



ARYAMAN

FINANCIAL SERVICES LIMITED

**11TH
ANNUAL REPORT
2004-2005**

ARYAMAN FINANCIAL SERVICES LIMITED

BOARD OF DIRECTORS

| | | |
|----------------|---|----------|
| P.V.R. Murthy | - | Director |
| Virender Ganda | - | Director |
| Mohan Datari | - | Director |
| M.V. Ramana | - | Director |
| Suhas Ganpule | - | Director |

REGISTERED OFFICE

: 401, Chiranjiv Towers
43, Nehru Place,
New Delhi 110 019

CORPORATE OFFICE

: 208, Maker Chamber V,
2nd Floor, Nariman Point,
Mumbai – 400021.

AUDITORS

: M/s. Thakur Vaidynath Aiyar & Co.
Chartered Accountants
212, Deendayal Upadhyay Marg,
New Delhi.

BANKERS

: State Bank Of India
The Vysya Bank Limited
State Bank of Patiala
Indusind Bank Ltd.

Share Transfer Agent

: Adroit Corporate Services Pvt. Ltd.
19, Jaferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka,
Andheri (W), Mumbai – 400059.

ARYAMAN FINANCIAL SERVICES LIMITED

NOTICE

NOTICE is hereby given that the 11TH ANNUAL GENERAL MEETING of the Members of the ARYAMAN FINANCIAL SERVICES LIMITED will be held on Thursday, 29th day December 2005 at 10.00 a.m. at its registered office 401, Chiranjiv Towers, 43, Nehru Place, New Delhi 110 019 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at June 30, 2005 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a director in place of Shri Mohan Datari, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without any modification, the following resolution as Ordinary Resolution-

"RESOLVED THAT in accordance with the provision of section 257 and all other applicable provisions, if any, of the companies Act 1956 or any statutory modifications or reenactment thereof, Shri Munnangi Venkat Ramanna, who was appointed as Additional Director in pursuant to section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the company subject to retirement by rotation under the provisions of Article of Association of the company".

5. To consider and if thought fit to pass with or without any modification, the following resolution as Ordinary Resolution-

"RESOLVED THAT in accordance with the provision of section 257 and all other applicable provisions, if any, of the companies Act 1956 or any statutory modifications or reenactment thereof, Shri Suhas S Ganpule, who was appointed as Additional Director in pursuant to section 260 of companies Act, 1956 be and hereby appointed as Director of the company subject to retirement by rotation under the provisions of Article of Association of the company".

6. To consider and if thought fit to pass with or without any modification, the following resolution as Ordinary Resolution-

"RESOLVED THAT in accordance with the provision of section 257 and all other applicable provisions, if any, of the companies Act 1956 or any statutory modifications or reenactment thereof, Shri Manmohan Baliga, who was appointed as Additional Director in pursuant to section 260 of companies Act, 1956 be and hereby appointed as Director of the company subject to retirement by rotation under the provisions of Article of Association of the company".

7. To consider and if thought fit to pass with or without any modification, the following resolution as Ordinary Resolution-

"RESOLVED THAT in supersession of the earlier resolutions passed under Section 293 (1)(d) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to borrow from time to time all such sums of money as they may deem necessary for the purpose of business of the Company notwithstanding that moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans (including working

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capital facilities) obtained from the Company's bankers in the ordinary course of business) (hereinafter referred to as the "Borrowings") shall exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose provided that the total amount of the Borrowings by the Board of Directors shall not exceed Rs. 25 crores (Rupees Twenty Five Crores Only)."

8. To consider and if thought fit to pass with or without any modification, the following resolution as Ordinary Resolution-

"RESOLVED THAT in supersession of the earlier resolutions passed under section 293(1)(a) of the Companies Act, 1956 (the "Act"), consent of the Company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions, if any, of the Act, to mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and/or movable properties of the Company, wheresoever situated, both present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company on such terms, in such form and in such manner as the Board of Directors may think fit, together with power to take over the management of the business and concern of the Company in certain events in favour of Banks, Financial Institutions, other investing agencies and trustees for the holders of Debentures / other instruments, for securing, *inter alia*, any loans (both rupee loans as well as foreign currency loans) and/or advances already obtained or debts already incurred or that may hereafter be obtained or incurred from any of the lenders and/or to secure any debentures issued/that may be issued, and/or any financial obligations/commitment hereinafter collectively referred to as the "Loans") and all interest, compound / additional interest, commitment charges, Trustees'

remuneration, costs, charges expenses and all other monies payable by the Company to the concerned Lenders, and/or Agents and Trustees for debentures provided that the amount of loans (other than temporary loans (including working capital facilities) obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs. 50 Crores."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with any of the Lenders, or other persons, jointly or severally, the documents for creating aforesaid mortgage/charge and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing the Resolution and to resolve any question, difficulty or doubt which may arise in relation thereto or otherwise considered by the Board of Directors to be in the best interest of the Company."

By Order of the Board

Place: Mumbai

Date: December 01, 2005

For Aryaman Financial Services Limited

Prasanna Chandwaskar
Company Secretary

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

The Register of Members and Share Transfer Books of the Company will remain closed from Monday, December 26, 2005 to Thursday, December 29, 2005 (both

ARYAMAN FINANCIAL SERVICES LIMITED**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 4, 5 & 6**

Shri Munnangi V Ramana, Shri Suhas S Ganpule and Shri Baliga were appointed as Additional Directors in accordance with the provisions of section 260 of the Companies Act, 1956 at Board Meeting held on December 20, 2004, May 02, 2005 and December 1, 2005 respectively. The Company has received notice from the shareholder of the Company under section 257 of the Companies Act, 1957 for the appointment of Shri Ramana, Shri Ganpule and Shri Baliga as Director of the Company, at the ensuing Annual General Meeting.

The Board recommends the approval of resolution by way of simple majority.

None of the directors except Shri Munnangi V Ramana, Shri Suhas Ganpule and Shri Baliga, are in any way concerned or interested in the said resolution at 4, 5 & 6 respectively.

ITEM NO. 7 & 8

The Board of Directors in its meeting held on 30th August, 2005 has approved the expansion of the Company's existing activities.

Considering the expansion proposals entailing borrowings the limits specified pursuant to Sections 293 (1) (a) and (d) of the Companies Act, 1956 vide the existing resolutions passed by the members of the Company would be inadequate and hence the same needs to be suitably increased.

The Board recommends the approval of resolution by way of simple majority.

None of the directors of the Company is concerned or interested in the resolution.

By Order of the Board

Place : Mumbai

Date : December 01, 2005 For Aryaman Financial Services Limited

Prasanna Chandwaskar
Company Secretary

DIRECTOR'S REPORT**TO THE MEMBERS**

Your Directors present the Eleventh Annual Report and audited accounts of your Company for the financial year ended June 30, 2005.

FINANCIAL RESULTS (Rs. in lakhs)

| Particulars | 30 th June, 2005 | 31 st March, 2004 |
|----------------------------|--------------------------------|---------------------------------|
| Income from operations | 27.67 | 81.44 |
| Less- Expenditure | 35.21 | 86.73 |
| Profit before Depreciation | (7.54) | (5.29) |
| Less -Depreciation | (5.03) | (6.49) |
| Profit before tax | (12.57) | (11.78) |
| Provision for tax | --- | --- |
| Balance carried to | (281.42) | (269.64) |
| Balance Sheet | (293.99) | (281.42) |

DIVIDEND

Due to absence of profits, the Director do not recommend any dividend for the year.

DEPOSITS

Your company did not accept/ hold any deposit from public/ shareholders during the year under review.

DIRECTORS

Shri Mohan Datari, Director of the company retire by rotation and offers himself for reappointment.

The shareholders are requested to appoint to Shri Munnangi V Ramana, Shri Suhas S Ganpule Shri Mohan Baliga as Directors

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of the company, they were appointed as additional Directors under section 260 of the Companies Act, 1956 on your Board and the Company has received notice under section 257 of the Companies Act, 1956 for their candidature for appointment of Directors of the Company.

AUDITORS

M/s Thakur Vidyanath Aiyar & Co, Chartered Accountants retire at the forthcoming Annual General Meeting and eligible for the reappointment.

Comments made by the Auditors in their report are self-explanatory and therefore do not call for any further explanations.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217 (2AA) of the companies, Act 1956 your Directors state:-

- i. While preparing annual accounts the applicable accounting standards have been followed.
- ii. Company has selected such accounting policies and applied them consistently and made judgment that are responsible and prudent which give true and fair view of affairs of the company.
- iii. Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and the preventing and detecting fraud and other irregularities.
- iv. Company has prepared accounts on ongoing concern basis.

PERSONNEL

Relations between the management and employees were company cordial. Your Directors wish to place on record appreciation of service rendered by all the staff members. There is no employee who draws salary in excess of the limits as

prescribed under section 217 (2A) of the companies (Particular of Employees Rules) 1975 as amended.

The Board wish to place record their **gratitude for their continued co-operation, assistance and guidance** extended by the banks, clients, stock exchange, members and associates.

CONSERVATION OF ENERGY TECHNICAL ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The company is not engaged in any manufacturing activity and therefore provisions of section 217 (1) (e) of the companies Act, 1956 is not applicable.

CORPORATE GOVERNANCE:

During the year under report, your Company has evolved Corporate Governance practices. The required structures for governance have been in place and the meetings are periodically held in compliance with the ideal practices prescribed under the code.

Management Discussion and Analysis Report is separately given in the Annual Report. A separate report on Corporate Governance is annexed hereto as a part of this report. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement is attached to this report.

ACKNOWLEDGEMENT

Your Directors would like to express deep sense of appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities and Shareholders and for the devoted services by the Executives, Staff and Workers of the Company.

For and on the behalf of the Board

Director

Place: Mumbai

Date: December 01, 2005

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT.

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Merchant Banking and Financial Services market is fast growing over the last few years. Merchant Banker services includes providing merchant banking services like Public Issue Management i.e, acting as manager / lead manager to the public issues, right issues, open offer under Takeover Code, Buy Back Scheme, Portfolio Management Services, private placement of debt and equity instruments. The present position of stock market in India has opened new era for finance industry.

2. OPPORTUNITY AND THREATS

Opportunities:

Aryaman Financial Services Limited is SEBI registered Category - I. Considering present capital market conditions, your company has tremendous opportunities in its business activities especially merchant banking activities like issue management, portfolio management services, corporate debt restructuring etc.

Threats:

With the number of players coming down, we expect marginal competition.

3. SEGMENTWISE PERFORMANCE

Your Company is dealing in one segment mainly in Merchant Banking activity.

4. OUTLOOK

The growing economy and vibrant capital market conditions promise good scope for financial service sector. Your company is well prepared to seize the opportunities as and when they come. The management is generally optimistic about future operations.

5. RISKS AND CONCERNS

Company's activities are mainly

dependant upon conditions of primary and secondary capital market. Any adverse effect on the capital market could affect the performance and profitability of your Company.

6. INTERNAL CONTROL SYSTEMS

The company has an adequate system of internal controls that ensure that all assets are protected against loss from unauthorized use or disposition and all transaction are recorded and reported in conformity with generally accepted accounting principles.

7. FINANCIAL PERFORMANCE

The company has achieved a turnover of Rs 27.67 during the year as against Rs.81.44 lacs in the corresponding previous year. During the year company incurred a profit/ loss of Rs. 12.57 as against Rs.11.78 lacs in the corresponding previous year.

8. HUMAN RESOURCE AND INDUSTRIAL RELATIONS

The industrial relation remain co ordinal during the year under review.

9. CAUTIONARY STATEMENT

Statement in this report on management Discussion and analysis describing the company's objectives, projections, estimates, expectations or prediction are based on certain assumption and expectation of future events. Actual result could differ materially from those expressed or implied. The company assume no responsibility to amend, modify or revise any of the statements on the basis of subsequent developments, information or events.

For on behalf of the Board

Director

Place: Mumbai

Date: 01.12.2005

ARYAMAN FINANCIAL SERVICES LIMITED**AUDITORS' REPORT****ARYAMAN FINANCIAL SERVICES LTD.**

We have audited the attached Balance Sheet of ARYAMAN FINANCIAL SERVICES LTD as at 30th June, 2005 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, 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, the Profit and loss account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of the written representations received from the directors, as on 30th June, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2005 : and
 - b. In the case of the Profit and loss account, of the loss for the year ended on that date.
 - c. In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **THAKUR VAIDYANATH AIYAR & CO.**
Chartered Accountants.

Place :- Mumbai

(**C.V. Parameswar**)

Partner

Dated :- 01-12-2005

M. No. 11541