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AEONIAN INVESTMENTS CO. LTD.

27TH ANNUAL REPORT 2007 - 2008

Commitment
Strategic
Faith
Optimism
Courage
Dynamism
Insight
Loyalty

BOARD OF DIRECTORS

Shri Amit C. Choksey
Smt. Priti A. Choksey
Shri Manubhai G. Patel
Shri Bipin V. Jhaveri
Shri Dhiren P. Mehta
Shri Bhanushankar R. Trivedi

Bankers :

Bank of India
Standard Chartered Bank

Registrar and Share Transfer Agents :

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.

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AEONIAN INVESTMENTS COMPANY LIMITED

Auditors :

M/s. Ravi A. Shah & Associates
Chartered Accountants
Mumbai.

Registered Office:

N. K. Mehta International House,
178, Backbay Reclamation,
Babubhai M. Chinai Marg,
Mumbai - 400 020.

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NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Company will be held on Tuesday, July 29, 2008 at 10.00 A.M. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd floor, 18/20, Dubash Marg, Kala Ghoda, Mumbai 400 023 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and Profit and Loss Account for the year ended as on that date and reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Manubhai G. Patel who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Bhanushankar R. Trivedi who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

By Order of the Board

Place : Mumbai
Date : 14th May 2008

Amit C. Choksey
CHAIRMAN

Registered Office:

N. K. Mehta International House,
178, Backbay Reclamation,
Babubhai M. Chinai Marg,
Mumbai 400 020.

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from July 22, 2008 to July 29, 2008 (both days inclusive), in connection with the ensuing Annual General Meeting (AGM) and the payment of final dividend.
- The dividend as recommended by the Board of Directors, if approved by the shareholders at the Annual General Meeting shall be paid to those members whose names appear on the Register of members of the Company as on July 29, 2008. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of July 29, 2008 as per the details furnished by National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) for the purpose as on that date.
- Members holding shares in physical form are requested to immediately intimate change of address, if any, to the Company / Registrar and Share Transfer Agents quoting reference of the Registered Folio Number. Members holding shares in the electronic form are advised to inform any change in their address to their respective Depository Participants. The address as furnished to the Company by the respective Depositories viz., NSDL and CDSL will be printed on the dividend warrants.
- As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting. We hope you will help us in our endeavour to control cost.
- Members having multiple folios in identical names or in joint names in the same order are requested to send the share certificate(s) to the company's R & T Agents, M/s. Intime Spectrum Registry Limited, for consolidation of all such shareholding into one folio to facilitate better service.
- Members desirous of raising queries at the AGM are requested to send in their questions so as to reach the Company's Registered Office at least seven days in advance before the AGM so that the same can be adequately replied.
- Members are requested to produce the enclosed Attendance Slip duly signed at the entrance of the Meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
- The unclaimed dividend upto the financial years 1999-2000 has been transferred to the Investor Education and Protection Fund (IEPF) as required under section 205-C of the Companies Act, 1956. The balance amount in unpaid Dividend Account for the financial year 2000-2001 is due for transfer to the Investors Education and Protection Fund administered by the Central Government during the month of July 2008. The shareholders whose dividend is unclaimed for the aforesaid financial year are requested to claim it immediately from the Company. Further shareholders are requested to note that no claim shall lie against the said Fund or the Company in respect of any amounts which remain unclaimed for a period of seven years from the date that these became first due for payment and no payment shall be made in respect of any such claim.
- The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the Payment Instruments for distribution of dividend.

- **ADDITIONAL INFORMATION OF DIRECTORS BEING RE-APPOINTED AT THE ENSUING ANNUAL GENERAL MEETING :-**
Following is the biographical data of the Directors being re-appointed at the ensuing Annual General meeting:

1. Shri Manubhai G. Patel

Date of Birth : 28.07.1934
Date of joining the Board : 21.04.2005
Qualification : F.C.A.

Shri Manubhai G. Patel, a Chartered Accountant, has experience of more than fifty years in the filed of accounts, finance, audit, taxation and general management.

Names of other Companies in which he holds Directorship are as follows:

Apcotex Industries Ltd
Gujrat State Financial Services Ltd
Sunshield Chemicals Ltd
M&CO Advisors & Consultants P. Ltd

Other position Held :

H L College Golden Jubilee Trust : Vice Chairman
Bareja General Hospital : Chairman
Gokalbhai Patel Charitable Trust : Trustee
Income Tax Appellate Tribunal Bar Asso : Committee Member.
Blind Peoples Association (India) : Trustee
Shah Keshavlal Trikamdas Charity Trust
(Vruddhashram) Ahmedabad : Trustee

Shri Manubhai G. Patel does not hold any shares in the Company either in his own name or in the name of others having beneficial interest.

The Board of Directors recommend the re-appointment of Shri Manubhai G. Patel as a Director of the Company. Except, Shri Manubhai G. Patel no other Directors are concerned or interested in his reappointment.

2. Shri Bhanushankar R. Trivedi

Date of Birth : 25.09.1925
Date of joining the Board : 14.10.1988
Qualification : Under Graduate

Shri. B.R. Trivedi has experience of more than 56 years in the field of export and general management. He retired as Export Manager from Asian Paints Ltd.

Names of other Companies in which he holds Directorship are as follows:

Mazda Colours Limited
Trisure Marketing Pvt Ltd

Details of his shareholding in the Company either in his own name or in the name of others and having beneficial interest in the shares held by others are as follows:

	No. of Shares	% to Paid up Capital
Own name	1000	0.02
Held in the name of other Persons and having beneficial interest in such shares	2000	0.04

The Board of Directors recommend the re-appointment of Shri Bhanushankar R. Trivedi as a Director of the Company. Except, Shri Bhanushankar R. Trivedi no other Directors are concerned or interested in his reappointment.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Seventh Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2008.

Financial Highlights

(Rs. in Lacs)

Particulars	2007-2008	2006-2007
Income from operations	144.71	359.71
Profit on sale of Investments	2157.98	1792.05
Profit before depreciation and Tax	2033.50	1773.71
Less : Depreciation	41.26	44.19
Profit before tax	1992.24	1729.52
Less : Provisions for Tax		
Current Tax	210.50	197.00
Deferred Tax	(21.00)	21.00
Profit / Loss after tax	1802.74	1511.52
Add : Balance brought forward from previous year	4157.89	3489.61
Add/Less : Short Provisions W. Off	(24.23)	30.02
Profit available for appropriation	5936.40	5031.15
Appropriation		
Proposed Dividend	336.00	336.00
Tax on Proposed dividend	57.10	57.10
Transfer to General Reserve	184.00	159.91
Transfer to Reserve fund in terms of Section 45 IC(1) of R.B.I Act, 1934	361.00	320.25
Balance carried forward to Balance Sheet	4998.30	4157.89

Management Discussion and Analysis**Industry Structure and Development**

Aeonian Investments Ltd. is an investment company investing in shares, both quoted and unquoted and in units of Mutual Funds. The industry structure, relevant to the company's operations, is mainly concerned with the capital market and partly with the mutual fund industry. The company handles its investments in the capital market largely through a reputed portfolio manager and to some extent, on its own.

Industry Overview

The Indian economy continued its upward turn with its GDP showing consistent growth. For most of the year, the Indian Capital Market maintained its buoyancy, with the Sensex rising to over 21000 points on 10th January, 2008. The latter part of the financial year however witnessed a steep decline, in the index owing to the adverse performance of the US Economy, especially the sub-prime crisis, and fear of its indirect impact on our economy. Inflation, which was brought under control in the early part of the year, started rising as expected to around 8%.

Operational performance

Income from Operations declined from Rs. 359.71 Lacs to Rs.144.71 during the year under consideration. Profit on Sale of Investments increased from Rs.1792.05 Lacs in the previous year to Rs.2157.98 Lacs during the year, a growth of over 20%. Profit before depreciation (cash profit) increased from Rs. 1773.71 Lacs in F.Y.2006-07 to Rs.2033.50 Lacs in F.Y.2007-08, a growth of 14.65%.

The Profit after Tax: The Company's Profit after tax increased by 19.27% to Rs.1802.74 Lacs during the year under review, as compared to Rs.1511.52 Lacs in the previous year. Your Directors consider the performance of the Company as satisfactory.

Reserves and Surplus as at March 31, 2008 stand at Rs.8668.30 Lacs, a growth of over 19.02%.

The company's investment portfolio continues to be in equity shares of growth-oriented companies that are capable of not only withstanding the adverse impacts of inflation but also improving their performance.

Outlook

Increasing inflation has been a dampening factor in an otherwise booming economy. This surge in inflation is attributed largely to supply side constraints, although some demand pressures have also fuelled it. The primary cause of inflation can be attributed to global prices of industrial commodities such as metal, crude oil, being very high. With domestic supply side factors inherently slow in responding to increased demand, the onus falls upon monetary measures to rein in inflation. Interest rates will remain unchanged till inflation is brought under control.

At the same time, the Indian economy is expected to maintain a healthy GDP growth rate of 8%. Additionally, the outlook for all of India's key growth drivers such as consumption, demand, infrastructure spending, corporate investment, and competitiveness in terms of intellectual capital, labour, skill etc remains positive. These factors will drive long term growth. The Company's performance in 2008-2009 will be subject to the effect of these factors.

The Directors believe that the Indian Capital Market will witness gradual growth, however at a slower rate than that of the past few years. They also believe that there will be opportunities for medium term investments in certain sectors/counters that will fetch attractive appreciation to the investment portfolio.

Risk and Concerns

Company's performance is closely linked to the Indian Capital Market and consequently to the risks associated with market operations. The value of the company's investments may be affected by factors affecting capital markets such as price and volume volatility, interest rates, currency exchange rates, foreign investment, government policy changes, political and economic developments, crude oil prices and economic performance abroad.

A large part of the company's investments are under the discretionary management of the reputed portfolio manager who operates in several different segments of the financial services industry. The company is therefore exposed to risks associated with the management of its portfolio by the manager.

Segment

The primary segment of the company's business is 'investment in the capital market.'

Internal Control Systems and Adequacy

An adequate system of internal control is in place which mandates maintaining proper accounting records and assures reliability of financial information. The company is initiating efforts to set up risk control procedures to guard against risks of the capital market.

Cautionary Statement

The statement in this report, including the Management's Discussion and Analysis Report, reflects the company's projections, estimates, expectations and predictions and contains a forward looking statement that involves risk and uncertainty. The company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. Actual results, performances of achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward looking statements that speak only of the expectations as on the date.

Dividend

The Directors are pleased to recommend a dividend of Rs. 7/- (350%) per Equity Share (Previous year Rs. 7/- (350%) per Equity Share) for the financial year ended 31st March 2008. Outgo on account of payment of the dividend will absorb Rs. 393.10 Lacs including Dividend Distribution Tax payable by the Company.

Appropriation

In accordance with the provisions of Section 45 IC (1) of the Reserve Bank of India Act, 1934, a sum of Rs.361 lacs being 20% of the profits for the year is transferred to Reserve Fund. Further an amount of Rs. 184 Lacs has been transferred to General Reserve. The remaining balance of Rs.4998.30 Lacs has been carried forward.

Investment in Office Premise

Some years ago, the company had invested in office premises at Raghuvanshi Mills, Lower Parel, and had given this out on a Leave and License basis. The Licensee, however was neither paying the license fees nor vacating the premises. The company filed a suit against the said licensee in the Court of Small Causes for recovery of rent and for evacuation. The court passed an order in favor of the company directing the Licensee to vacate the premises. The said premises are now in possession of the Company.

Directors

In accordance with the Articles of Association of the Company, Shri Manubhai G. Patel and Shri Bhanushankar R. Trivedi, Directors of the Company, retire by rotation and being eligible, offer themselves for reappointment.

The Directors recommend their reappointment.

Directors' Responsibilities Statement

The Directors confirm

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that they have prepared the annual accounts on a going concern basis.

Information pursuant to the Non-Banking Financial Companies acceptance of Public Deposits (Reserve Bank) Directions, 1999.

The Company has not accepted any deposits during the year under review.

Particulars of Employees

The Company has no employee covered under Section 217(2AA) of the Companies Act, 1956

Listing Arrangements

The shares of the Company are listed on Bombay Stock Exchange Limited, Mumbai and the applicable listing fees have been paid till date. The Company has complied with the requirements of the Listing Agreement entered in to with the said Stock Exchange.

Conservation of Energy & Technology Absorption

Being an investment company, the Company has no manufacturing activities, the Directors have nothing to report on Conservation of Energy, Research & Development and Technology Absorption.

Foreign Exchange Earnings and outgo

During the year there were no foreign exchange earnings and outgo.

Auditors

The Company's Auditors M/s. Ravi A. Shah & Associates, Chartered Accountants, Mumbai, retire at the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

The Directors recommend their re-appointment.

Corporate Governance

Your Company is committed to practice the principles of good Corporate Governance. Necessary measures are taken to comply with the requirements of revised clause 49 of the Listing Agreement entered in to with the Bombay Stock Exchange Limited.

The report on Corporate Governance is enclosed and form part of the Directors' Report.

Certificate from the Company's auditors dated May 14, 2008 regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into with Bombay Stock Exchange Ltd is annexed herewith.

SECRETARIAL COMPLIANCE CERTIFICATE

In accordance with the provisions of Section 383A of the Companies Act, 1956, a certificate from M/s. Manish Ghia & Associates, Practising Company Secretaries, certifying the status on compliance with respect to the applicable provisions of the Companies Act, 1956, is annexed herewith and forms part of this report.

Acknowledgement

Your Directors take on record their sincere thanks for the valuable services rendered by the portfolio managers, stock brokers and other business associates.

For and on behalf of the Board of Directors

Place : Mumbai

Date : 14th May 2008

Amit C. Choksey
CHAIRMAN