



# **ARYAMAN**

## **FINANCIAL SERVICES LIMITED**

Report Junction.com

**17<sup>TH</sup>**

**ANNUAL REPORT**

**2010 – 11**

**REGISTERED OFFICE**

c/o Thakur Research Foundation,  
221 – 223, Deen Dayal Marg,  
New Delhi – 110 002.

**CORPORATE OFFICE**

60, Khatau Building, Gr. Floor,  
Alkesh Dinesh Modi Marg, Fort,  
Mumbai – 400 001.  
Tel. No.: 022 – 2261 8264 /8635, Fax: 022 – 2263 0434

**BOARD OF DIRECTORS**

Mr. Shripal S. Shah (Executive Director)  
Mr. Mohan Datari (Independent Director)  
Mr. Ram M. Gaud (Independent Director)  
Mr. Darshit Parikh (Independent Director)

**COMPANY SECRETARY &  
COMPLIANCE OFFICER**

Ms. Poonam Kejriwal

**AUDITORS**

M/s Thakur, Vaidyanath Aiyer & Co  
Chartered Accountants  
212, Deendayal Upadhyay Marg,  
New Delhi

**BANKERS**

State Bank of India  
HDFC Bank

**SHARE TRANSFER AGENT**

Adroit Corporate Services Pvt Ltd  
19, 1<sup>st</sup> Floor, Jaferbhoy Industrial Estate,  
Makwana Road, Marol Naka,  
Andheri (E), Mumbai – 400 059.  
Tel No.: 2859 4060 / 6060, Fax No.: 2850 3748



## **NOTICE FOR THE 17<sup>TH</sup> ANNUAL GENERAL MEETING OF ARYAMAN FINANCIAL SERVICES LIMITED**

**NOTICE** is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of Aryaman Financial Services Limited will be held on Thursday, 29<sup>th</sup> September 2011 at C/o Thakur Research Foundation, 221-223 Deen Dayal Marg, New Delhi – 110002 to transact the following business:

### **ORDINARY BUSINESS:**

1. To Consider, and if thought fit to pass with or without modifications, the following resolution, for approving Balance sheet and profit & loss account together with Board of Directors Report and Auditors Report for year ended 31<sup>st</sup> March, 2011, as an ordinary resolution

**"RESOLVED THAT** the Balance Sheet of the state of affairs of the company as at March 31, 2011 and Profit and Loss Account for the financial year ended March 31, 2011, together with the report of the Board of Directors and the Auditors be received, considered and adopted.

2. To Consider, and if thought fit to pass with or without modifications, the following resolution for re-appointment of the Mr. Ram Motilal Gaud, as an ordinary resolution.

**"RESOLVED THAT** Mr. Ram Motilal Gaud, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company.

3. To Consider, and if thought fit to pass with or without modifications, the following resolution for re-appointment of the Statutory Auditors as an ordinary resolution:

**"RESOLVED THAT** M/s. Thakur Vaidyanath Aiyar & Co, Chartered Accountants, Mumbai, having Registration number 000038N, be and are hereby re-appointed as the auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at remuneration to be agreed upon between the auditors and the Chairman of the Company plus out of pocket expenses as may be incurred by them in performance of their duties."

### **SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Ordinary Resolution:

**"RESOLVED THAT** Mr. Darshit Prakash Parikh, who was appointed as an Additional Director of the Company under section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Ordinary Resolution:

**"RESOLVED THAT** pursuant to applicable provisions of the Companies Act, 1956 and subject to such other approvals as may be necessary, Mr. Shripal Shah, be and is hereby appointed as Executive director for the period of three years commencing from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2014 with the remuneration as follows be and the same is hereby accepted and approved;

- (i) Basic Salary: Not exceeding Rs. 9,00,000/- (Rupees Nine Lacs only) per annum as may be decided by the Remuneration Committee and the Board of Directors from time to time
- (ii) Perquisites: shall be entitled for the following perquisites in addition of the salary mentioned herein above.

### **Part "A"**

- (i) Housing: The Company shall provide unfurnished accommodation to the Director. If no accommodation is provided, House Rent Allowance not exceeding 50% of monthly basic salary or as per Rules of the company, whichever is more, shall be payable to the Director and he is



also eligible for reimbursement of expenses/allowances for utilization of gas, electricity, water & the same will be valued as per Income Tax Rule 1962.

- (ii) Not exceeding Rs. 90,000/- (Rs. Ninety Thousand Only) per annum will be payable towards reimbursement of medical expenses for self, spouse and dependent children.
- (iii) Travel Allowance: Not exceeding Rs.60,000/- (Rupees Sixty Thousand only) per annum.

**Part "B"**

Director shall also be eligible to the following perquisites in addition to the above perquisites, which shall not be included in the computation of the ceiling on remuneration as specified herein above

- (i) Company's Contribution to Provident & Other Fund: Company's Contribution to Provident Fund, Superannuation Fund or Annuity funds to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity: Gratuity payable at a rate not exceeding half a month's salary for each completed year of services, and
- (iii) Leave Encashment: Encashment of leave at the end of tenure will be permitted in accordance with the rules of the Company.

For the purpose of computing ceiling on perquisites, the same will be valued as per Income Tax Rules, 1962 wherever applicable.

However, the total remuneration payable to Mr. Shripal Shah, Director, including all above shall not exceed the limit as provided under the provisions of the Companies Act, 1956 or any modification thereof unless otherwise approved by the Central Government.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any year during the period of his appointment as Director, Mr. Shripal Shah is paid the above remuneration as the Minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary, alter or modify the different components of the above stated remuneration in accordance with provisions of Schedule XIII of the Companies Act, 1956 as may be agreed to by the Board of Directors.

**Registered Office:**

C/o Thakur Research Foundation,  
221-223, Deen Dayal Marg,  
New Delhi – 110 002.

By Order of the Board

**For Aryaman Financial Services Limited**

**Shripal Shah**

(Executive Director)

Date: 02<sup>nd</sup> September, 2011

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF /HERSELF AND THE PROXY NEED NOT BE A MEMBER OF COMPANY.MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of Item No. 4 to 5 of the Notice is annexed hereto.
3. Register of Members and Share Transfer Books of the Company shall remain closed from 24<sup>th</sup> September, 2011 to 29<sup>th</sup> September, 2011(both days inclusive).
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries in writing to the Company Secretary at least



seven days before the date of the meeting so that the information required may be made available at the meeting.

5. Members/Proxies are requested to bring to the meeting the Attendance slip duly filled in along with their copy in this Annual Report.
6. The Company's Shares are listed on Stock Exchange at Mumbai, Delhi Stock Exchange and Ahmedabad Stock Exchange.
7. The Transfer of Unclaimed Dividend to Investor Education & Protection Fund of the Central Government as required in terms of Section 205C of the Companies Act, 1956, during the current Financial Year is not applicable.
8. Details of the Directors appointed/re-appointed during the year is provided herewith as a part of Corporate Governance Report as required by Clause 49 of the Listing Agreement.
9. All queries relating to Share Transfer and allied subjects should addressed to:

**Adroit Corporate Services Private Limited,**  
19/20, Jaferbhoy Industrial Estate,  
Makwana Road , Marol Naka,  
Andheri (East), Mumbai – 400 059

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

##### **ITEM NO.4**

The Board of Directors of the Company (the Board) under section 260 of the Companies Act, 1956 and under applicable articles of the Articles of Association of the Company, appointed Mr. Darshit Prakash Parikh as an Additional Director of the Company with effect from 25<sup>th</sup> April, 2011.

In terms of Section 260 of the Act, Mr. Darshit Prakash Parikh holds office up to the date of this Annual General Meeting.

The Company has received a notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Mr. Darshit Prakash Parikh for the office of Director of the Company under section 257 of the Act.

None of the Directors, except Mr. Darshit Prakash Parikh is concerned or interested in the said resolution.

The Board of Directors recommends the ordinary resolution for your approval.

##### **ITEM NO. 5**

Shri Shripal Shah was appointed as Executive Director of the Company for the period of three years , commencing from April 01, 2011 to March 31, 2014 on the terms and condition as out in the Special Resolution at Item No. 5.

None of the Directors are in any way concerned or interested in this Resolution. The Board accordingly recommends the Resolution set out in Item No.5 for the approval of the Members.

**Registered Office:**  
C/o Thakur Research Foundation,  
221-223, Deen Dayal Marg City,  
New Delhi – 110 055.

Date: 02<sup>nd</sup> September, 2011

By Order of the Board  
**For Aryaman Financial Services Limited**

**Shripal Shah**  
(Executive Director)



## DIRECTOR'S REPORT TO THE MEMBERS

Your Directors present hereunder the 17<sup>th</sup> Annual Report on the Business and operations of the Company along with audited statement of accounts of your Company for the Financial Year ended March 31, 2011. The financial results are summarized as under:

### Financial Results

(₹ in Lacs)

Particulars	31-Mar-11	31-Mar-10
Income from operations	139.85	50.94
Less: Expenditure	110.26	49.70
Profit before Depreciation	29.59	1.24
Less: Depreciation	0.64	0.54
Profit before Tax	28.95	0.70
Provision for Taxation	5.26	0.24
Profit after Tax	23.69	0.46
Balance carried to Balance sheet	(281.83)	(305.51)

### DIVIDEND

Due to insufficient Profit during the year, the directors do not recommend any dividend for the year.

### DEPOSITS

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

### DIRECTORS

Mr. Ram Gaud, Independent Director of the Company retires by rotation and offers himself for re-appointment. The shareholders are requested to consider his candidature for reappointment as a Director.

Mr. Shripal S Shah will continue to be Executive Director, while Mr. Mohan Datari and Mr. Darshit Parikh will continue to be Independent Directors of the Company.

### AUDITORS AND AUDITOR'S REPORT

M/s Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, the statutory auditors of the Company, retires at the ensuing Annual General Meeting and is eligible for re-appointment. The Directors recommend their re-appointment by the Members at the forthcoming AGM.

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

### DIRECTOR'S RESPONSIBILITY STATEMENT

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

- 1) While preparing annual accounts the applicable accounting standards have been followed with proper explanation.
- 2) Company has selected such accounting policies and applied them consistently and made judgment that are reasonable and prudent which give true and fair view of affairs of the Company at the end of financial year and of the profit or loss of the company for that year.
- 3) 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 the frauds and other irregularities.
- 4) Company has prepared accounts on a going concern basis.

**PERSONNEL**

The Board wishes to inform you that your Company has appointed new employees to look after the Merchant Banking division of the Company. The Company plans to recruit more employees in Merchant Banking, Secretarial, Marketing and Accounts section once the Business is grown.

The relations between the Management and employees of the Company are 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 (Particulars of Employees) Rules, 1975 as amended.

The board wishes to place on record their gratitude for continued co-operation, assistance and guidance extended by the Banks, clients, Stock Exchange Members and associates.

**CONSERVATION OF ENERGY, TECHNICAL ABSORBATION, FOREIGN EXCHANGE EARNING AND OUTGO**

The Company is not engaged in any manufacturing activity and therefore provisions of section 217(1) of the Companies Act, 1956 are not applicable.

**CORPORATE GOVERNANCE**

During the year under report, your Company has followed the Corporate Governance practices very well. The required internal procedures and systems for governance have been in place. The meetings are taking place periodically as per ideal practices mentioned in the code.

Management discussions 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.

**MATERIAL CHANGES AND COMMITMENTS**

There were no material changes occurred between the end of financial year to which the balance sheet relates and the date of 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 service by the Executives, staff and workers of the Company in difficult times faced by the Company in the past. The Company is able to grow the business with the help of all the above and it is confident that the Company will regain its position (among top 3), which was claimed by the Company during the peak period. The Directors express their gratitude towards each one of them.

For and behalf of the Board

Shripal Shah  
Executive Director

Place: Mumbai  
Date: August 24, 2011





## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### FORWARD LOOKING STATEMENTS

This report contains forward-looking statement, which may be identified by their use of words like "expects", "will" or other words of similar meaning. Forward-looking statement is based on certain assumptions and expectations of future events and the Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend or revise the forward-looking statements or any loss to the investors in the shares of the Company making investments relying on such forward-looking statements.

### 1) INDUSTRY STRUCTURE AND DEVELOPMENTS

The last decade (2000-2010) has been the most eventful period for the Indian securities market during which it took major strides to carve a niche for itself in the global securities markets. The major developments which hastened this incredible journey can broadly be observed under three categories, viz. improved market microstructure, introduction of new products and progressive changes in the regulatory framework.

Merchant Banking and Financial Services market was one of the fastest growing fields during the last few years. Merchant Banking services includes Issue Management i.e. as lead manager to the Public/Rights Issues, open offer under Takeovers, Buy back schemes, Portfolio Management Services, Private Placement of Debt and Equity Instruments.

During 2010-11, 91 issues (81 equity issues and 10 debt issues) accessed the primary market and collectively raised Rs. 67,609 crore through public (68) and rights issues (23) as against Rs. 57,555 crore raised in 2009-10 through public (47) and rights issues (29). There were 53 IPOs during 2010-11 as against 39 during 2009-10. The amount raised through IPOs during 2010-11 was at Rs. 35,559 crore as compared to Rs. 24,696 crore during 2009-10. The share of public issues in the total resource mobilization stood at 85.9 percent during 2010-11 as compared to 85.5 percent in 2009-10 showing a marginal increase over the previous year. The share of rights issues was at 14.1 percent in 2010-11 as compared to 14.5 percent in 2009-10. There were 10 public issues of Non-Convertible Debentures (NCDs) amounting to Rs. 9,503 crore in 2010-11 as compared to three issues of ` 2,500 crore in 2009-10.

### 2) OPPORTUNITY AND THREATS

#### Opportunities

Aryaman Financial Services Ltd is a Category-I Merchant Banker registered with SEBI. Apart of the fast growing economy of India and the demand for Issues coming from ever increasing size of securities market, a key opportunity is the launch of SME Exchanges by BSE and NSE which is expected shortly. Your company is considering being a first mover in these exchanges and taking advantage of the huge potential market size of this segment.

#### Threats

The financial sector throws open various avenues to the Indian Corporate for raising of funds are not only dependent on the IPO's and Rights Issues but they are looking for other avenues for mobilizations of funds and finance requirements. This poses a threat to our Business. Also, the increased uncertainty in the global economic environment, could affect the pace of decisions from corporates and hence delay fund raising plans

### 3) SEGMENTWISE PERFORMANCE

Presently your Company is dealing mainly in one segment i.e. Merchant Banking activity. However, the Company plans to diversify in other financial segments as well.



**4) OUTLOOK**

The growing economy and ever increasing capital market provides a good scope of expansion of financial service sector. Your Company is very well prepared to grab the opportunities. The management is very optimistic about the future of the Company.

**5) RISKS AND CONCERNS**

AFSL is at present dependant on the conditions of primary and secondary capital market. Any adverse effect on the capital market could affect the performance and profitability of the 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 transactions are recorded and reported in conformity with generally accepted accounting policies.

**7) FINANCIAL PERFORMANCE**

The Company has achieved a turnover of ₹ 139.85 Lacs during the current year as against ₹ 50.94 Lacs in the previous financial year. During the current year Company has incurred profits of ₹ 23.69 Lacs as against profit of ₹ 0.46 Lacs in the previous financial year.

**8) HUMAN RESOURCE AND INDUSTRIAL RELATIONS**

The industrial relations (with various financial intermediaries) remained cordial during the year under review.

**9) CAUTIONARY STATEMENT**

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

For and on behalf of the Board

Shripal Shah  
Executive Director

Place: Mumbai  
Date: August 24, 2011



## CORPORATE GOVERNANCE REPORT

### PHILOSOPHY ON CORPORATE GOVERNANCE

The Company strongly believes that good Corporate Governance is a pre-requisite for enhancing long-term shareholders value and considers it to be an internally driven need that does not merely need to be enforced externally. The Company is committed to the principles and features of good Corporate Governance and has consistently followed high standards of Corporate Governance in all its activities and processes.

### BOARD OF DIRECTORS

Composition and category of directors, attendance of each director at the Board meeting and the last AGM, number of other Public Companies on the Board or Committees of which a director is a member or chairperson and number of board meetings, dates on which held are as under:

The Board met 6 times during the financial year under review on 10-May-10, 27-July-10, 25-Aug-10, 26-Oct-10, 31-Jan-11, and 14-Mar-11. The maximum interval between any two Board Meetings was less than 4 months.

The presence of Directors at the Board meetings and the last AGM was as follows:

Name of the Director	Category	Board Meeting Attended	Whether attended last AGM
Mr. D S Sharma	Executive	6	Yes
Mr. Shripal Shah	Executive	6	Yes
Mr. Mohan Datari	Independent	4	Yes
Mr. Ram Gaud	Independent	5	Yes

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

The Directorship / committee Membership is based on the disclosures received from Directors.

After the resignation of Mr. D.S. Sharma in March 2011, and the appointment of Mr. Darshit Parikh on 25<sup>th</sup> April, 2011 the Remuneration Committee, Audit Committee and Investor Grievance Committee were re-constituted on 25<sup>th</sup> April, 2011. The details of the same are as below:

### AUDIT COMMITTEE

**Terms of Reference:** The Terms of reference stipulated by the Board of Directors to the Audit committee are as contained under clause 49 of the Listing agreement.

The Audit Committee of the Company, as on date, is made up of the following Directors:

Name of the Member	Member / Chairman	Category
Mr. Ram M. Gaud	Chairman	Independent
Mr. Darshit Parikh	Member	Independent
Mr. Mohan Datari	Member	Independent

Five Meetings of the Audit Committee of the Company were held during the year on 9-May-2010, 26-Jul-10, 25-Aug-10, 25-Oct-10 and 30-Jan-11.