

CORPORATE GOVERNANCE HIGHLIGHTS

1) Company's philosophy on corporate governance

Corporate Governance at Arihant Capital Markets Limited has been a continuous journey and the business goals of the Company are aimed at the overall well being and welfare of all the constituents of the system. The Company is committed to conduct its business in compliance with applicable laws, rules and regulations with highest standards of business ethics. The Company firmly believes and has consistently practiced good Corporate Governance.

The Company's policy is reflected by the values of transparency, fairness, professionalism and accountability, effective management control, social responsiveness with complete disclosure of material facts and independence of Board. Arihant Capital Markets Limited constantly strives towards betterment and these aspects and thereby perpetuate in into generating long term economic value for its Shareholders, customer, employees other associated persons and the society as a whole.

Your Company confirms the compliance of Corporate Governance as contained in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015 (SEBI LODR Regulation)" as amended , the details of which are given below.

2) Board of Directors

a) Composition and Category of the Board

The Board, comprising of eminent professionals with expertise provides leadership and guidance to the company's management and supervises the company's performance across a wide spectrum of domains, ensures business decisions which enhance long term interest of all stakeholder. The Company has the policy to have an appropriate mix of executive, non executive, women director and independent directors to maintain the independence of the Board. On March 31, 2022 the Board consists of 8 (Six) Directors out of which 3 (three) are executive directors, 1 (one) non-executive director and 4 (four) are independent directors.

The composition of the Board and details of the Board of Directors and their directorships/memberships held in committees of other companies as on 31st March 2022 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	5*	Nil	Nil
2.	Mr. Arpit Jain	06544441	Joint Managing Director	3	Nil	Nil
3.	Mrs. Anita Surendra Gandhi	02864338	Whole-time Director	Nil	Nil	Nil
4.	Mr. Sunil Kumar Jain	00184860	Non-executive Director	Nil	Nil	Nil
5.	Mr. Akhilesh Rathi	02002322	Independent Director	9	Nil	Nil
6.	Mr. Parag Rameshbhai Shah	00512469	Independent Director	4	Nil	Nil
7.	Mr. Ashish Maheshwari	00185949	Independent Director	1	Nil	Nil
8.	Mr. Jitendra Jain	08377285	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 with Companies Act, 2013 and “SEBI (LODR) Regulations, 2015”.

- Other than Mr. Ashok Kumar Jain and Mr. Sunil Kumar Jain who are related as brothers, AND Mr. Ashok Kumar Jain and Mr. Arpit Jain who are related as father and son none of the directors are related to one another.
- None of the Directors hold office in more than ten Public Companies. None of the Independent Directors of the company serve as an Independent Director in more than seven listed companies. All Directors are also in compliance with the limit on Independent Directorships of listed companies as prescribed under SEBI (LODR) Regulations, 2015.
- Other directorships do not include alternate directorships, directorships of private limited companies, of companies registered under section 8 of the Companies Act, 2013 and of companies incorporated outside India.
- None of the Directors on the Board is a member of more than ten committees or Chairman of Five Committees. Chairmanship/Membership of board committees includes chairmanship/membership of audit committee and stakeholders’ relationship committee only. The membership/chairmanship of board committee of private limited companies, foreign companies and companies registered under section 8 of the Companies Act, 2013 are excluded for the aforesaid purpose.
- Board of Directors of the company is much more aware on Company’s business, Risk, Opportunities, Policies, Business Strategy, Sales and Marketing, Corporate Governance etc.

b) Board meetings held during the year

The board meetings are held once every quarter and additional meetings are arranged as and when required. The agenda papers along with explanatory statements are circulated well in advance before the meetings are held.

All directors are expected to make every effort to attend meetings of the board and the Committees of which they are members. Attendance via telephone or video conferencing may be used to facilitate a director's attendance.

The details of director's attendance at board meetings held during financial year 2021-22 are as under:

S. No.	Date of Board Meetings	Board Strength (No. of Directors)	No. of Directors present	No. of Independent Directors Present
1.	15 th May, 2021	7	6	2
2.	14 th June, 2021	8	8	4
3.	27 th July, 2021	8	8	4
4.	21 st August, 2021	8	8	4
5.	11 th November, 2021	8	7	4
6.	31 st January, 2022	8	8	4
7.	3 rd March, 2022	8	7	3

c) Familiarisation Programme for Independent Directors

Independent Directors are familiarized with their roles, rights and responsibilities in the Company as well as with the nature of the business model of the Company through induction programmes at the time of their appointment as Directors and through presentations.

Committees of the Board

To enable better and more focused attention on the affairs of the Company, the board delegates particular matters to committees of the directors set up for the purpose. Each committee of the Board is guided by its charter, which defines the scope, powers and composition of the Committee. During the financial year, the board is assisted by various committees:

- i) Audit Committee
- ii) Stakeholders Relationship Committee
- iii) Remuneration and Nomination Committee
- iv) Corporate Social Responsibility Committee

3) Audit committee

The Audit Committee is constituted in accordance with the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Audit Committee of Arihant consists of four members, viz., Mr. Akhilesh Rathi, Mr. Sunil Kumar Jain, Mr. Parag Rameshbhai Shah and Mr. Ashish Maheshwari. The chairman of the Committee is Mr. Akhilesh Rathi, and Mr. Mahesh Pancholi acts as the Secretary to the Committee.

The Audit Committee monitors and supervises the Management's financial reporting process, to ensure accurate and timely disclosures with highest levels of transparency, integrity and quality of financial reporting.

The audit committee meetings are held four times in a year as required and the gap between any two meetings did not exceed 120 days.

The composition of our Audit Committee as per the above norms is as follows:

S. No.	Name of the Director	Position
1.	Mr. Akhilesh Rathi	Chairman
2.	Mr. Sunil Kumar Jain	Member
3.	Mr. Parag Rameshbhai Shah	Member
4.	Mr. Ashish Maheshwari	Member

4) Nomination and Remuneration Committee

The Nomination and Remuneration Committee determines and recommends to the Board the compensation payable to the directors. The remuneration committee consists of four non-executive directors as members, viz., Mr. Akhilesh Rathi, Mr. Sunil Kumar Jain, Mr. Parag Rameshbhai Shah and Mr. Ashish Maheshwari. Mr. Mahesh Pancholi acts as the secretary and Mr. Akhilesh Rathi is the chairman of the committee. The Committee's composition meets with requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015.

The terms of reference of Nomination and 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.

The composition of our Nomination and Remuneration Committee as per the above norms is as follows:

S. No.	Name of the Director	Position
1.	Mr. Akhilesh Rathi	Chairman
2.	Mr. Sunil Kumar Jain	Member
3.	Mr. Parag Rameshbhai Shah	Member
4.	Mr. Ashish Maheshwari	Member

a) Performance Evaluation of Independent Directors, Board of Directors, Committees of Board and Senior Management

Evaluation of all Board members is performed on an annual basis. The evaluation is performed by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and Individual Directors.

The Directors were given various forms for evaluation of the following:

- Evaluation of Chairperson
- Evaluation of Board
- Evaluation of Independent Director
- Evaluation of Committees of the Board

5) Stakeholders Relationship Committee

The Stakeholders Relationship committee has been constituted by the Board in compliance with the requirement of Section 178(5) of the Act and Regulation 20 of the Listing Regulations. During the financial year 2018-19. 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.

The term of reference of the Committee is as follows:

1. To review the reports submitted by the Registrars and Share Transfer Agents of the Company at Quarterly Intervals.
2. To periodically interact with the Registrars and Share Transfer Agent to ascertain and look into the quality of the Company Shareholder / investor grievance redressal system and to review the report on the functioning of the Investor grievances redressal system.
3. To follow up on the implementation of suggestion for improvement, if any.
4. To periodically report to the Board about serious concern if any.
5. To consider and resolve the grievances of the security holders of the Company.

The composition of our Stakeholders Relationship Committee as per the above norms is as follows:

S. No.	Name of the Director	Position
1.	Mr. Akhilesh Rathi	Chairman
2.	Mr. Ashok Kumar Jain	Member
3.	Mr. Sunil Kumar Jain	Member
4.	Mr. Parag Rameshbhai Shah	Member

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. Stakeholders are requested to furnish their telephone no. and e-mail addresses to facilitate prompt action.

The Committee's Composition meets with the requirements of Section 178(5) of the Companies Act, 2013 and Clause 20 (Chapter IV) of the SEBI (LODR) Regulations, 2015.

7) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Board is constituted in compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Annual Report on CSR activities, as per the prescribed format, forms part of the Board report.

The broad functions of the committee are as under:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy;
- Recommend the amount of expenditure to be incurred on CSR activities;
- Review performance of the Company in the areas of CSR; and
- Monitor CSR policy from time to time.
- To carry any other duties as may be required under the Companies Act, 2013

Composition and Meetings

The Corporate Social Responsibility (CSR) Committee comprises of four Directors, viz. Mr. Ashok Kumar Jain, Mr. Akhilesh Rathi, Mr. Sunil Kumar Jain , and Mr. Ashish Maheshwari. Mr. Ashok Kumar Jain is the Chairman of the committee while Mr. Mahesh Pancholi, the Compliance Officer of the Company, acts as the secretary to the committee.

The composition of our Corporate Social responsibility Committee as per the above norms is as follows:

S. No.	Name of the Director	Position
1.	Mr. Ashok Kumar Jain	Chairman
2.	Mr. Akhilesh Rathi	Member
3.	Mr. Sunil Kumar Jain	Member
4.	Mr. Ashish Maheshwari	Member

8) Risk Management Committee

Pursuant to Regulation 21 (5) of the SEBI (Listing Obligation and Disclosures Requirement) Regulation, 2015 (Top 1000 listed entities, determined on the basis of market capitalization as at the end of the immediate preceding financial year), the Board has constituted the Risk Management committee on April 25, 2022 comprising of Mr. Ashish Maheshwari, Chairman of the Committee, Mr. Jitendra Jain, Member, and Mr. Arpit Jain as its members, to frame, implement and monitor risk management plan of the Company.

7) Other Disclosures

- i. 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.
- ii. 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.
- iii. The Company has implemented the mandatory requirements of corporate governance as set out in the listing agreement with stock exchanges. In respect of compliance with the non-mandatory requirements, the Company has constituted a Nomination and Remuneration committee, details where of are given under the heading of Nomination and Remuneration committee.
- iv. The Board of Directors has approved the vigil mechanism/Whistle blower policy of the Company which provides a framework to promote a responsible and secure whistle blowing. It protects employees wishing to raise a concern about serious irregularities within the Company. It provides for a vigil mechanism to channelize reporting of such instances/ complaints/ grievances to ensure proper governance. The Audit Committee oversees the vigil mechanism.
- v. The Annual tentative calendar of the Board meetings is circulated to the members of the Board, well in advance. The Agenda and other related information on the items in the agenda also provided on time, to enable Board members to take informed decision. The Agenda and related information are circulated in electronic form.
- vi. The Board also review the declarations made by the Managing Director & CEO, CFO and the Company Secretary regarding compliance with all applicable laws and reviews the related compliance reports, on quarterly basis.
- vii. Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- viii. No. of Complaints on Sexual Harassment received during year : NIL
- ix. No. of Complaints disposed off during the Year : Not Applicable
- x. No. of cases pending as on end of the Financial Year : Not Applicable

8) 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, 2015, as amended from time to time.

9) Code of conduct for Directors and Senior Management

The Company has a duly approved Code of Conduct for the Board of Directors and Senior Management Personnel of the Company in place in terms of the requirements of SEBI (LODR) Regulations, 2015. The Code is applicable to all board members and senior management personnel one level below the executive directors including all functional heads. The Code requires the Directors and employees to act honestly, ethically and with integrity and in a professional and respectful manner.

10) Subsidiary Companies

- **Subsidiary Companies**

All the subsidiary companies of the Company are managed by their Boards having the rights and obligations to manage these companies in the best interest of respective stakeholders.

The Company ceased the nomination of its representative on the Board of the material subsidiary companies as the subsidiary companies does not fall under the criteria of Materiality. However, the board monitors the performance of such companies, interalia, by reviewing:

- a) Financial statements, the investment made by the unlisted subsidiary companies, statement containing all significant transactions and arrangements entered by the unlisted subsidiary companies forming part of the financials being reviewed by the Audit, Risk and Compliance Committee of the Company on a quarterly basis.
- b) Minutes of the meetings of the unlisted subsidiary companies, if any, are placed before the Company's Board regularly.
- c) Providing necessary guarantees, letter of comfort and other support for their day-to-day operations from time-to-time.

- **Material Subsidiary Companies**

As required under Regulations 16(1) (c) and 46 of the Listing Regulations, the Board of Directors has approved the Policy on Determination of Material Subsidiaries ("Policy").

Although, during the year under review, Arihant Futures and Commodities Limited (AFCL) and Arihant Lifespace Infra Developers Limited (ALIDL) ceased to be the material subsidiaries of the Company.

11) Other Requirements

- The company publishes its quarterly results in the newspapers
- The Management Discussion and Analysis Report is appended in the Balance Sheet as required.
- The Auditor's Certificate of Compliance of conditions on Corporate Governance is also duly presented in the Balance Sheet.