



ARYAMAN

FINANCIAL SERVICES LIMITED

18TH

ANNUAL REPORT

2011 – 12

CORPORATE INFORMATION

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 Shah (Executive Director)
Mrs. Tejal Vala (Independent Director)
Mr. Ram Gaud (Independent Director)
Mr. Darshit Parikh (Independent Director)

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Ambreen Khan

AUDITORS

M/s Thakur, Vaidyanath Aiyer & Co
Chartered Accountants
212, Deendayal Upadhyay Marg,
New Delhi – 110 002

BANKERS

State Bank of India
HDFC Bank

SHARE TRANSFER AGENT

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

NOTICE FOR THE 18th ANNUAL GENERAL MEETING OF ARYAMAN FINANCIAL SERVICES LIMITED

NOTICE is hereby given that the 18th Annual General Meeting of the Members of Aryaman Financial Services Limited will be held on Friday, September 28, 2012 at Jawaharlal Nehru National Youth Centre, 219, Deen Dayal Upadhyaya Marg, New Delhi – 110 002 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 the Audited Balance Sheet and Statement of Profit & Loss together with Board of Directors' Report and Auditors' Report for the year ended March 31, 2012, as an Ordinary Resolution:

"RESOLVED THAT the Audited Balance Sheet of the state of affairs of the company as at March 31, 2012 and the Statement of Profit and Loss for the financial year ended March 31, 2012 together with the report of the Board of Directors and the Auditors' thereon and all other documents attached thereto and laid before the meeting be and are hereby received, considered and adopted."

2. To consider and if thought fit, to pass with or without modifications, the following resolution for re-appointment of Mr. Darshit Parikh as an Ordinary Resolution:

"RESOLVED THAT Mr. Darshit Parikh, 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; bearing Registration number 000038N, be and are hereby re-appointed as the Statutory 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 them 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 an Ordinary Resolution:

"RESOLVED THAT Mrs. Tejal Vala, who was appointed by the Board of Directors as an Additional Director of the Company under section 260 of the Companies Act, 1956 and who holds office upto 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 her 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 an Ordinary Resolution:

"RESOLVED THAT in partial modification of the resolution No. 7 passed by the members of the Company at the 17th Annual General Meeting held on September 29, 2011 and pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) ("the Act") and subject to such other approvals as may be necessary, the members of the Company do and hereby approve the revision in the remuneration of Mr. Shripal Shah, Executive Director of the Company for his remaining tenure with the break-up of remuneration as follows:

- i. Basic Salary: Not exceeding Rs. 8,00,000/- (Rupees Eight 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 Mr. Shah. 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 him and he shall also be eligible for reimbursement of expenses / allowances for utilization of gas, electricity, water & the same shall be valued as per Income Tax Rule 1962.
- ii. Medical Allowance including reimbursement, as per rules of the Company, subject to a maximum of Rs. 15,000 (Rupees Fifteen Thousand) per annum.
- iii. Free Telephone Facility at residence and use of Mobile phone for the business of the company.

Part “B”

Mr. Shah 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 hereinabove:

- 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.

RESOLVED FURTHER THAT the total remuneration payable to Mr. Shripal Shah, Executive Director, including all above shall not exceed the limit of Rs. 2,50,000 (Rupees Two Lacs and Fifty Thousand only) per annum / per month as provided under the provisions of the Act unless otherwise approved by the Central Government.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year during the period of his appointment as Executive Director, the Company shall pay to Mr. Shripal Shah the above remuneration as the Minimum remuneration subject to the limits prescribed under Section II of Part II of Schedule XIII of the Act or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

RESOLVED FURTHER THAT the terms and conditions of Mr. Shah's appointment as Executive Director and payment of his remuneration may be varied, altered, increased, enhanced or widened from time to time by the Board as it may in its absolute discretion deem fit, within the maximum amounts payable in accordance with the provisions of the Act or any amendment made hereinafter in this regard;

RESOLVED FURTHER THAT for the purpose of giving effect to revision of remuneration resolved hereinbefore, any one of the Directors of the Company or the Company Secretary be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for such purpose.”

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

Date: September 03, 2012

By Order of the Board
For Aryaman Financial Services Limited

Ambreen Khan
(Company Secretary & Compliance Officer)

NOTES:

1. **A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing the proxy, however in order to effective, should be received by the company not less than 48 hours before the commencement of this meeting.**
2. The relative Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of Item No. 4 and 5 of the Notice as set out above, is annexed hereto.
3. Register of Members and Share Transfer Books of the Company shall remain closed from September 22, 2012 to September 28, 2012 (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 meetings 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 the Bombay Stock Exchange Limited, Delhi Stock Exchange Limited and Ahmedabad Stock Exchange Limited.
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. The 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.

The Directors seeking appointment / re-appointment do not hold any shares in the Company.

9. Shareholders, who are still holding physical share certificate, are advised to dematerialize their shareholding to avail benefit of dematerialization, eliminate all risks associated with physical shares and for ease in portfolio management.
10. In terms of general exemption granted by the central government under section 212(8) of the Companies Act, 1956; pursuant to the general exemption Circular No.2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, copy of balance sheet, profit & loss account, reports of board of directors and auditors of the subsidiary have not been attached with the balance sheet of the company. The company secretary & compliance officer will make these documents available upon receipt of request from any member of the company interested in obtaining the same. However, as directed by the Central Government, the financial data of the subsidiary have been separately furnished forming part of the annual report.
11. All queries relating to Share Transfer and allied subjects should be addressed to:

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

Annexure to Notice**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 ("the Act") and under applicable articles of the Articles of Association of the Company, appointed Mrs. Tejal Vala as an Additional Director of the Company with effect from August 24, 2012

In terms of Section 260 of the Act, Mrs. Tejal Vala holds office upto 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 Mrs. Tejal Vala for the office of Director of the Company under section 257 of the Act.

Mrs. Tejal Vala is not disqualified from being appointed as a director in terms of Section 274(1)(g) of the Act. The Company has received the requisite Form DDA from Mrs. Tejal Vala in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003, confirming her eligibility of such appointment.

Brief particulars of Mrs. Tejal Vala, as required under Clause 49 of the Listing Agreement is provided in the Report of Corporate Governance forming a part of the Annual Report.

None of the Directors, except Mrs. Tejal Vala is concerned or interested in the said resolution.

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

ITEM NO.5

The members of the Company had approved the appointment of Mr. Shripal Shah as the Executive Director of the Company for a period of 3 (three) years with effect from April 01, 2011 at the 17th Annual General Meeting held on September 29, 2011. To commensurate with the added responsibilities arising out of the expansion of business activities, it is proposed to revise the remuneration of Mr. Shripal Shah with effect from April 01, 2012 to Rs. 2,50,000 per month along with the perquisites as outlined in the resolution at Item No. 5 for the remaining tenure of his current appointment i.e. upto March 31, 2014

All other terms and conditions of appointment of Mr. Shripal Shah remain unchanged.

The draft of the agreement between the Company and Mr. Shripal Shah is available for inspection by the members of the Company at its Registered Office between 2.00 p.m. and 5.00 p.m. on any working day. The contents of this explanatory statement may be treated as the memorandum of abstract of variation, as stipulated under Section 302 of the Act.

Pursuant to the provisions of the Act, the increase in remuneration is subject to the approval of the members of the Company. The Board therefore, recommends the resolution at Item No. 5 of the accompanying Notice for the approval of the members.

Mr. Shripal Shah, as it concerns himself, is deemed to be concerned or interested in this resolution. None of the other Directors are in any way concerned or interested in this Resolution.

Registered Office

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

Date: September 03, 2012

By Order of the Board
For Aryaman Financial Services Limited

Ambreen Khan
(Company Secretary & Compliance Officer)

DIRECTOR'S REPORT TO THE MEMBERS

Your Directors present hereunder the 18th 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, 2012 . The financial results are summarized as under:

Standalone Financial Results

(₹ in Lacs)

Particulars	31-Mar-12	31-Mar-11
Total Income	127.40	139.73
Less: Expenditure	86.19	110.13
Profit before Depreciation	41.21	29.59
Less: Depreciation	0.66	0.64
Profit before Tax	40.55	28.95
Provision for Taxation	7.62	5.26
Profit after Tax	32.93	23.69
Closing Balance of P&L Account	(248.90)	(281.83)

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. Darshit Parikh, 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 Shah will continue to be Executive Director, while Mrs. Tejal Vala 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 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

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.

Place: Mumbai

For and behalf of the Board

Date: August 29, 2012

Shripal Shah
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global Economic Conditions

The recovery in Advanced Economies (AEs) that seemed to be shaping well at the start of 2011 lost momentum in fiscal 2012 as the protracted debt crisis in the euro area and fiscal fragilities dampened business and consumer confidence. However, contrary to fears that came to the fore time and again during 2011-12, global growth did not stall.

Going into 2012, the global economy appears to be in a continuing phase of multispeed growth. Most recent assessments indicate that the euro area is entering into a mild recession, while growth and employment conditions in the US are improving. Growth in emerging markets, especially China and India, is slowing beyond what was anticipated but these two economies are still likely to provide some support for global recovery. In sum, in spite of a dip in growth, the world economy is unlikely to lapse into another recession.

Global financial market stress eased significantly during Q1 of 2012 after the ECB made a large liquidity injection. However, stability and structural improvements in the euro area still remain the unfinished agenda. The recovery and financial stability can still be derailed by global inflation engendered by liquidity infusion and high crude oil prices.

Indian Economic Review

The Indian economy's performance in 2011-12 was marked by slowing growth, high inflation and widening fiscal and current account gaps. The economy grew at its slowest pace in nine years with mining, manufacturing and construction dragging growth down. Weakening of both domestic and external demand contributed to the slowdown. Importantly, in spite of slowing growth, inflation stayed high for larger part of the year. In response, the Reserve Bank persisted with tightening till October 2011 and paused before easing in April 2012. Slowing growth, high inflation and widening twin deficits, along with global flight to safety amidst a deepening euro area crisis put pressures on the financial markets and the exchange rate during the year.

The Indian economy was one of the fastest growing economies in the post-crisis period. During 2011-12, however, there was continuous deceleration of economic activity in each of the four quarters which pushed the expansion of the economy to below potential, which is the maximum level of output that the economy can sustain without creating macroeconomic imbalances. There has been a deceleration in all sub-sectors of the economy, barring 'electricity, gas and water supply' and 'community, social and personal services'.

Growth slowed down due to multiple factors. One of the reasons was the persistence of inflation at a much higher level than the threshold for two successive years. Persistent and high inflation necessitated continued tightening of monetary policy. Recent research suggests that real interest (lending) rates explain only about one-third of GDP growth. As of March 2012, real weighted average lending rates were lower than they were in the pre-crisis period between 2003-04 and 2007-08, when investment boomed. Recession in the euro area and general uncertainty regarding the global economic climate chipped the external demand as well. Domestic policy uncertainties, governance and corruption issues amidst lack of political consensus on reforms led to a sharp deterioration in investment climate. Structural constraints emerged in key investment drivers in the infrastructure space – telecom, roads and power – which increased the disinflationary costs. High inflation kept aggregate demand and business confidence subdued.

After a sharp recovery from the global financial crisis and two successive years of robust growth of 8.4 per cent, GDP growth decelerated sharply to a nine-year low of 6.5 per cent during 2011-12. The slowdown was reflected in all sectors of the economy but the industrial sector suffered the sharpest deceleration.

The slowdown in agriculture sector growth was on account of the base effect which dragged down its contribution to GDP growth by half. In the case of industry, the sharp moderation in manufacturing sector growth along with decline in mining and quarrying output offset the improvement in 'electricity, gas and water supply' growth. The moderation in services sector growth was led by sharp deceleration in 'construction' and

'trade, hotels, transport and communication'. Despite the moderation, the predominance of the services sector remains a unique feature of the overall growth story and the process of structural change in India.

History, Major Events and Present Activities

The company was incorporated on May 11, 1994 and received certificate of commencement of business on June 16, 1994. Your company was promoted by M/s. Aryaman Holdings Limited, an overseas corporate body (OCB) established under laws of Mauritius. The company obtained registration as a Category – I Merchant Banker with effect from March 01, 1995 vide registration no. MB/INM/000006807. The registration was renewed by SEBI in 1998, 2001, 2004 and then in 2007 which was valid upto February 2010.

In the year 2007-08, M/s. Mahshri Enterprises Pvt. Ltd. took over your company by purchasing shares from Aryaman Holdings Ltd. through a Share Purchase Agreement (SPA). The acquirers – M/s. Mahshri Enterprise Pvt. Ltd. subsequently completed all formalities pertaining to the acquisition of management control of the company as required under SEBI (SAST) Regulations. The open Offer was managed by M/s. Khandwala Securities Limited. The Post Offer PA was released on January 15, 2008 and subsequently Mr. Shripal Shah our new Promoter Director was inducted as Director in the company on 24/10/2008.

The company has also obtained a fresh Merchant Banker registration certificate pursuant to the change in control of the company. SEBI has vide its letter dated 15/09/2008 granted a fresh registration number - INM000011344 which is valid upto September 14, 2013.

The company is being professionally managed and offers multi-dimensional services to clients, which include Issue Management, Project Consultancy, Loan Syndication, Corporate Advisory Services, Corporate Finance, Private Placement of Equity, Mergers and Acquisitions, Takeovers, Company Valuations, Fairness Opinions on Corporate Restructuring schemes and other financial advisory services.

Since the change in management control in 2008, the company has successfully managed 6 Public Issues aggregating to Rs. 14000.68 Lacs, 2 Rights Issue aggregating to 976.00 Lacs, acted as Syndicate Member for 6 Public Issues aggregating to Rs. 20975.01 Lacs and managed and completed 14 open offers aggregating to 14603.74 Lacs. Currently 1 Open Offer Document is filed at SEBI and is awaiting observations.

Review of Operations

On a consolidated basis, your Company has earned total revenue of Rs. 149.02 Lacs with a net profit of Rs. 40.89 Lacs during the FY 2012. The reported net profit of the Company increased by 218%, mainly due to increase in Investment Banking revenue this year owing to better cost management of the Merchant Banking division and also due increased fund based operations of the company.

Your Company's consolidated performance during the Financial Year 2011-2012 is as follows:

Year Ended	March 31, 2012	March 31, 2011
Income from Operations	114.92	133.75
Total Income	149.02	139.73
Total Expenditure	98.64	115.72
Profit before Tax	50.38	24.01
Tax on Profit	9.49	5.26
Net Profit for the period	40.89	18.74
Earnings per Share	0.37	0.17

Achievements

It gives us immense pleasure to inform our investors that we are the first lead manager to get a company listed on the SME Platform of BSE. Besides being the first, we are also the one to get 3 out of 4 companies listed on the SME Platform, with many more promising companies coming up.