



ARYAMAN

FINANCIAL SERVICES LIMITED

14TH

ANNUAL REPORT
2007 – 08



Aryaman Financial Services Limited

REGISTERED OFFICE

401, Chiranjiv Towers,
43, Nehru Place,
New Delhi 110 019
Tel: 011 – 2642 7306 Fax: 011 – 2644 3969

CORPORATE OFFICE

306-307, Mint Chambers,
45/47, Mint Road, Fort,
Near GPO, Mumbai – 400 001
Tel. No.: 022 – 2261 8264 / 69, Fax.: 022 – 2263 0434

BOARD OF DIRECTORS

D S Sharma (Executive Director)
Shripal S. Shah (Additional Director)
Mohan Datari (Independent Director)
M V Ramana (Independent Director)

AUDITORS

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

BANKERS

State Bank of India
State Bank of Patiala
IndusInd Bank Ltd

SHARE TRANSFER AGENT

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



Aryaman Financial Services Limited

NOTICE OF THE 14TH ANNUAL GENERAL MEETING OF ARYAMAN FINANCIAL SERVICES LIMITED

NOTICE is hereby given that the 14th Annual General Meeting of the Members of Aryaman Financial Services Limited will be held on Saturday, 28th March 2009 at 10.30 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 September 30, 2008 and Profit & 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 M V Ramana, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Auditors and to fix their remuneration.
- 4) To consider, discuss and decide upon any other matter with the permission of the Chair.

SPECIAL BUSINESS

- 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, Mr. Shripal S. Shah, 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."

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

Mr. Shripal S. Shah was appointed as Additional Director in accordance with the provisions of section 260 of the Companies Act, 1956 at Board Meeting held on October 24, 2008. The Company has received notice from the shareholder of the Company under section 257 of the Companies Act, 1956 for the appointment of Mr. Shripal S. Shah 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 Mr. Shripal S. Shah, is in any way concerned or interested in the said resolution at 5..

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead and the proxy need not be a member of the Company. Under the Companies Act, 1956, voting by a show of hands unless a poll is demanded by a member or members present in person or by proxy, holding atleast one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000/-. A proxy shall not vote except on a poll.

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2. In order to be effective, the instrument appointing the proxy must be deposited at the Registered Office of the Company not later than 48 hours prior to the scheduled time of commencement of the meeting.
3. Members / Proxies are requested to bring to the meeting the Attendance slip duly filled in along with their copy of this Annual Report.
4. The Register of Members of the Company shall remain closed from March 21, 2009 to March 28, 2009 (both days inclusive) for the purpose of Annual General Meeting.
5. Consequent upon introduction of Section 109A of the Companies Act, 1956, members are entitled to make nomination in respect of shares held by them, if not already done. Members desirous of making nominations are requested to send their requests in Form no. 2B (which will be made available on request) to the Company's Registrar and Share Transfer Agent in case the shares are held in physical form and to the Depository Participants in case the shares are held in electronic form.
6. 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.
7. Members holding shares in physical form are requested to notify/ send the following to the Company's Registrars and Share Transfer Agent to facilitate better service:
 - a) any change in their addresses; and
 - b) shares held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.

By order of the Board
For Aryaman Financial Services Limited

D S Sharma
Executive Director


Aryaman Financial Services Limited
DIRECTOR'S REPORT TO THE MEMBERS,

Your Directors present hereunder the 14th Annual Report on the Business and operations of the Company along with audited statement of accounts of your Company for the Financial Year ended 30th September 2008. The financial results are summarized as under:

Financial Results
(Rs. in Lacs)

Particulars	30-Sep-07	30-Sep-08
Income from operations	40.32	87.72
Less: Expenditure	36.20	162.85
Profit before Depreciation	4.11	(75.13)
Less: Depreciation	4.24	4.34
Profit before Tax	(0.12)	(79.47)
Provision for Tax	-	0.28
Fringe Benefit Tax	0.13	0.06
Deferred Tax	-	(82.14)
Profit after Tax	(0.25)	2.33
Balance carried to Balance sheet	(285.64)	(283.31)

DIVIDEND

Due to absence of adequate profits, 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

Shri M V Ramana, Director of the Company retires by rotation and offers himself for reappointment.

The shareholders are requested to consider his candidature for reappointment as a Director.

Mr. D S Sharma will continue to be Executive Director and Mr. Mohan Datari will continue to be Independent Director and Director of the Company respectively.

AUDITORS AND AUDITOR'S REPORT

M/s Thakur Vaidyanath Aiyar & Co. Chartered Accountant, the statutory auditors of the Company, retires at the ensuing Annual General Meeting and is eligible for reappointment. The Directors recommend their reappointment 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.



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- 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 period.
- 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 ABSORPTION, 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

The following changes affecting the Company have occurred between the end of financial year to which the balance sheet relates and the date of this report:

Increase in Authorised and Paid-up Capital:

The Authorised Share Capital of the Company was increased from Rs. 5,00,00,000 (Rupees Five Crore only) divided into 50,00,000 equity shares of Rs. 10/- each to Rs. 9,00,00,000 (Rupees Nine Crore only) divided into 90,00,000 equity shares of Rs. 10/- each.

On November 22, 2008 the Company had allotted 4,95,000 Equity Share and 30,33,330 Equity Share Warrants to Promoters & Others. Upfront amount of 10% against the said warrants had already received by the Company. Out of the said 6,45,330 warrants had already been converted into Equity Share. Warrant Holders have the option to convert rest of these warrants into Equity Share any time on or before 18 months from the date of allotment.

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The Paid-up Share Capital of the Company was increased from Rs. 4,62,96,700 (Rupees Four Crore Sixty Two Lac Ninety Six Thousand & Seven Hundred Only) divided into 46,29,670 equity shares of Rs. 10/- each to Rs. 5,77,00,000 (Rupees Five Crore Seventy Seven Lac only) divided into 57,70,000 equity shares of Rs. 10/- each.

We are very thankful to the shareholders to have shown confidence in the Management of the Company. The Board of Directors of the Company are committed to ensure that the Company's performance is improved in the future and the Company regain the no. 1 position among the Merchant Bankers as was the case in the year 2000. The management will ensure that shareholders wealth is protected and the Company is able to reward the shareholders with good returns.

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

D S Sharma
Executive Director

Mohan Datari
Director

Place: Mumbai
Date: February 27, 2009





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

Merchant Banking and Financial Services market was the fastest growing field 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. The financial industry in India has reached a position from where it can leap jump into Global financial world. The M&A activities of the Indian Corporates has increased manifold. The Indian conglomerates are more equipped to acquire the companies abroad. There is a tremendous opportunity for the Merchant Banking and Investment Banking players. Our company being active in both the fields stands a great chance to grab the opportunities and increase our share in the financial market of India. The management has aggressive plans for the Company's Merchant Banking and Investment Banking activities.

2) OPPORTUNITY AND THREATS

Opportunities

Aryaman Financial Services Ltd is a Category-I Merchant Banker registered with SEBI. Considering the present market conditions and the government plans of further opening up of the Indian economy, the management strongly believes that our Company stands a better chance to provide the financial solutions to the corporate. On the basis of Company's past experience and presence of fewer Merchant Bankers in India, the Management strongly believes that our Company's future is very bright in the financial sector in India.

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.

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.

**Aryaman Financial Services Limited****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 Rs. 87.72 lacs during the year as against Rs. 40.32 lacs in the corresponding previous year. During the year Company has incurred Profit of Rs. 2.33 lacs as against a loss of Rs. 0.25 lacs in the corresponding previous 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

D S Sharma
Executive Director

Mohan Datari
Director

Place: Mumbai
Date: February 27, 2009

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**Aryaman Financial Services Limited****CERTIFICATE BY THE EXECUTIVE DIRECTOR OF THE COMPANY**

I, D S Sharma, Executive Director of Aryaman Financial Services Limited, to the Best of my knowledge and belief, certify that

- a) I have reviewed the Balance sheet and Profit & Loss account along with all its schedules and notes on accounts, as well as, the cash flow statement and the Director's Report
- b) Based on my knowledge and information, these documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the statements made
- c) Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial conditions, result of operations and cash flows of the Company as of, and for, the period presented in this report and are in compliance with the existing accounting standards and /or applicable laws and regulations
- d) To the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or in violation of the Company's code of conduct
- e) I am responsible for establishing and maintaining disclosure controls and procedure and internal controls over financial reporting for the Company and have also disclosed to the auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, and what we have done or propose to do to rectify the same
- f) I have also disclosed to the auditors, the audit committee, instances of significant fraud, if any, that involve management or employees having a significant role in the Company's internal control systems and
- g) I have indicated to the auditors, the audit committee and in the notes to the accounts, whether or not there were any significant changes in internal control and /or of accounting policies during the year.

Place: Mumbai
Date: February 27, 2009

D S Sharma
Executive Director