631023	1250368	7881391
	<i>6594982</i>	<i>1109468</i>	<i>7704450</i>
Rent #	0	3989836	3989836
	<i>0</i>	<i>4019836</i>	<i>4019836</i>
Legal & Professional \$	0	123596	123596
	<i>0</i>	<i>741576</i>	<i>741576</i>
Sitting Fees %	320000	0	320000
	<i>240000</i>	<i>0</i>	<i>240000</i>
<b>Assets</b>			
Deposits ^	0	3337500	3337500
	<i>0</i>	<i>3337500</i>	<i>3337500</i>

Figure in italics represents previous year figures



## Notes on Consolidation Financial Statements for the year ended 31<sup>st</sup> March, 2014

\*Payment to key management personnel for Salaries includes payment to Ashok Kumar Jain ₹3674223 (Previous Year ₹3638182), Anita Gandhi ₹2956800 (Previous Year ₹2956800), and to relatives of key management personal includes Shruti Jain ₹612594 (Previous Year ₹532208), Swati Jain ₹319677 (Previous Year ₹336260), Kiran Jain ₹250000 (Previous Year ₹250000), Arpit Jain ₹68097 (Previous Year ₹Nil).

# Rent paid to Kiran Jain ₹2797336 (Previous Year ₹2827336), Ashok Kumar Jain HUF ₹596244 (Previous Year ₹596244) and Arpit Jain ₹596256 (Previous Year ₹596256).

\$ Professional fees paid to S.N. Gandhi ₹123596 (Previous Year ₹741576).

% Sitting fees paid to Sunil Kumar Jain ₹60000 (Previous Year ₹60000), Rakesh Jain ₹80000 (Previous Year ₹60000), Pankaj Kumar Gupta ₹60000 (Previous Year ₹30000), Paragbhai Shah ₹60000 (Previous Year ₹30000) and Akhilesh Rathi ₹60000 (Previous Year ₹60000).

^ Deposit given includes Kiran Jain ₹2343750 (Previous Year ₹2347500), Ashok Kumar Jain HUF ₹496875 (Previous Year ₹496875) and Arpit Jain ₹496875 (Previous Year ₹496875).

26. Earning Per Share	2013-2014	2012-2013
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	3,69,06,124	5,51,43,095
ii) Weighted Average number of equity shares used as denominator for calculating EPS	2,08,22,560	2,08,22,560
iii) Basic and Diluted Earnings per Share (₹)	1.77	2.65
iv) Face value per Equity Share (₹)	5	5

27. As per Accounting Standard 15 "Employee Benefits", the disclosure as defined in the Accounting Standard are given below:	2013-2014	2012-2013
<b>Defined Contribution Plans</b>		
Employer's Contribution to Provident Fund	4,09,290	4,48,597

### Defined Benefit Plan

The gratuity paid by the company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the financial obligation. The company does not has any policy for leave encashment.

Actuarial Assumptions	2013-2014	2012-2013
Mortality Table (LIC)	2006-08 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.93%	8.00%
Rate of escalation in salary (per annum)	5%	5%

28. Income in foreign currency ₹51,763 (previous year ₹30,625). Expenditure in foreign currency ₹Nil (previous year ₹Nil).

### 29. Contingent Liability & Capital Commitments

- Bank Guarantees of ₹11000000 (Previous Year ₹1000000) extended to Bombay Stock Exchange Limited under the mandatory rules for membership and ₹48000000 (Previous Year ₹62000000) towards additional margin.
- Bank Guarantees of ₹7500000 (Previous Year ₹7500000) extended to National Securities Clearing Corporation Limited under the mandatory rules for membership and ₹269500000 (Previous Year ₹254500000) towards additional margin.
- Bank Guarantees of ₹1500000 (Previous Year ₹Nil) extended to MCX-SX Clearing Corporation Limited under the mandatory rules for membership and ₹20000000 (Previous Year ₹85000000) towards additional margin.
- Bank Guarantees of ₹139500000 (Previous Year ₹167000000) extended to National Commodity Clearing Corporation Limited under the mandatory rules for membership and towards additional margin.
- Bank Guarantees of ₹21500000 (Previous Year ₹ 111500000) extended to Multi Commodity Exchange of India Ltd under the mandatory rules for membership and towards additional margin.



- (vi) Income Tax Demand for various years ₹49,50,644 (₹27,88,371)
- (vii) Claims against the Company not acknowledged as debts ₹Nil (Previous Year ₹Nil).

**30. Fixed Deposits**

Fixed deposits with scheduled banks include ₹72261000 (Previous Year ₹500000 ) which is under the lien of National Securities Clearing Corporation Limited, ₹13000000 (Previous Year ₹125000) which is under the lien of Bombay Stock Exchange Limited, ₹5500000 (Previous Year ₹26500000) which is under the lien of MCX-SX Clearing Corporation Limited ₹ 10000000 (Previous Year ₹20000000), which is under the lien of National Commodity Clearing Corporation Limited and ₹47450000 (Previous Year ₹Nil) which is under the lien of Multi Commodity Exchange of India Ltd and ₹ Nil (Previous Year ₹6250000) which is under the lien of National Spot Exchange Limited and ₹600000 (Previous Year ₹600000) which is under the lien of Ace Commodity Exchange Limited

**31. Disclosures under Micro, Small, & Enterprises Development Act, 2006**

Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises (SME). The Company is in the process of compiling relevant information from its suppliers about their coverage under the said act. Since the relevant information is not readily available, no disclosures have been made in the accounts. however, in view of the management, the amounts due to the suppliers are paid within the mutually agreed credit period and therefore, there will not be any interest that may be payable in accordance with the provisions of the Act.

32. Securities are normally held by the Group in its own name except securities pledged with exchange. Securities, which are not registered in the name of the Group, are held by the Group with valid transfer documents.

33. Securities received from clients as collateral for margins are held by the Group in its own name in a fiduciary capacity.

**34. Segment Reporting**

As per the definition of 'Business Segment' and 'Geographical Segment' contained in Accounting Standard 17 "Segment Reporting", the management is of the opinion that the Company's operation comprise of operating in Primary and Secondary market and incidental activities thereto, there is neither more than one reportable business segment nor more than one reportable geographical segment, and, therefore, segment information as per Accounting Standard 17 is not required to be disclosed.

**35. Previous year figures**

The previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year presentation.

**For Arora Banthia & Tulsian**  
Chartered Accountants  
Firm No:007028C

**CA Ajay Tulsian**  
Partner  
Membership No. : 74868  
Indore, 24<sup>th</sup> May, 2014

FOR AND ON BEHALF OF THE BOARD

**Ashok Kumar Jain**  
Chairman and  
Managing Director

**Akhilesh Rathi**  
Director

**Mahesh Pancholi**  
Company Secretary



# ARIHANT Capital Markets Ltd.

www.arihantcapital.com

CIN: L67120MP1992PLC007182 | Regd. Off.: E/5, RATLAM KOTHI, INDORE (MP)

## PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : \_\_\_\_\_

Registered address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Folio No. / Client ID No. : \_\_\_\_\_ DP ID No. \_\_\_\_\_

I/We, being the member(s) of \_\_\_\_\_ shares of Arihant Capital Markets Limited, hereby appoint

1. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

Or failing him

2. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

Or failing him

3. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on Saturday, August 9, 2014 at 12:30 p.m. at Lemon Tree Hotel, 3, R.N.T. Marg, Indore-452001 and at any adjournment thereof in respect of such resolutions as are indicated below:

### Ordinary Business

Resolution No.	Resolutions
1	Consider and adopt the Audited Balance Sheet as at 31 <sup>st</sup> March, 2014, the statement of Profit & Loss Account of the Company for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2	Declaration of dividend on equity shares for the year 2013-14.
3	Appointment of director in place of Mr. Sunil Kumar Jain (DIN: 00184860), who retires by rotation and being eligible offers himself for re-appointment.
4	Appointment of director in place of Mrs. Anita S. Gandhi (DIN: 02864338), who retires by rotation and being eligible offers herself for re-appointment.
5	Appointment of Auditors and fixing their remuneration.

### Special Business

Resolution No.	Resolutions
6	Appointment of Mr. Akhilesh Rathi, who retires by rotation as Independent Director of the Company.
7	Appointment of Mr. Pankaj Kumar Gupta, who retires by rotation as Independent Director of the Company.
8	Appointment of Mr. Parag Rameshbhai Shah, who retires by rotation as Independent Director of the Company.
9	Appointment of Mr. Rakesh Jain, who retires by rotation as Independent Director of the Company.

Signed this.....day of..... 2014.

Affix  
Revenue  
Stamp

Signature of shareholder \_\_\_\_\_

Signature of Proxyholder(s) \_\_\_\_\_

- Note:
- This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at E-5 Ratlam Kothi, Indore 452 001, not less than 48 hours before the commencement of the meeting.
  - Those Members who have multiple folios with different jointholders may use copies of this Attendance slip/Proxy.



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## ATTENDANCE SLIP

(To be presented at the entrance)

22<sup>nd</sup> ANNUAL GENERAL MEETING ON SATURDAY, AUGUST 9, 2014 AT 12:30 P.M.

At Lemon Tree Hotel, 3, R.N.T. Marg, Indore 452 001

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ ID No. \_\_\_\_\_

Name of the Member: \_\_\_\_\_ Signature: \_\_\_\_\_

Name of the Proxyholder: \_\_\_\_\_ Signature: \_\_\_\_\_

1. Only Member /Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.







**ARIHANT** capital markets ltd.  
Generating Wealth. Satisfying Investors.

CONTACTUS [contactus@arihantcapital.com](mailto:contactus@arihantcapital.com)

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