

HARMONY CAPITAL SERVICES LIMITED

16th ANNUAL REPORT

F. Y. 2009-2010

HARMONY CAPITAL SERVICES LIMITED

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HARMONY CAPITAL SERVICES LIMITED

BOARD OF DIRECTORS

ASUTOSH RAULO – MANAGING DIRECTOR

RAVIKANT JHUNJHUNWALA – DIRECTOR

KRISHNA KUMAR JHUNJHUNWALA - DIRECTOR

AUDITORS

SANJAY R. SONI & ASSOCIATES
CHARTERED ACCOUNTANTS

HARMONY CAPITAL SERVICES LIMITED

NOTICE

NOTICE is hereby given that the **16th Annual General Meeting** of the Members of **HARMONY CAPITAL SERVICES LIMITED** will be held on Thursday the 25th day of August 2010 at 10.30 A.M. at the Registered office of the Company to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance-sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date and the report of Auditors and Directors thereon.
2. To appoint a Director in place of Shri Ravikant Jhunjunwala who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Sanjay R. Soni & Associates Chartered Accountants, as auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the Next Annual General Meeting and to fix their remuneration apart from reimbursing out of pocket expenses incurred by them in the normal course of their duties.

BY ORDER OF THE BOARD

For HARMONY CAPITAL SERVICES LTD.

PLACE: - MUMBAI.

DATE : - 23-07-2010

Sd/-

CHAIRMAN & MANAGING DIRECTOR

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. Proxies duly stamped and executed, must reach the Registered Office of the Company not less than 48 hours before the time of the Annual General Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 20th August, 2010 to 25th August, 2010 (both days inclusive).
3. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except public holidays between 10.30 a. m. and 05.30 p. m. up to the date of the Annual General Meeting.

HARMONY CAPITAL SERVICES LIMITED

4. As a measure of economy copies of Annual Report will not be distributed at the Annual General Meeting. Therefore members are requested to bring their copy of the Annual Report to the Meeting.
5. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

BY ORDER OF THE BOARD

For HARMONY CAPITAL SERVICES LTD.

PLACE: - MUMBAI.

DATE : - 23-07-2010

Sd/-

CHAIRMAN & MANAGING DIRECTOR

HARMONY CAPITAL SERVICES LIMITED

DIRECTOR'S REPORT

To
The Shareholders,

Your Directors have pleasure in presenting their 16th **ANNUAL REPORT** along with the audited annual accounts for the year ended on **31ST MARCH, 2010**, AND REPORT THAT: -

FINANCIAL RESULTS

A summary of your Company's Financial Performance is given below: -

(Figures in Lakhs)

| PARTICULARS | 2009-2010 | 2008-2009 |
|---|--------------|--------------|
| Sales & Other Income | NIL | NIL |
| Profit Before Tax (PBT) | (17,276) | (17,711) |
| Profit After Tax (PAT) | (17,276) | (17,711) |
| Less :- Prior year tax adjustments | NIL | NIL |
| Add :- Balance b/f from the previous year | (179,61,111) | (179,43,400) |
| Balance available for Appropriation | (179,78,387) | (179,61,111) |
| Less :- Transferred to General Reserve | NIL | NIL |
| Proposed Dividend | NIL | NIL |
| Balance Carried to Balance Sheet | (179,78,387) | (179,61,111) |

DIVIDEND

Due to non-availability of sufficient funds, your directors express their inability to recommend any dividend for the year under review.

AUDITORS

M/s. Sanjay R. Soni & Associates, Chartered Accountants was appointed as Auditor of the Company for the financial year 2009-2010.

AUDITOR'S REPORT

HARMONY CAPITAL SERVICES LIMITED

Observations made in the Auditor's Report are self explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956.

LISTING OF SHARES

The company is making efforts to get the suspension removed so as to enable the shares to be traded in Bombay Stock Exchange Limited (BSE) or any another exchange of all India Operations and pursue the voluntary delisting in other stock exchanges as allready approved by members.

CORPORATE GOVERNANCE

The Company has always followed the philosophy of conducting its business with due compliance of laws, rules, regulations and sound internal control systems and procedures.

Pursuant to clause 49 of the Listing Agreement with the stock exchange, management discussion analysis, and corporate governance report are made a part of the annual report.

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 217(2AA) which was introduced by the Companies (Amendment) Act, 2000 your Director's confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2010 and of the profit of the Company for the year ended 31st March, 2010.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits within the meaning of section 58A from the public under the Companies Act, 1956, and the rules made there under.

PARTICULARS OF EMPLOYEES

HARMONY CAPITAL SERVICES LIMITED

The information required u/s. 217(2A) of the Companies Act, 1956, with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company, as the Company has not employed any employees whose salary exceeds the prescribed limits.

PARTICULARS REQUIRED UNDER THE LISTING AGREEMENT

LISTING

The Equity Shares of the Company are at present listed with the following Stock Exchanges:-

Jaipur Stock Exchange Ltd : Malviya Nagar, Jaipur – 302 017

The Bombay Stock Exchange : Phiroze Jeejeebhoy Towers, Dalal St., Mumbai
Limited

Ahmedabad Stock Exchange : Kamdhenu Complex, Panjara Pole, Ahmedabad
Limited

PAYMENT OF LISTING FEES

The Company has been paid listing fee to the Mumbai Stock Exchange and has not paid listing fee to the Jaipur and Ahmedabad Stock Exchanges.

INFORMATION ON ENERGY CONSERVATION AND FOREIGN EXCHANGE

Information required to be given under section 217(1) (e) of the companies Act, 1956 read with the companies (Disclosure of particulars in the report of the board of directors) Rules 1988 does not apply to your company. There was no foreign exchange earning or outgo during the year.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and acknowledgement with gratitude's for the support and assistance to the Company's Bankers, Shareholders and Customers. Your Directors place on record their deep sense of appreciation for the devoted services of the executives and staff at all levels of the Company.

BY ORDER OF THE BOARD

For HARMONY CAPITAL SERVICES LTD

PLACE: - MUMBAI.

DATE : - 23-07-2010

Sd/-

CHAIRMAN & MANAGING DIRECTOR

HARMONY CAPITAL SERVICES LIMITED

ANNEXURE TO THE DIRECTOR'S REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC SCENARIO

The path for the Indian economy in the last few years were, to a very large Extent, determined by the happenings in the global economic environment. The Onset of the global Financial Crisis Interrupted India's growth momentum The moderation in growth was mainly felt in the industry and the services sectors which have been the prime growth engines for India over the past five years.

FINANCIAL MARKETS

The turmoil in the global financial markets had a significant adverse impact on India's balance of payment (Bop) position. This impact was manifested by the reversal of FII inflows and the decline in the long term and short term debt flows. On the other hand, NRI inflows improved and FDI inflows resilient.

CAPITAL MARKETS

F.Y, 2007-08 witnessed buoyant capital markets on a global level. The benchmark sensex crossed the 21,200 mark in January 2008. F.y. 2008-09 reversed this rally. A series of adverse global events resulted in a major correction in the Indian stock markets, with market capitalizations of major companies falling to two to three year lows. The Sensex fell to a low of 7697 before closing this year at 9708. Nifty which had crossed 6300 in January 2008 saw a low of 2524 before closing the year at 3021. The average daily volumes came down from INR 57042 Crore to INR 37493 Crore in the derivatives segment.

In 2008, there were only 37 IPOs as against 100 in 2007. There was no Debt issue in 2008. There were only 766 mergers and acquisitions and 312 Private equity deals in 2008 as against 1081 and 405 deals respectively in 2007.

OPPORTUNITIES AND THREATS

Opportunities

Being Part of India's Growth story

Recovery of capital Markets

Increasing awareness of various types of financing activities among the sme's & the Mid- Cap Segment

Relaxation in FDI Norms by the Government and increased inflow of money through FII's in INDIA

Threats

REGD. OFF.: PLOT NO. 278, VIJAYWADI PATH NO.6, DHER KA BALAJI, JAIPUR-302012

HARMONY CAPITAL SERVICES LIMITED

Volatile Capital markets

Increasing fiscal deficit

Intense competition from Indian and multinational investment banks

High Attrition rate of young, dynamic and experienced Professionals

Internal control

The Company will have adequate internal control System for business processes across various profit centres with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulation. The roles and responsibilities for all managerial positions have been clearly defined. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit committee of the board of directors actively reviews the adequacy and effectiveness of the internal control system and suggests improvements status of resolution tracking and pending issues is reported to senior management on a regular basis. There is a detailed process for monitoring the progress of implemented action plan.

Human Resource

The human resource assets are integral to your Company's ongoing plans and will enable the company to deliver better performance in order to optimize the contribution of the employees to the company's business, several training and development programme at all levels are being conducted. Further, the company is also exploring other avenues to keep the employee morale at the highest level to enable them to optimally utilize their strengths for maximum benefit to your company.

Risk & Concerns

Risks are integral aspects of business. Evaluation of risk and its management becomes more important in the global scenario especially when the company is trying to penetrate the global markets. The management of your company consistently analyzes the various risks associated with the business and adopts relevant risk management practices to minimize the adverse impact of these risks both external and internal developments are assessed regularly. Fund raising both in the form of debt syndication, IPO, Rights, FCCB, ECB and other forms is dependent upon government policies, performance of capital markets, and central banks decisions. Also in this era of liquidity crunch and volatile capital markets, There is fair amount of liquidity and financial risk from the clients.

Future Outlook