



# **ARYAMAN**

**FINANCIAL SERVICES LIMITED**

**19<sup>TH</sup>**

**ANNUAL REPORT**

**2012 - 13**

## **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 – 22630434

### **BOARD OF DIRECTORS**

Mr. Shripal Shah (Executive Director)  
Mr. Shreyas 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, Vaiyanath Aiyar & 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.  
19/20, Jafferboy Industrial Estate  
1<sup>st</sup> Floor, Makwana Road,  
Marol Naka, Andheri (E),  
Mumbai – 400 059

**NOTICE OF THE 19<sup>th</sup> ANNUAL GENERAL MEETING OF ARYAMAN FINANCIAL SERVICES LIMITED**

**NOTICE** is hereby given that the 19<sup>th</sup> Annual General Meeting of the Members of Aryaman Financial Services Limited will be held on Tuesday, September 24, 2013 at 11:30 a.m. 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 modification(s), the following resolution, for approving the Audited Balance Sheet and Statement of Profit and Loss together with Directors' Report and Auditors' Report for the year ended March 31, 2013, as an Ordinary Resolution:

**“RESOLVED THAT** the Audited Balance Sheet of the state of affairs of the company as at March 31, 2013 and the Statement of Profit and Loss for the financial year ended March 31, 2013 together with the reports of the 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 modification(s), the following resolution for re-appointment of Mr. Ram Gaud as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Ram 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 modification(s), 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** Mr. Shreyas Shah, 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 his candidature for the office of Director, be and is hereby appointed as a Executive Director of the Company,

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

**“RESOLVED THAT** subject to the provisions of Sections 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956(including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, consents or permissions as may be necessary, approval of the members of the Company be and the same is hereby given for appointment of Mr. Shreyas Shah, as

the Executive Director of the Company for the period of three years from May 29, 2013 to May 28, 2016, on the following terms and conditions:

1. Salary:
  - a. Fixed Pay not exceeding ₹12,00,000/- (Rupees Twelve Lacs only) per annum by way of salary, perquisites and other allowances
  - b. Variable Pay up to ₹18,00,000/- (Rupees Eighteen Lacs only) per annum based on the performance metrics to be defined by the Board of Directors or its Remuneration committee.
2. Remuneration to Mr. Shreyas Shah shall be subject to leave and other personal policies of the Company from time to time.
3. Re-imbusement of Expenses: the Company shall pay or reimburse to Mr. Shreyas Shah, reasonable and necessary business expenses as incurred by him, which are directly related to the performance of his duties of employment including travel, professional membership and professional development subject to documents submitted by Mr. Shreyas Shah.
4. All payments of remunerations to be made by the Company subject to this resolution shall be gross of tax and shall be subject to deduction of tax payable in accordance with the applicable law as may be from time to time.

However, the total minimum remuneration payable to Mr. Shreyas Shah as Executive Director, including all above shall not exceed the limit as provided under the provisions of Clause (1B) of Section II of Part II of Schedule XIII of the Companies Act, 1956, if any.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any year during the period of his appointment as Executive Director, Mr. Shreyas Shah be and is hereby paid the above remuneration as the Minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to vary, alter or modify the different components of the above-stated remuneration in accordance with provision of Clause (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 as may be agreed to by the Board of Directors and Mr. Shreyas Shah

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take all such steps, action as may be necessary, proper and expedient to give effect to this Resolution”.

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

Date: August 26, 2013  
Place: Mumbai

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 Wednesday, September 18, 2013 to Tuesday, September 24, 2013 (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 the Balance Sheet, Statement of Profit and Loss, reports of the Directors' and Auditors of the subsidiary company has 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. These documents will also be available for inspection at the registered office of the Company and the concerned subsidiary companies, during 10 a.m. to 5 p.m. on all working days upto the date of the AGM.

**11. GREEN INITIATIVE**

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' initiated by the Ministry of Corporate Affairs, Government of India (MCA), by its recent circulars, enabling electronic delivery of documents including the annual report, quarterly, half yearly results to shareholders at their e-mail address previously registered with the depository participants (DPs)/company/registrars and share transfer agents.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses to help us in the endeavour to save trees and protect the planet. Those holding shares in demat form can register their email address with their concerned DP. Those shareholders who hold shares in physical form are requested to register their e-mail addresses with our registrar, Adroit Corporate Services Pvt. Ltd, by sending a letter, duly signed by the first/sole holder quoting details of folio no.

12. 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 TO SPECIAL BUSINESS 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 Mr. Shreyas Shah as an Additional Director of the Company with effect from May 29, 2013.

In terms of Section 260 of the Act, Mr. Shreyas Shah 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 ₹500/- proposing the candidature of Mr. Shreyas Shah for the office of Director of the Company under Section 257 of the Act.

Mr. Shreyas Shah is not disqualified from being appointed as the Executive Director in terms of Section 274(1) (g) of the Act. The Company has received the requisite Form DDA from Mr. Shreyas Shah in terms of the Companies (Disqualification of Directors under Section 274(1) (g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility of such appointment.

Except Mr. Shreyas Shah and Mr. Shripal Shah no other Director is deemed to be concerned or interested in the said resolution.

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

#### ITEM NO. 5

Mr. Shreyas Shah, Director of the Company was appointed as Executive Director of the Company with effect from May 29, 2013 for three years. Considering his contribution in taking the company to present stage and salaries paid to senior executives in the company, the company has to pay remuneration in line with the market.

The Board of Directors had approved his remuneration and his appointment as Executive Director of the Company w.e.f May 29, 2013 the remuneration have become in excess of what has been prescribed under the Companies Act, 1956 and hence same would require the approval of the members.

The proposed remuneration was approved by the Remuneration Committee and Board of Directors in their respective meetings held on May 29, 2013.

### STATEMENT OF INFORMATION AS REQUIRED UNDER SCHEDULE XIII, PART II, SECTION II (1B) (iv)

#### I: General Information:

1. **Nature of Industry:** The Company is engaged in Merchant Banking and other advisory services.
2. **Date of Commencement of Commercial Production:** NA
3. **Financial Performance based on Given Indicators:** The financial data as per last audited Balance Sheet as on March 31, 2013 is as under:

(₹ in Lacs)

Particulars	For Year ended 31.03.2013	For Year ended 31.03.2012
Income from Operations	323.68	127.38
Other Income	0.03	0.02
<b>Total Revenue</b>	<b>323.71</b>	<b>127.40</b>
Operating and Administrative Expenses	270.91	86.12
Operating Profit before Interest, Depreciation and Tax	52.80	41.28
Finance Cost	0.91	0.07
Depreciation and amortisation	1.55	0.66
<b>Profit / (loss) Before Tax</b>	<b>50.34</b>	<b>40.55</b>
Provision for Tax (including deferred Tax)	0.44	0.09
Profit / (loss) After Tax	40.40	32.93
Earnings per equity share (EPS) (in ₹)	0.37	0.30

4. **Export Performance and Net Foreign Exchange collaborations:** The Foreign Exchange earning of the Company for the period ended March 31, 2013 was NIL.

5. **Foreign Investments or Collaborators:** The Company has not made any allotment to foreign investors.

## II: Information about the Appointee:

- Brief Profile of Appointee:** Mr. Shreyas Shah completed his BMS from Mumbai University and he also completed LLB (Gen.) from Mumbai University. Mr. Shreyas Shah has over 5 years of experience in Capital Markets.
- Past Remuneration:** NA
- Recognition and Award received in past:** He has received Recognition from his past employers for his services.
- Job Profile and Suitability:** Mr. Shreyas Shah is responsible for overall business strategy and direction for the organization. He is also responsible for new initiatives, strategic alliances etc. Mr. Shreyas Shah shall exert his full time energy to his duties as Executive Director and shall report to the Board and shall be responsible for developing and recommending to the Board, the business plan and staffing plans.
- Remuneration proposed :** Details given in Item No. 5 of the accompanying Notice
- Comparative Remuneration in the Industry:** Remuneration proposed for Mr. Shreyas Shah is based on his experience, job profile and responsibilities. No comparable remuneration in industry data is available with us for similar size and nature of business.
- Material Pecuniary Relationship:** Mr. Shreyas Shah is the brother of our Promoter Director Mr. Shripal Shah and apart from holding the office of an Executive Director of the Company, Mr. Shreyas Shah has no pecuniary relationship with the Company.

## III: Other information:

- Reason for inadequate Profit and measures taken for improvement:** The Company has initiated steps to scale up the operations in coming years. This industry is highly working capital intensive industry. The



Company is exploring various alternatives to augment additional working capital requirement to scale up the operations. Company has chalked out ambitious growth plans to scale up operations and profitability.

2. **Expected Increase in Profits in Measurable Terms:** The Company has all infrastructure ready to scale the operations. Our profitability is directly linked to sales and hence increase in business is very important.

The appointment can be terminated by either party by giving 6 months notice.

The above may also be treated as an abstract of the terms of appointment of the Executive Director as required under Section 302 of the Companies Act, 1956.

The Directors recommend to the shareholders the adoption of the above resolution as a Special Resolution contained in the notice.

Except Mr. Shreyas Shah and Mr. Shripal Shah, no other Director is deemed to be concerned or interested in the said resolution.

**Registered Office**

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

Date: August 26, 2013  
Place: Mumbai

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 19<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, 2013. The financial results are summarized as under:

Particulars	31-Mar-13	31-Mar-12
<b>Total Income</b>	<b>323.71</b>	<b>127.40</b>
Less: Expenditure	271.82	86.19
<b>Profit before Depreciation</b>	<b>51.89</b>	<b>41.21</b>
Less: Depreciation	1.55	0.66
<b>Profit before Tax</b>	<b>50.34</b>	<b>40.55</b>
Provision for Taxation	9.95	7.62
<b>Profit after Tax</b>	<b>40.39</b>	<b>32.93</b>
Closing Balance of P&L Account	(208.50)	(248.90)

### 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

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ram Gaud, Independent Director of the Company retires by rotation and offers himself for re- appointment.

The Board of Directors at its meeting held on May 29, 2013 appointed Mr. Shreyas Shah as an Additional Director of the Company and Mr. Shreyas Shah will hold office upto the date of this Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 from a member of the Company with requisite deposit signifying his intention to propose Mr. Shreyas Shah as the Director of the Company.

Mr. Shripal Shah & Mr. Shreyas Shah will continue to be Executive Directors, while Mr. Ram Gaud, Mrs. Tejal Vala and Mr. Darshit Parikh will continue to be Independent Directors of the Company.

The appointment / re-appointment forms part of the notice convening the Annual General Meeting and the resolutions are recommended for the member's approval.

### AUDITORS AND AUDITOR'S REPORT

M/s Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, the statutory auditors of the Company, retires at the ensuring 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. The 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 of the company for the financial year.
3. The 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. The Company has prepared accounts on a going concern basis.

## **CONSOLIDATED FINANCIAL STATEMENTS**

As stipulated by Clause 32 of the Listing Agreement, the attached consolidated financial statements have been prepared in accordance with Accounting Standards AS-21 on Consolidated Financial Statements read with Accounting Standards AS-23 on Accounting for Investments in Associates.

## **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)(e) of the Companies Act, 1956 are not applicable to the company.

## **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 Clause 49 of the Listing Agreement.

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 Practicing Company Secretary regarding compliance of conditions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement is attached to this report.

## **LISTING AT THE STOCK EXCHANGE**

The equity shares of your Company continue to be listed on the Bombay Stock Exchange Limited (BSE), Ahmedabad Stock Exchange Limited & Delhi Stock Exchange Limited.

## **SUBSIDIARIES**

Your Company has one subsidiary i.e. Aryaman Broking Limited

Pursuant to the approval of the central government under Section 212(8) of the Companies Act, 1956, copies of the balance sheet, profit and loss account, report of the Board of Directors and Report of the Auditors of each of the subsidiary Companies have not been attached to the accounts of your Company for financial year 2012-2013. The Board of Directors has given its consent for not attaching the financial statements of the subsidiaries referred to in the aforesaid annexed statement, pursuant to the general circular no. 2/2011 dated 8<sup>th</sup> February, 2011 of the Ministry of Corporate Affairs, Government of India. Your Company will make these documents/ details available upon request by any member of Your Company. These documents/ details will also be available for inspection by any member of Your Company at its registered office and also at the registered offices of the concerned subsidiaries. As required by Accounting Standard-21 (AS-21), issued by the Institute of Chartered Accountants of India, the Company's consolidated financial statements included in this Annual Report incorporates the accounts of its subsidiaries.

## **MATERIAL CHANGES AND COMMITMENTS**

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**  
**Shripal Shah**

**For and behalf of the Board**  
**Shreyas Shah**

Date: May 29, 2013

**Executive Director**

**Executive Director**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Global Economic Conditions

Despite improved global financial conditions and reduced short-term risks, the world economy continues to expand at a subdued pace. After a marked downturn over the past two years, global economic activity is expected to slowly gain momentum in the second half of 2013 and 2014 on the back of accommodative monetary policies in developed and developing economies. Most world regions are likely to see a moderate pick-up in activity, but growth will continue to be below potential and employment gains, especially in developed economies, will remain weak at best.

The short-term risks associated with the situation in the euro area, the fiscal adjustments in the United States and the economic slowdown in large developing countries have diminished, but not disappeared. At the same time, new medium-term risks have emerged, including possible adverse effects of unconventional monetary measures in developed economies on global financial stability. These risks have the potential to once again derail the feeble recovery of the world economy. The main priority for policy makers worldwide should therefore be to support a robust and balanced global recovery, with a focus on promoting job creation. International policy coordination needs to be enhanced to mitigate negative policy spillovers, curb protectionism, promote cooperation in reforming the international financial system, and ensure sufficient resource flows to developing economies, and in particular the least developed countries.

Developing countries and economies in transition continue to register much stronger growth than developed economies. In response to the economic slowdown in 2012, many of them, including some large countries in East Asia, South Asia and Latin America, adopted more expansionary monetary and – to a lesser extent – fiscal policies to strengthen domestic demand. This, along with a slight upturn in external demand, should provide a lift to economic growth in 2013. The pick-up in growth will, however, be slower than previously estimated as many large economies in this group, including Brazil, China, India and Russia face significant structural challenges. Potential growth in many developing countries is likely lower than before the global financial crisis; China, for example, is expected to have shifted to a lower but more sustainable and balanced growth trajectory. The least developed countries (LDCs) are projected to see faster growth in 2013 than in the past two years. However, with commodity demand moderating and Official Development Assistance (ODA) falling, the pace of expansion in LDCs will still be notably slower than during the period 2004-08.

### Indian Economic Review

The Indian economy has seen a sustained downturn over the last two years with the result that GDP growth was merely ~5% in FY13 – slowest pace of expansion in nearly a decade. Despite such a sharp slowdown, inflation concerns have persisted with WPI inflation ruling over 7% in FY13 and CPI inflation still running close to double-digits. At the same time, Current Account Deficit (CAD) as a percentage of GDP has continued to widen in recent years and was at an all time high of ~5% in FY13. Along with this, the fiscal deficit also continued to present challenges to economy; though the Union Budget 2013-14 did try to assure greater level of discipline over fiscal deficit. High CAD and fiscal deficit together present some of the most serious challenges to bringing Indian economy back on the path of growth. Such a prolonged slowdown has been the result of a confluence of factors – lingering administrative bottlenecks and associated slowdown in project clearance, large fiscal spending, tight monetary conditions and weak external demand.

However, during second half of FY13, there was some stability in macro environment, largely as a result of a series of steps undertaken by the government such as liberalizing of FDI regime in certain sectors, rationalization of retail fuel prices and reining in of fiscal spending; although a lot more remains to be done. While the situation appeared to be improving, some recent developments on political front have once again raised concerns about Government's ability to carry forward the reform process.

On the domestic front, the service sector activity decelerated which is considered to be the backbone of India's recent growth story. Further, Industrial growth virtually faced stagnation resulting from a combination of factors, most notably the investment cycle downturn, supply-side bottlenecks, governance problems and weak external demand. The recent quarters slow down in the private consumption demand is also dragging down growth.

However, with the introduction of government's concerted policy action and reforms during second half of FY12-13, the risk of further slowdown in the coming fiscal FY13-14 seems limited and might lead to a slow-paced recovery.

Wholesale Price Index (WPI) hovered in the band of 7.0% - 8.0% band for most of the year before moderating to about 6.0% by the end of FY12-13. However, a more perceptible fall in non-food manufactured product inflation along with marked progress in addressing fiscal risks provided headroom for monetary policy to start easing. Using the available space, the RBI lowered policy rates cumulatively by 100 bps, Cash Reserve Ratio (CRR) by 75 basis points (bps) (on top of a 125 bps reduction in Q4 of 2011-12) and Statutory Liquidity Ratio (SLR) by 100 bps.

Considering the recent macro-economic dynamics, the economic recovery would critically depend on supply-side action to remove a host of micro-constraints and structural bottlenecks that impede production and investment, especially in growth-driving sectors such as road, power, housing & other infra projects. The year 2014 being the election year might lead to a slow pace fiscal implementation, thus tightening the scope of Central Bank in going more aggressive for further rate cuts to support growth.

### **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 has made an application with Securities and Exchange Board of India (SEBI, Mumbai) for grant of permanent certificate of Merchant Banking registration.

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 been expanding its operations. The company has successfully managed 8 Initial Public Issues aggregating to ₹17375.80 Lacs and 1 Right Issue aggregating to ₹535 Lacs. The company has also been Syndicate Member/Underwriter for 11 Initial Public Issues aggregating to ₹ 25480.84 Lacs, which have all been subscribed successfully.

The company has also managed and completed 17 open offers.

### Review of Operations

On a consolidated basis, your Company has earned total revenue of ₹374.90 Lacs with a net profit of ₹44.67 Lacs during the FY 2013. The reported net profit of the Company increased by 109%, 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 2012-2013 is as follows:

Year Ended	₹ in Lacs	
	March 31, 2013	March 31, 2012
Income from Operations	374.86	148.99
<b>Total Income</b>	<b>374.90</b>	<b>149.02</b>
Total Expenditure	319.60	98.64
<b>Profit before Tax</b>	<b>55.30</b>	<b>50.38</b>
Tax on Profit	10.63	9.49
<b>Net Profit for the period</b>	<b>44.67</b>	<b>40.89</b>
Earnings per Share (in ₹)	0.41	0.37

### Achievements

It gives us immense pleasure to inform our investors that we were the first lead manager to get a company listed on the SME Platform of BSE and also awarded the Top Performer Award in SME Segment by BSE Ltd.

### Risk Factors relating to our business operations

The Company faces a variety of risks because of the business environment it operates in, which may affect its operations or financial results and many of those risks are driven by factors that your Company cannot control or predict. Capital markets worldwide, including the Indian capital markets, are exposed to several risks apart from the fundamental risk of business operations. Hence adequate risk management system has been put in place by the management to ensure the success and financial soundness of the company. However, despite the company's attempt to identify areas of potential risks and implement policies and procedures to mitigate those risks, there can be no assurance that the company will not suffer unexpected losses in its area of operations.

Capital Market risk is inherent in our business. The major sources of our revenues are derived from Merchant Banking business. Hence, like other players in the market, our business is highly sensitive to economic and political conditions prevalent in the country. Any sustained downturn in general economic conditions or Indian equity markets and a severe market fluctuations would likely result in reduced Initial Public Offerings by the Companies and net revenues and hence, will have a material adverse effect on our profitability.

System failures, delays and capacity constraints could harm our business. Even after making substantial investments in upgrading the reliability and scalability of our systems, they are vulnerable to the damage or interruption from human errors, natural disasters, power loss, computer viruses, spurious spam attacks, etc. Further, system failures and delays could occur and, inter-alia could cause unanticipated disruptions in service to our clients, slower system response time resulting in either non-processing of transactions in time or not as quickly as our clients desire. This would lead to decreased level of client service and could materially affect the level of client satisfaction.

We are exposed to credit risk with clients. We provide credit limits to clients, in connection with our Merchant Banking business. By permitting clients to make part payments, we are subject to risks inherent in extending credit

to them. Failure by parties to honour their commitments on a timely basis could have a material adverse effect on the profitability of our operations.

Substantial competition could reduce our market share. There are many big Investment Bankers in the Indian financial services market and they continue to grow. There has been a substantial price competition in the industry, including various free trade offers and a declining trend in the fees charged to the clients. We expect this competitive environment to continue in the future and this would affect our results of operations.

### **Human Resources**

The company's success is dependent on our ability to attract, retain and motivate highly talented human capital and good support staff. We accomplish this by ensuring that we have competitive compensation structure. Employees are the key to achievement of the company's objectives and strategies. The company provides employees with a fair and equitable work environment and support from the peers to develop their capabilities, trusting them with freedom to act and to take the responsibility. The company is committed to providing an environment that is encouraging and appreciative under which the employees can work to their potential and grow professionally and personally. The company continuously invests in the development of its human resources through a series of employee friendly measures aimed at talent acquisition, development, motivation and retention.

### **Internal Control System**

The company has an Internal Control System commensurate with its requirement and size of business to ensure that the assets and interest of the company assets are safeguarded. The adequacy and effectiveness of the internal control across various activities, as well as compliance with laid down system and policies are comprehensively and frequently monitored by your company's management at all the levels of the organization. The company has established well defined written policies and processes across the organization covering all major activities including authority for approvals. In all cases where monetary decisions are involved, various limits and authorities are in place.

The financial services business in India is well regulated and compliance intensive. The company is governed by the Companies Act, 1956 and SEBI Merchant Banker Regulation-1992.

### **Risk Management**

A comprehensive and integrated risk management framework forms the basis of all the de-risking efforts of the company. Formal reporting and control mechanisms ensure timely information availability and facilitate proactive risk management. We recognize that risk is the inherent in our business and the market in which we operate. As such the Company is committed to the creation and maintenance of strong risk management as well as rigorous control standards. The company's risk management policies encompass structured reporting and strict controls to ensure smooth running of the business and security of client's data.

Uninterrupted connectivity is vital for the company's smooth running and risk management. Technology plays an integral role in the company's business operations and we have put in place a strong business continuity plan to mitigate the risk owing to technology failure. We have a strong internal control system in a place, discussed above, as a part of our risk management process. Being in the financial services sector, we work in a highly regulated environment and strictly abide by the policies and laws prescribed by the regulatory authorities such as SEBI, BSE, NSE, ROC and RBI.

### **Commitment of doing what is right**

Our management team and board of directors are resolved to do what, we believe, is best for our shareholders, clients and associates.



### **Opportunities and threats**

India is an attractive investment destination and the company is a part of India's growth story, which provides us immense opportunity to strengthen and grow our business. We have enough headroom available to expand our distributor network and utilize the opportunity to educate and get wallet share of many Indians who still to do not invest in equity. However the volatility in the Indian equity markets, political uncertainty coupled with the slowdown in economy would be a threat for the company's business growth. The margin in the retail broking market is thinning and the competition is getting intense every day, thus affecting our bottom-line. More opportunities and threats that the company faces have also been discussed under different heads of this report.

### **Cautionary Statements**

Statement in this report describing the company's objective, or outlook, opportunities, future business strategies, expectations or predictions contain certain forward looking statement within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed in this statement.

Place: Mumbai

**For and behalf of the Board**

Date: May 29, 2013

**Shripal Shah**  
**Executive Director**

## CORPORATE GOVERNANCE REPORT

### PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance is about commitment to values and ethical business conduct. Good corporate governance consists of a combination of business practices which result in enhancement of the value of the Company to its shareholders and simultaneously enables the Company to fulfill its obligations to other stakeholders such as customers, employees and financiers, and to the society in general. We, at Aryaman Financial Services Ltd. (hereinafter referred to as 'your Company' or Aryaman), believe that a sound corporate governance is critical to enhance and retain investor's trust.

Transparency, integrity, fairness, accountability and disclosure are Aryaman's business ethos that are central to the working of your Company and its directors. We are happy to inform you that your Company's existing practices and policies are significantly in conformity with the requirements stipulated by SEBI and comply with the requirement of the corporate governance in terms of Clause 49 of the Listing Agreement.

### BOARD OF DIRECTORS

The Board of Directors provides strategic direction and thrust to the operations of the Company, thereby enhancing the value of the stakeholders.

Composition and category of directors, attendance of each director at the Board meeting and the last AGM and number of board meetings, dates on which held are as under:

The Board met 6 times during the financial year under review on May 14, 2012, August 13, 2012, August 24, 2012, September 03, 2012, November 12, 2012 and February 14, 2013. 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	No. of Directorship (s) held in other Companies
Mr. Shripal Shah	Executive	6	Yes	3
Mrs. Tejal Vala	Independent	4	No	Nil
Mr. Ram Gaud	Independent	6	Yes	3
Mr. Darshit Parikh	Independent	6	Yes	3
Mr. Shreyas Shah*	Executive	NA	NA	Nil

\*Mr. Shreyas Shah was appointed as an Additional Director on May 29, 2013.

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.

### CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Company has a Code of Conduct ('Code') for the Directors and senior management personnel including all Functional Heads, which is in compliance with the requirements of Clause 49 of the Listing Agreement. The Code has been posted on the Company's website.

Further, all the Board Members and senior management personnel have affirmed compliance with the Code. A declaration to this effect signed by the Executive Director forms part of this Report.

## COMMITTEES OF THE BOARD

Your Company has three major Board level Committees:

- i) Audit Committee
- ii) Shareholders'/Investors' Grievance Committee
- iii) Remuneration Committee

### 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 is constituted in line with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The Audit Committee was reconstituted on August 24, 2012 and on September 03, 2012 whereby the Audit Committee consists of the following members - Mr. Ram Gaud (Chairman), Mr. Darshit Parikh (Member) and Mr. Shripal Shah (Member).

Five Meetings of the Audit Committee of the Company were held during the year on May 14, 2012, August 13, 2012, September 03, 2012, November 12, 2012 and February 14, 2013.

The Internal Auditors and the Statutory Auditors are invitees to the meeting. The Company Secretary acts as the Secretary to the Committee and attended all the meetings of the Audit Committee. Minutes of each Audit Committee meeting are placed and discussed in the next meeting of the Board.

The Chairman of the Audit Committee was present at the previous Annual General Meeting held on September 28, 2012.

The presence of Directors at the Audit Committee meetings was as follows:

Name of the Director	Member/Chairman	Category	Meeting Attended
Mr. Ram Gaud	Chairman	Independent	5
Mr. Darshit Parikh	Member	Independent	5
Mr. Shripal Shah	Member	Executive	5

### REMUNERATION COMMITTEE

The Remuneration Committee of the Company reviews, recommends and approves the matters connected with fixation and periodic revision of the remuneration payable to the Executive Directors.

The Remuneration Committee is made up of the following Directors as on date:

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

Mrs. Tejal Vala	Member	Independent
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The Remuneration Committee was reconstituted on August 24, 2012 and Mrs. Tejal Vala was inducted as a member of the Remuneration Committee in place of Mr. Mohan Datari

The meeting of Remuneration Committee was held on August 23, 2012 to recommend the revision in remuneration of Mr. Shripal Shah w.e.f. April 01, 2012.

The Meeting of Remuneration Committee was held on May 29, 2013 for fixation of remuneration of Mr. Shreyas Shah w.e.f. May 29, 2013

### REMUNERATION TO EXECUTIVE DIRECTORS

The details of remuneration paid / payable to the Directors for the financial year 2012-13 are as under:

During the year, Mr. Shripal Shah was paid ₹ 6,25,000 .

Mr. Shreyas Shah was appointed as the Executive Director w.e.f. May 29, 2013 and he shall be paid upto ₹250,000 per month inclusive of the perquisites as outlined in the resolution at Item No. 5 of the Notice to AGM for the tenure of his current appointment i.e. upto May 28, 2016.

Since the appointment of the Executive Directors is by virtue of their employment with the Company, their service contract, notice period and severance fees, if any, is governed by the remuneration policy of the Company.

The Company does not have any Employee Stock Option Scheme.

The Non-Executive Independent Directors do not draw any remuneration from the Company. They are entitled to the sitting fees for attending the meetings of the Board.

### SHAREHOLDING OF DIRECTORS

Except Mr. Ram Gaud who holds 2,592 shares of the company, none of the other directors hold any direct equity shares of the company.

### SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance Committee is made up of the following Directors as on date:

Name of the Member	Member / Chairman	Category	Meeting Attended
Mr. Darshit Parikh	Chairman	Independent	8
Mr. Ram M. Gaud	Member	Independent	8
Mr. Shripal Shah	Member	Executive	8

The Shareholders' / Investors' Grievance Committee ensure that there is timely and satisfactory Redressal of all investor queries. The Committee approves, oversees and reviews all matters connected with share transfers, rematerialisation, transposition of securities, redresses shareholder's grievances.

Name & Designation of Compliance Officer: Ms. Ambreen Khan, Company Secretary of the Company is the Compliance Officer.

Eight Meetings of the Shareholders' / Investors' Grievance Committee of the Company were held during the year on April 14, 2012, May 15, 2012, August 11, 2012, November 30, 2012, January 18, 2013, February 08, 2013,

February 22, 2013 and March 11, 2013.

Number of shareholder's complaints received during the year: During the year under review, total number of complaints received was "NIL" and no complaint is pending as at March 31, 2013.

#### **SUBSIDIARY COMPANY**

As on March 31, 2013, the Company has one wholly owned non-material unlisted subsidiary namely Aryaman Broking Limited.

#### **MANAGEMENT**

##### **a) Management Discussion and Analysis**

Management Discussion and Analysis of the business of the Company is separately given in the Annual Report.

##### **b) Disclosure by management to the Board**

All details relating to financial and commercial transactions where directors may have a pecuniary interest are provided to the Board and the interested directors neither participate in the discussion, nor do they vote on such matters.

#### **GENERAL BODY MEETINGS**

The details of Annual General Meetings held in the last three years are given hereunder:

<b>Meeting</b>	<b>Date</b>	<b>Day</b>	<b>Time</b>	<b>Place</b>
18 <sup>th</sup> AGM	Sep 28, 2012	Friday	11.30 AM	Jawaharlal Nehru National Youth Centre, 219, Deen Dayal Upadhyaya Marg, New Delhi – 110 002
17 <sup>th</sup> AGM	Sep 29, 2011	Thursday	10:30 AM	C/o. Thakur Research Foundation, 221-223, Deen Dayal Marg, New Delhi – 110 002.
16 <sup>th</sup> AGM	Sep 29, 2010	Wednesday	10:30 AM	290, Anarkali Complex, Jhandewalan Extn., New Delhi – 110 002.

#### **Details of the Special Resolutions passed at Annual General Meetings during the last three years**

At the 18<sup>th</sup> AGM held on Friday, September 28, 2012 special resolution was passed for revision of remuneration of Mr. Shripal Shah.

At the 17<sup>th</sup> AGM held on Thursday, September 29, 2012 special resolution was passed for appointment of Mr. Shripal Shah as the Executive Director of the company for a period of three years commencing from April 01, 2011 to March 31, 2014.

#### **DETAILS OF NON- COMPLIANCE**

Except as disclosed in the "Auditors Report", there was no non-compliance by the Company, nor there was any penalties or strictures imposed on the company by the Stock Exchange or SEBI or any authority on any matter related to capital market during the last 3 years.

#### **MEANS OF COMMUNICATION**

The Annual Report including quarterly results is also available on our website at [www.afsl.co.in](http://www.afsl.co.in).

## GENERAL SHAREHOLDER INFORMATION

AGM will be held on Tuesday, September 24, 2013 at 11:30 A.M. at the Jawaharlal Nehru National Youth Centre, 219, Deen Dayal Upadhyaya Marg, New Delhi 110 002.

**Financial Year of the Company:** April 1, 2012 to March 31, 2013

**Date of Book Closure:** September 18, 2013 to September 24, 2013 (Both days inclusive)

The Shares of the Company are listed on Bombay Stock Exchange Limited (BSE Ltd), Delhi Stock Exchange Limited and Ahmedabad Stock Exchange Limited.

**Stock Code at BSE: 530245**

Market Price Data: High & Low price of Company's equity share at BSE (where the shares of the Company are frequently traded on the exchange).

Month	High (₹)	Low (₹)
Apr-12	26.00	20.25
May-12	22.00	16.50
Jun-12	19.90	14.60
Jul-12	21.50	19.00
Aug-12	23.90	19.00
Sep-12	24.85	21.50
Oct-12	22.25	17.00
Nov-12	17.75	15.25
Dec-12	17.70	14.65
Jan-13	23.40	18.00
Feb-13	23.05	20.30
Mar-13	22.40	15.50

Performance in comparison to broad-based indices i.e. BSE Sensex is as under:

Month	BSE Sensex	Closing price of AFSL Shares (₹)
Apr-12	17,318.81	20.75
May-12	16,218.53	16.50
Jun-12	17,429.98	19.85
Jul-12	17,236.18	19.50
Aug-12	17,429.56	23.65
Sep-12	18,762.74	22.40
Oct-12	18,505.38	17.00
Nov-12	19,339.90	16.25
Dec-12	19,426.71	17.25
Jan-13	19,894.98	21.50
Feb-13	18,861.54	23.05
Mar-13	18,835.77	15.75

## REGISTRAR AND TRANSFER AGENT

The Registrar and Transfer agent is entrusted with the work relating to the share transfer work and solving the shareholders complaints, by the Company. Name, Address and Contact No. is given hereunder:

### M/s. Adroit Corporate Services Private Limited,

19, Jaferbhoy Industrial Estate, 1<sup>st</sup> Floor,  
Makwana Road, Marol Naka,  
Andheri (E), Mumbai 400 059  
Tel: 91 – 22 – 2859 4060 / 2859 6060,  
Fax: 91 – 22 - 2850 3748  
Email: surendrag@adroitcorporate.com

## SHARE TRANSFER SYSTEM

Share received for transfer in physical form are registered by the Company's Registrar and Share Transfer agent within 15 days from the receipt of the documents, if the same are found in order. Shares under objection are returned within 1 week.

Distribution of Shareholding as on August 23, 2013 is given below:

No. of Equity Shares held	No. of Shareholders	Percentage of Shareholders	Total No. of Shares held	% of Shares held
Upto - 100	699	51.25	59347	0.54
101 - 500	435	31.89	112711	1.03
501 - 1000	93	6.82	75870	0.69
1001 - 2000	39	2.86	57993	0.53
2001 - 3000	22	1.61	54294	0.49
3001 - 4000	8	0.59	30128	0.27
4001 - 5000	6	0.44	27106	0.25
5001 - 10000	14	1.03	110651	1.01
10001 - 20000	16	1.16	256986	2.34
20001 - 50000	18	1.32	677697	6.17
50000 & Above	14	1.03	9512217	86.68
<b>Total</b>	<b>1364</b>	<b>100</b>	<b>10975000</b>	<b>100</b>

### Outstanding GDRs / ADRs / Convertible Warrants as on August 23, 2013:

There is no Outstanding GDRs / ADRs / Convertible Warrants till date.

Particular of shares held in physical/electronic form as on August 23, 2013

Category	Holders	No. of Shares	% of shares
Physical Mode	820	399260	3.64
Electronic Mode			
NSDL	334	932197	8.49
CDSL	210	9643543	87.87
Total	1364	10975000	100

Dematerialization of shares and liquidity: 96.36% shares have been dematerialized.

**ADDRESS FOR CORRESPONDENCE**

<b>Registered Office</b>	<b>Corporate Office</b>
C/o Thakur Research Foundation, 221 – 223, Deen Dayal Marg, New Delhi 110 002.	60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Fort, Mumbai – 400 001. Tel.: 022 – 2261 8264 / 8635 Fax: 022 – 2263 0434 Email: info@afsl.co.in Website: www.afsl.co.in

**DECLARATION BY THE EXECUTIVE DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE ARYAMAN'S CODE OF CONDUCT**

In accordance with Clause 49 (I) (D) of the Listing Agreement, I hereby declare that all the directors and senior management personnel of your Company have affirmed compliance with the code of conduct applicable to all the directors and senior management, for the year ended March 31, 2013.

**For Aryaman Financial Services Limited**

Sd/-  
**Shripal Shah**  
**Executive Director**



## CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Aryaman Financial Services Limited,

We have examined the compliance of conditions of Corporate Governance by Aryaman Financial Services Ltd. for the year March 31, 2013 as stipulated in Clause 49 of the Listing Agreement executed by the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We have to state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the registrar & share transfer agents of the company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Jng & Co, (Company Secretaries)

Place: Mumbai  
Date: August 26, 2013  
CP. No. 8108

**(Jigarkumar Gandhi)**  
**Proprietor**

## INDEPENDENT AUDITOR'S REPORT

### To the Members of ARYAMAN FINANCIAL SERVICES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of ARYAMAN FINANCIAL SERVICES LIMITED, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For THAKUR VAIDYANATH AIYAR & CO.**  
**CHARTERED ACCOUNTANTS**  
Firm Reg. No. 380000N

Date: 29.05.2013  
Place: Mumbai

C V Parameswar  
Partner  
M. No. 11541

**ANNEXURE TO INDEPENDENT AUDITORS REPORT  
REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF “REPORT ON OTHER LEGAL AND  
REGULATORY” OF OUR REPORT OF EVEN DATE.**

- i. In respect of Fixed Assets
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
  - b) As explained to us, the fixed assets have been physically verified by the management during the year and no material discrepancy was noticed on such verification.
  - c) In our opinion, the Company has not disposed off a substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- ii. In respect of inventories  
The company is in the business of providing financial services and in view of this Para 4 (ii) (a), (b) & (c) of the said Order are not applicable to the Company.
- iii. In respect of loans, secured and unsecured, granted or taken by the company to / from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956:  
  
Based on the audit procedures applied by us and according to the information and explanations given to us:
  - a) The Company has granted unsecured loan to one Company listed in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year ₹260.33 lacs and the yearend balance was ₹80.55 lacs.
  - b) As per the information and explanations given to us, rate of interest and the terms and conditions of the said loans taken are not prime facie prejudicial to the interest of the Company.
  - c) As explained to us no amount of principle has become due during the year.
  - d) Company has not taken unsecured loan from any Companies listed in the Register maintained under Section 301 of the Companies Act, 1956.
  - e) In view of our comment in para 4 (iii) (d) clauses (e) and (f) of the order are not applicable to the company.
- iv. In our opinion and according to information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. During the course of our audit we have not observed any continuing failure to correct major weakness in the aforesaid internal control system.

**ANNEXURE TO INDEPENDENT AUDITORS REPORT  
REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF “REPORT ON OTHER LEGAL AND  
REGULATORY” OF OUR REPORT OF EVEN DATE.**

- v. In respect of transactions covered under Section 301 of the Companies Act, 1956.
  - a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Act, have been so entered.
  - b) As per the information and explanations given to us, no transactions of purchase and sales of services have been made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to ₹5 lacs or more in respect of each party.
- vi. As per the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Act and rules framed there under.
- vii. In our opinion, the company has an internal audit system, which is commensurate with the size and nature of its business.
- viii. We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
- ix. The company has been generally regular in depositing undisputed statutory dues. There are no undisputed statutory dues payable as at 31.3.13 for a period of more than six months from the date they became payable.
- x. The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth. The Company has not incurred cash loss in the current financial year.
- xi. According to information & explanation given to us, the Company has not availed any term loan.
- xii. In our opinion and according to the information and explanations given to us no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debenture & other securities.
- xiii. The Company is not a chit fund or a nidhi / mutual benefit funds / society. Therefore Para 4 (xiii) is not applicable to the Company.
- xiv. In our opinion the Company has maintained proper records of transactions and contracts relating to dealing in shares, securities, debentures and other investments during the year and timely entries have been made therein.
- xv. In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The Company has not raised any money by way public issue during the year.
- xvii. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no fund raised on a short term basis which has been used for long term investment.

- xviii. The Company has not made preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures during the year and therefore Para 4 (xix) of the Order is not applicable to the Company.
- xx. The Company has not raised any money by way public issue during the year.
- xxi. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to information and explanation given to us we have neither come across any instance of fraud on or by the Company during the year, nor have we been informed of such case by the management.

**For THAKUR VAIDYANATH AIYAR & CO.**  
**CHARTERED ACCOUNTANTS**  
Firm Reg. No. 380000N

Date: 29.05.2013  
Place: Mumbai

C V Parameswar  
Partner  
M. No. 11541

**ARYAMAN FINANCIAL SERVICES LTD:**  
**Balance Sheet as at 31st March, 2013:**

Particulars		Note no.	As at 31 March, 2013 (₹)	As at 31 March, 2012 (₹)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	1	<b>109,750,000</b>	109,750,000
	(b) Reserves and surplus	2	<b>28,832,299</b>	24,792,688
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	3	<b>1,079,018</b>	0
	(b) Deferred tax liabilities (net)	4	<b>596,915</b>	553,204
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	5	<b>175,140</b>	0
	(b) Trade payables	6	<b>330,122</b>	174,450
	(c) Other current liabilities	7	<b>2,790,477</b>	781,056
	(d) Short-term provisions	8	<b>3,720,412</b>	2,817,470
	<b>TOTAL</b>		<b><u>147,274,383</u></b>	<b><u>138,868,868</u></b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets	9		
	(i) Tangible assets		<b>10,116,149</b>	8,527,085
	(ii) Intangible assets		<b>1,162,368</b>	1,328,421
	(b) Non-current investments	10	<b>68,825,370</b>	68,825,370
	(c) Deferred tax assets (net)			
	(d) Long-term loans and advances	11	<b>31,417,686</b>	7,500,701
	(e) Other non-current assets			
<b>2</b>	<b>Current assets</b>			
	(a) Current investments		<b>0</b>	0
	(b) Inventories		<b>0</b>	0
	(c) Trade receivables	12	<b>11,345,455</b>	16,309,907
	(d) Cash and cash equivalents	13	<b>15,172,615</b>	8,847,646
	(e) Short-term loans and advances	14	<b>9,234,740</b>	27,529,738
	(f) Other current assets			
	<b>TOTAL</b>		<b><u>147,274,383</u></b>	<b><u>138,868,868</u></b>
	Significant Accounting Policies and Notes on Financial Statements	1 to 20		

As per our attached report of even date

By Order of the Board

**FOR THAKUR, VAIDYANATH AIYAR & CO.**  
Chartered Accountants  
Firm Registration No.: 000038N

**Shripal Shah**      **Shreyas Shah**  
Executive Director      Executive Director

**C.V. Parameswar**  
Partner

**Ambreen Khan**  
Company Secretary

Membership No: 11541  
Mumbai, May 29, 2013

**ARYAMAN FINANCIAL SERVICES LTD:  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

Particulars		Note No.	As at 31 March, 2013 (₹)	As at 31 March, 2012 (₹)
I.	<b>INCOME</b>			
	Revenue From Operations (gross)	16	<b>32,368,267</b>	12,737,553
II.	Other Income	17	<b>3,300</b>	2,287
III.	<b>Total Revenue (I + II)</b>		<b><u>32,371,567</u></b>	<u>12,739,840</u>
IV.	<b>EXPENSES</b>			
	Employee Benefits expenses	18	<b>4,612,117</b>	4,593,314
	Finance Costs	19	<b>91,405</b>	7,380
	Depreciation and Amortization Expenses	9	<b>154,705</b>	66,337
	Other Expenses	20	<b>22,479,144</b>	4,017,878
	<b>Total Expenses</b>		<b><u>27,337,371</u></b>	<u>8,684,909</u>
V.	<b>PROFIT BEFORE TAX</b>		<b>5,034,196</b>	4,054,931
VI.	<b>Tax Expenses</b>			
	Current Tax		<b>950,875</b>	751,788
	Deferred Tax		<b>43,711</b>	9,891
			<b><u>994,586</u></b>	<u>761,679</u>
VII.	<b>PROFIT FOR THE YEAR (V -VI)</b>		<b><u>4,039,610</u></b>	<u>3,293,252</u>
	Earning per Equity Share of face value of ₹10/- each		<b>0.37</b>	0.30
	Basic and Diluted (in ₹)		<b>0.37</b>	0.30
	Significant Accounting Policies and Notes on Financial Statements	1 to 21		

As per our attached report of even date

By Order of the Board

**FOR THAKUR, VAIDYANATH AIYAR & CO.**  
Chartered Accountants  
Firm Registration No.: 000038N

**Shripal Shah**      **Shreyas Shah**  
Executive Director      Executive Director

**C.V. Parameswar**  
Partner

**Ambreen Khan**  
Company Secretary

Membership No: 11541  
Mumbai, May 29, 2013



**ARYAMAN FINANCIAL SERVICES LTD:  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013**

(₹ in Lacs)

	Particulars		Year ended March 31, 2013	Year ended March 31, 2012
<b>A.</b>	<b>Cash Flow from Operating Activities</b>			
	Net Profit/ (Loss) before Tax		50.34	40.55
	Depreciation		1.55	0.66
	Non Cash Expenses		1.66	(5.95)
	Interest Income		(9.71)	(12.45)
	Interest paid		0.71	0.00
	<b>Operating Profit before Working capital changes</b>		<b>44.55</b>	<b>22.81</b>
	<b>Adjustments for:</b>			
	Trade and Other receivables		119.79	185.22
	Trade and other liabilities		21.17	(197.62)
	<b>Cash Flow from Operating Activities</b>	<b>[A]</b>	<b>185.51</b>	<b>10.41</b>
<b>B.</b>	<b>Cash flow from Investing Activities</b>			
	Purchase/ Sale of Fixed Assets		(17.44)	(0.23)
	Investment in subsidiary		89.88	(170.43)
	Security Deposits		(216.25)	(15.00)
	Interest Income		9.71	12.45
	<b>Cash flow from Investing Activities</b>	<b>[B]</b>	<b>(134.10)</b>	<b>(173.21)</b>
<b>C.</b>	<b>Cash flow from Financing Activities</b>			
	Proceeds from Long term Secured Loans		12.55	0
	Interest on Term Loans		(0.71)	0
	<b>Net cash generated from Financing Activities</b>	<b>[C]</b>	<b>11.84</b>	<b>0</b>
	<b>Net (Decrease)/ Increase in Cash and Cash equivalents</b>	<b>[A+B+C]</b>	<b>63.25</b>	<b>(162.80)</b>
	Cash and Cash equivalents as at the commencement of the period (Opening Balance)		88.48	251.28
	Cash and Cash equivalents as at the end of the period (Closing Balance )		151.73	88.48
	<b>Net (Decrease)/ Increase in Cash and Cash equivalents</b>		<b>63.25</b>	<b>(162.80)</b>

Previous period figures have been regrouped/ reclassified/ rearranged wherever necessary to make them comparable to those for the current year.

As per our Report of even date.

**FOR THAKUR, VAIDYANATH AIYAR & CO.**  
Chartered Accountants  
Firm Registration No.: 000038N

**C.V. Parameswar**  
Partner

For and on behalf of the Board

**Shripal Shah**                      **Shreyas Shah**  
Executive Director                  Executive Director

**Ambreen Khan**  
Company Secretary

Membership No: 11541  
Mumbai, May 29, 2013

NOTES TO THE FINANCIAL STATEMENTS:

Particulars		As at 31 March 2013 (₹)	As at 31 March 2012 (₹)
<b>1. SHARE CAPITAL</b>			
<b>AUTHORISED:</b>			
1,10,00,000 Equity Share of Rs 10/- each (1,10,00,000)		<b>1,10,00,000</b>	1,10,00,000
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID UP</b>			
1,09,75,000 Equity Share of Rs 10/- each (1,09,75,000)		<b>109,750,000</b>	1,09,750,000
<b>TOTAL</b>		<b><u>109,750,000</u></b>	<u>1,09,750,000</u>
The Reconciliation of the number of shares outstanding is set out below:		<b>No. of Shares</b>	No. of Shares
Shares outstanding at the beginning of the year		<b>10,975,000</b>	10,975,000
Shares outstanding at the end of the year		<b>10,975,000</b>	10,975,000
<b>The details of Shareholders holding more than 5% share</b>		<b>No. of Share % held</b>	No. of Share % held
<b>Mahshri Enterprise Pvt. Ltd.</b>		<b>7183030 65.45</b>	7183030 65.45
<b>2. RESERVES AND SURPLUS</b>			
<b>Capital Reserves</b>		<b>651,750</b>	651,750
<b>Securities Premium Reserve</b>		<b>22,930,519</b>	22,930,519
<b>General Reserve:</b>		<b>26,100,000</b>	26,100,000
<b>Surplus in Statement of Profit and Loss</b>			
Balance as per last account		<b>(24,889,580)</b>	(28,182,833)
<b>Add: Net Profit for the year</b>		<b>4,039,610</b>	3,293,252
<b>Closing Balance</b>		<b>(20,849,970)</b>	(24,889,581)
<b>TOTAL</b>		<b><u>28,832,299</u></b>	<u>24,792,688</u>
<b>3. LONG TERM BORROWINGS (SBI CAR LOAN)</b>		<b>1,079,018</b>	0
<b>TOTAL</b>		<b><u>1,079,018</u></b>	<u>0</u>
<b>4. DEFERRED TAX LIABILITY (NET)</b>			
<b>Deferred Tax Liability</b>			
On account of Depreciation		<b>596,915</b>	553,204
<b>Deferred Tax Assets</b>		<b>0</b>	0
<b>TOTAL</b>		<b><u>596,915</u></b>	<u>553,204</u>

**NOTES TO THE FINANCIAL STATEMENTS:**

Particulars		As at 31 March 2013 (₹)	As at 31 March 2012 (₹)
<b>5. Short Term Borrowings</b>			
SBI Car Loan		<b>175,140</b>	0
<b>TOTAL</b>		<b><u>175,140</u></b>	<u>0</u>
<b>6. TRADE PAYABLES</b>			
Others		<b>330,122</b>	174,450
<b>TOTAL</b>		<b><u>330,122</u></b>	<u>174,450</u>
<b>7. OTHER CURRENT LIABILITIES</b>			
Deposits/Advance From Customers		<b>1,183,145</b>	189,861
Other payables		<b>1,607,332</b>	591,195
<b>TOTAL</b>		<b><u>2,790,477</u></b>	<u>781,056</u>

<b>8. SHORT TERM PROVISIONS</b>			
Provision for Employee Benefits			
Salary & Reimbursements		335,552	383,485
Provision for Taxation		3,384,860	2,433,985
	<b>TOTAL</b>	<b>3,720,412</b>	<b>2,817,470</b>

**NOTES TO THE FINANCIAL STATEMENTS:**

Particulars		As at 31 March 2013 (₹)	As at 31 March 2012 (₹)
<b>10. NON CURRENT INVESTMENTS</b>			
<b>TRADE INVESTMENT</b>			
<b>In Equity Shares of Subsidiary Company</b>			
<b>Unquoted fully paid up</b>			
68,82,537 Aryaman Broking Ltd of Rs. 10/-each (68,82,537)		68,825,370	68,825,370
	<b>TOTAL</b>	<b>68,825,370</b>	<b>68,825,370</b>
<b>Aggregate amount of Unquoted Investments</b>		<b>68,825,370</b>	<b>68,825,370</b>
<b>11. LONG TERM LOANS AND ADVANCES</b>			
<b>(Unsecured Considered good)</b>			
Security Deposits - Office Mumbai		25,000,000	3,375,000
Other Deposit		500	500
Other Loans and Advances			
Tax Deducted At Source		6,417,186	4,125,201
	<b>TOTAL</b>	<b>31,417,686</b>	<b>7,500,701</b>
<b>12. TRADE RECEIVABLES</b>			
Outstanding for a period exceeding six months from the date they become due for payment			
Unsecured, Considered good		10,738,780	16,256,230
		10,738,780	16,256,230
Outstanding for a period less than six months			
Other Debts-Unsecured Considered good		606,675	53,677
	<b>TOTAL</b>	<b>11,345,455</b>	<b>16,309,907</b>

**NOTES TO THE FINANCIAL STATEMENTS:**

Particulars		As at 31 March 2013 (₹)	As at 31 March 2012 (₹)
<b>13. CASH AND CASH EQUIVALANTS</b>			
Cash & Cash Equivalents			
Balance with Banks;		35,147	192,625
Cash on hand		5,188	56,483
Fixed Deposit with Schedule & Commercial Bank		15,132,280	8,598,538
	<b>TOTAL</b>	<b>15,172,615</b>	<b>8,847,646</b>

<b>14.</b>	<b>SHORT TERM LOANS AND ADVANCES (Unsecured Considered good)</b>		
	Loans and Advances to related parties {Refer Note 19(B) (5)}	<b>8,055,129</b>	17,043,546
	Shares held against portfolio Commitment	<b>0</b>	10,179,130
	Others	<b>1,179,611</b>	307,062
	(Includes Prepaid expenses & Interest Accrued on FD)		
	<b>TOTAL</b>	<b><u>9,234,740</u></b>	<u>27,529,738</u>
<b>15.</b>	<b>Contingent Liabilities and Commitments (to the extent not provided for)</b>		
	Claims against the company not acknowledged as debt - disputed tax Liability	253,000	315,000

**NOTES TO THE FINANCIAL STATEMENTS:**

	Particulars	As at 31 March 2013 (₹)	As at 31 March 2012 (₹)
<b>16.</b>	<b>REVENUE FROM OPERATIONS</b>		
	Income from Fees earned	30,579,855	12,737,553
	Income from Interest/Dividend etc	<b>1,788,412</b>	0
	<b>TOTAL</b>	<b><u>32,368,267</u></b>	<u>12,737,553</u>
<b>17.</b>	<b>OTHER INCOME</b>		
	Other Non-Operating Income	<b>3,300</b>	2,287
	<b>TOTAL</b>	<b><u>3,300</u></b>	<u>2,287</u>
<b>18.</b>	<b>EMPLOYEE BENEFITS EXPENSES</b>		
	Salaries and Wages	<b>4,522,132</b>	4,513,325
	Staff Welfare Expenses	<b>89,985</b>	79,989
	<b>TOTAL</b>	<b><u>4,612,117</u></b>	<u>4,593,314</u>
<b>19.</b>	<b>FINANCE COST</b>		
	Bank charges	<b>20,107</b>	7,380
	Interest paid	<b>71,298</b>	
	<b>TOTAL</b>	<b><u>91,405</u></b>	<u>7,380</u>
<b>20.</b>	<b>OTHER EXPENSES</b>		
	Rates and Taxes	<b>52,900</b>	22,500
	Telephone Expenses	<b>81,006</b>	111,121
	Professional Charges	<b>2,730,437</b>	444,350
	Loss on Assignment of Assets/Write offs (Net)	<b>13,206,105</b>	2,029,286
	Member ship -SEBI License	<b>197,716</b>	211,481
	Commission & Brokerage	<b>5,008,248</b>	260,419
	Electricity Charges	<b>247,428</b>	187,049
	Office Administration Expenses	<b>830,304</b>	641,672
	Payment to Auditors		
	Statutory Auditors:		
	Audit Fees (excluding service tax)	<b>70,000</b>	60,000
	For Taxation Matter	<b>15,000</b>	15,000
	For Company Law Matters	<b>10,000</b>	5,000
	Other Services	<b>30,000</b>	30,000
	<b>TOTAL</b>	<b><u>22,479,144</u></b>	<u>4,017,878</u>

**NOTES TO THE FINANCIAL STATEMENTS:**

**NOTE: 9**

(in ₹)

DESCRIPTI ON	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01 April 2012	Additi on/ Adjustm ent	Deduc tions/ Adjust ment	Balance as at 31 March 2013	Balance as at 01 April 2012	Adjust ment / Deducti ons	For the year	Upto 31 March 2012	Balance as at 31 March 2013	Balance as at 31 March 2012
<b>TANGIBL E ASSETS</b>										
<b>OWN ASSETS:</b>										
Freehold Land	8342965	-	-	<b>8342965</b>	-	-	-	-	<b>8342965</b>	8342965
Furniture, Fixtures	13644	-	-	<b>13644</b>	5205	-	711	<b>5916</b>	<b>7728</b>	8439
Office Equipments	20771	-	-	<b>20771</b>	3896	-	901	<b>4797</b>	<b>15974</b>	16875
Computer	422298	56583	-	<b>478881</b>	263492	-	71854	<b>335346</b>	<b>143535</b>	158806
Motor Vehicle	-	1687186		<b>1687186</b>	-	-	81239	<b>81239</b>	<b>1605947</b>	-
<b>Total (A)</b>	<b>8799678</b>	<b>1743769</b>	-	<b>10543447</b>	<b>272593</b>	-	<b>154705</b>	<b>427298</b>	<b>10116149</b>	<b>8527085</b>
<b>INTANGIB LE ASSETS</b>								-		
Cochin Stock Exchange Corporate Membership	1660526	-	-	<b>1660526</b>	332105		166053	<b>498158</b>	<b>1162368</b>	1328421
<b>Total (B)</b>	<b>1660526</b>	-	-	<b>1660526</b>	<b>332105</b>	-	<b>166053</b>	<b>498158</b>	<b>1162368</b>	<b>1328421</b>
<b>Total (A+B)</b>	<b>10460204</b>	<b>1743769</b>	-	<b>12203973</b>	<b>604698</b>	-	<b>320758</b>	<b>925456</b>	<b>11278517</b>	<b>9855506</b>
<b>Previous Year</b>	10437204	23000	-	10460204	332105		66337	604698	9855506	10230948

**NOTE 20: OTHER EXPENSES**

Sr. No	Particulars	₹	
		Current Year 31/03/2013	Previous Year 31/03/2012
1	Travelling Expenses (Including Foreign Travelling)	34,656	17,867
2	Computer Maintenance	63,961	64,260
3	General Expenses	92,044	99,651
4	Internal Audit Fee	15,000	15,000
5	Land Maintenance Charges	100,000	-
6	Legal Expenses	9,200	3,600
7	Postage & Telegram	36,565	29,174
8	ROC Expenses	4,955	4,150
9	Stationery Expenses	104,833	94,335
10	Interest on Delayed Payment of Taxes	20,631	41,277
11	Advertisement & Publicity	8,924	3,168
12	Donation	0	2,001
14	Repair & Maintenance Furniture	7,650	2,200
15	Member ship -Cochin Stock Exchange	0	79,515
16	Listing Fees & Processing fees	40,000	65,983
17	Custodial Fees	60,000	60,000
18	Books & periodicals	1,753	3,299
19	Interest paid on SBI Car loan	0	0
19	Service Charges for website	44,290	8,923
20	Conveyance	39,728	16,969
21	BMC Charges	27,000	-
22	Demat charges	40,668	30,000
23	Client Expenses	11,994	
24	Filling Fees	327.00	300
25	Director's Sitting Fees	60,000	
26	Seminar/Subscription	1,625	
27	Stipend	4,500	-
	<b>Total</b>	<b>830,304</b>	<b>641,672</b>

**NOTE 21:  
NOTES TO FINANCIAL STATEMENTS.**
**A. SIGNIFICANT ACCOUNTING POLICIES: -**

1. Accounts are prepared on Historical Cost Convention accruing for incomes, expenditures, assets and liabilities.
2. a. Income from Project Consultancy is accrued considering stage wise completion of work, wherever agreed upon or feasible, otherwise it is accrued on percentage basis based on the quantum of work completed.
  - b. Income from Merchant Banking is accrued on percentage basis based on quantum of work completed.
3. a. FIXED ASSETS:  
Fixed Assets are shown at cost less accumulated depreciation. Cost of asset includes all expenses related to acquisition of the asset.

**b. DEPRECIATION:**

Owned Assets: Depreciation is charged on Straight Line Method at the rates and in the manner provided in Schedule XIV of the Companies Act, 1956.

4. Miscellaneous Expenditure are written off as follows:
  - a. Preliminary Expenses, Pre-Operative Expenses (other under (b) below) & Public Issue Expenses – Pro-rata over 10 years.
  - b. Pre-Operative Expenses relating to Merchant Banking Division and Registrar & Share Transfer Agents – Pro-rata over 5 years.
  - c. Computer Software –Equally over 3 years.
- 5 All Assets and liabilities are presented as current or non-current as per the company’s normal operating cycle and other criteria set out in the revised schedule VI of the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets of processing and the realization the company has ascertained its operating cycle as 12 months for the purpose of current / non-current assets / liabilities.
- 6 Taxes on Income.

The Company provides for deferred tax using liability method, based on tax effect of timing difference resulting from the recognition of items in the financial statements and in estimating its current income tax provision.

Deferred Tax Assets arising from temporary timing differences are recognized to the extent there is reasonable certainty that the assets can be realized in future.

**B. NOTES**

1. Some of the debit/credit balances are subject to confirmation and reconciliation.
2. In view of the number of employees being below the stipulated numbers, the Payment of Bonus and payment of Gratuity Act are not applicable to the company for the year.
3. The advance given to Cochin Stock Exchange towards Corporate membership has been written off to the extent of ₹4,98,158/-, to arrive at the current value, as estimated by the Management.
4. Income/Expenditure in foreign currency:

	Amount (₹)	Amount (₹) (P.Y.)
Expenditure	NIL	NIL
Income	NIL	NIL

**5. RELATED PARTY DISCLOSURES:**

As per Accounting Standard 18, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

1. List of related parties where control exist and related parties with whom transactions have taken place and relationships:

Sr.No.	Category	Name of the Related Party/Relationship
1.	Holding Company	Mahshri Enterprises Pvt Ltd
2.	Subsidiary Company	Aryaman Broking Ltd
3.	Associates Companies	<ul style="list-style-type: none"> <li>• Overskud Multi Assets Management Pvt. Ltd.</li> <li>• Nopea Capital Services Pvt. Ltd.</li> <li>• Escorp Industries Pvt. Ltd.</li> <li>• Vardhman Investment</li> </ul>
4.	Key Managerial Personnel	Shripal Shah
5.	Key Managerial Personnel's Relatives	Shrenik Shah (Father) Shreyas Shah (Brother) Roopa Shah (Mother) Meloni Shah (Wife)

II Transactions during the year with related parties:

Sr. No.	Name of Party	Nature of Transactions (excluding reimbursements)	Amount (₹)
1.	Aryaman Broking Ltd (Subsidiary Company)	Interest Paid (received)	(9,71,434)
		Net Loans and Advances returned (received)	(81,14,128)
2.	Vardhman Investments	Office Deposit paid (returned)	2,16,25,000
3.	Shripal Shah	Remuneration (Excluding re-imbursements)	6,25,000

III. Balance as at 31<sup>st</sup> March 2013

Sr. No.	Name of Party	Nature of account	Amount Outstanding (₹)	Maximum Amount Outstanding(₹)
1.	Aryaman Broking Ltd (Subsidiary Company)	Short Term Loan Receivable	80,55,128	2,60,32,898
2.	Vardhman Investments	Office Deposit Paid	2,50,00,000	2,50,00,000

FOR THAKUR, VAIDYANATH AIYAR & CO.

For and on behalf of the Board

Chartered Accountants  
Firm Registration No.: 000038N

C.V. Parameswar  
Partner

Director

Shripal Shah  
Executive Director

Shreyas Shah  
Executive

Ambreen Khan  
Company Secretary

Membership No: 11541  
Mumbai, May 29, 2013



**Statement regarding subsidiary companies pursuant to Section 212 (1)(e) of the Companies Act, 1956**

Name of the Subsidiary Company	Financial Year of the Subsidiary Company ended on	Extent of holding Company's Interest	The net aggregate amount of the subsidiary company's profit / (loss) so far as it concerns the members of Aryaman Financial Services Limited (₹ in Lacs)				Material Changes, if any, between the end of the Subsidiary Company and the Holding Company
			Not dealt with in the Holding Company's accounts:		Dealt with in the Holding Company's accounts:		
			For the financial year of the Subsidiary	For the previous financial years since they became Subsidiary	For the financial year of the Subsidiary	For the previous financial years since they became Subsidiary	
Aryaman Broking Limited	31-Mar-13	100.00%	Nil	Nil	7.96	2.10	Nil

## INDEPENDENT AUDITOR'S REPORT

### To the Members of ARYAMAN FINANCIAL SERVICES LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ARYAMAN FINANCIAL SERVICES LIMITED ("the Company), and its subsidiaries, (collectively referred to as "The Group") which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion:

In our opinion and to the best of our information and according to the explanations given to us, consolidated the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date;  
and

c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For THAKUR VAIDYANATH AIYAR & CO.**

**CHARTERED ACCOUNTANTS**  
Firm Reg. No. 380000N

Date: 29.05.2013  
Place: Mumbai

C V Parameswar  
Partner  
M. No. 11541

**ARYAMAN FINANCIAL SERVICES LTD**  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2013**

Particulars		Note No.	As at 31 March, 2013	As at 31 March, 2012
A	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' funds</b>			
	(a) Share capital	1	<b>109,750,000.00</b>	109,750,000.00
	(b) Reserves and surplus	2	<b>29,469,156.00</b>	25,002,311.00
	(c) Money received against share warrants			
2	<b>Share application money pending allotment</b>			
3	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	3	<b>1,079,018.00</b>	0.00
	(b) Deferred tax liabilities (net)	4	<b>665,085.00</b>	553,204.00
	(c) Other long-term liabilities			
	(d) Long-term provisions			
4	<b>Current liabilities</b>			
	(a) Short-term borrowings	5	<b>2,379,140.00</b>	0.00
	(b) Trade payables	6	<b>379,101.00</b>	198,963.00
	(c) Other current liabilities	7	<b>2,887,622.00</b>	884,092.00
	(d) Short-term provisions	8	<b>3,720,412.00</b>	3,004,761.00
	<b>TOTAL</b>		<b><u>150,329,534.00</u></b>	<u>139,393,331.00</u>
B	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	(a) Fixed assets	9		
	(i) Tangible assets		<b>14,520,010.00</b>	8,527,085.00
	(ii) Intangible assets		<b>1,197,574.00</b>	1,328,421.00
	(iii) Capital work-in-progress			
	(iv) Intangible assets under development			
	(v) Fixed assets held for sale			
	(b) Non-current investments	10	<b>26,287,500.00</b>	31,500,000.00
	(c) Deferred tax assets (net)		<b>0.00</b>	0.00
	(d) Long-term loans and advances	11	<b>34,417,687.00</b>	27,600,701.00
	(e) Other non-current assets	12	<b>305,121.00</b>	150,336.00
2	<b>Current assets</b>			
	(a) Current investments	13	<b>17,563,927.00</b>	20,644,157.00
	(b) Inventories	14	<b>6,685,400.00</b>	0.00
	(c) Trade receivables	15	<b>11,381,838.00</b>	16,309,907.00
	(d) Cash and cash equivalents	16	<b>22,349,859.00</b>	8,882,898.00
	(e) Short-term loans and advances	17	<b>15,620,618.00</b>	24,449,826.00
	(f) Other current assets			
	<b>TOTAL</b>		<b><u>150,329,534.00</u></b>	<u>139,393,331.00</u>
	Significant Accounting Policies and Notes on Financial Statements	1 to 25		

As per our attached report of even date

By Order of the Board

**FOR THAKUR, VAIDYANATH AIYAR & CO.**  
Chartered Accountants  
Firm Registration No.: 000038N  
C.V. Parameswar  
Partner  
Membership No: 11541  
Mumbai, May 29, 2013

**Shripal Shah**                      **Sheryas Shah**  
Executive Director                  Executive Director

**Ambreen Khan**  
Company Secretary

**ARYAMAN FINANCIAL SERVICES LTD  
STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

Particulars		Note No.	As at 31 March, 2013	As at 31 March, 2012
I.	<b>INCOME</b>			
	Revenue From Operations (gross)	19	<b>37,485,848</b>	14,899,481.00
II.	Other Income	20	<b>3,300</b>	2,287.00
III.	<b>Total Revenue (I + II)</b>		<b>37,489,148</b>	14,901,768.00
IV.	<b>EXPENSES</b>			
	Purchase of Stock- in-Trade		<b>8,007,880.00</b>	0.00
	Changes in Inventories (Stock in Trade)		<b>(6,685,400.00)</b>	0.00
	Employee Benefits expenses	21	<b>4,648,524.00</b>	4,593,314.00
	Finance Costs	22	<b>1,070,140.00</b>	1,039,026.00
	Depreciation and Amortization Expenses	23	<b>241,256.00</b>	92,867.00
	Other Expenses	24	<b>24,677,148.00</b>	4,138,732.00
	<b>Total Expenses</b>		<b>31,959,548.00</b>	9,863,939.00
V.	<b>PROFIT BEFORE TAX</b>		<b>5,529,600</b>	5,037,829.00
VI.	<b>Tax Expenses</b>			
	Current Tax (Normal)		<b>132,015.00</b>	0.00
	Current Tax (Mat)		<b>950,875.00</b>	939,079.00
	Less: Mat Adjusted		<b>(132,015.00)</b>	0.00
	Deferred Tax		<b>111,881.00</b>	9,891.00
			<b>1062756.00</b>	948970.00
VII.	<b>PROFIT FOR THE YEAR (V -VI)</b>		<b>4,466,844.00</b>	4,088,859.00
	Earning per Equity Share of face value of ₹10/- each			
	Basic and Diluted (in ₹)		<b>0.41</b>	0.37
	Significant Accounting Policies and Notes on Financial Statements	1 to 24		

As per our attached report of even date

By Order of the Board

**FOR THAKUR, VAIDYANATH AIYAR & CO.**  
Chartered Accountants  
Director

**Shripal Shah**      **Sheryas Shah**  
Executive Director      Executive

Firm Registration No.: 000038N

**C.V. Parameswar**  
Partner

**Ambreen Khan**  
Company Secretary

Membership No: 11541  
Mumbai, May 29, 2013

**ARYAMAN FINANCIAL SERVICES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013**

(₹ in Lacs)

	Particulars		Year ended March 31, 2013	Year ended March 31, 2012
<b>A</b>	Cash Flow from Operating Activities		55.29	50.38
	Net Profit/ (Loss) before Tax		1.83	0.66
	Depreciation		2.25	(5.69)
	Non Cash Expenses		(9.71)	(12.45)
	Interest Income		10.42	
	Interest paid		55.29	
	Operating Profit before Working capital changes		<b>60.08</b>	<b>32.90</b>
	Adjustments for:			
	Trade and Other receivables		45.66	45.58
	Trade and other liabilities		19.48	(26.07)
	<b>Cash Flow from Operating Activities</b>	<b>[A]</b>	<b>125.22</b>	<b>52.41</b>
<b>B</b>	Cash flow from Investing Activities			
	Purchase/ Sale of Fixed Assets		(62.11)	(0.23)
	Deposits given (Non Trade) / Advances		171.00	0.00
	Investment in subsidiary		89.88	(170.43)
	Investment in Shares		82.93	(40.88)
	Security Deposits		(216.25)	(16.00)
	Dividend Received on Mutual Fund Investments			
	Profit on Sale of Mutual Fund			
	Interest Income		9.71	12.45
	<b>Cash flow from Investing Activities</b>	<b>[B]</b>	<b>75.16</b>	<b>(215.09)</b>
<b>C</b>	Cash flow from Financing Activities			
	Deferred Income			
	Loan from Holding Company		(89.88)	
	Loan from related party		22.04	
	Proceeds from Long / Short term Loans and advances			
	Proceeds from Long term Secured Loans		12.55	0
	Interest on Term Loans		(0.71)	
	Interest on Loan from holding co		(9.71)	0
	<b>Net cash generated from Financing Activities</b>	<b>[C]</b>	<b>(65.71)</b>	<b>0</b>
	<b>Net (Decrease)/ Increase in Cash and Cash equivalents</b>	<b>[A+B+C]</b>	<b>134.67</b>	<b>(162.68)</b>
	Cash and Cash equivalents as at the commencement of the period (Opening Balance)		88.83	251.51
	Cash and Cash equivalents as at the end of the period (Closing Balance)		223.5	88.83
	<b>Net (Decrease)/ Increase in Cash and Cash equivalents</b>		<b>134.67</b>	<b>(162.68)</b>

Previous period Figures have been regrouped/classified/rearranged wherever necessary to make them comparable to those for the current year.

**As per report of even date**  
**FOR THAKUR, VAIDYANATH AIYAR & CO.**

**By Order of the Board**

**Chartered Accountants**  
**Firm Registration No.: 000038N**  
**C.V. Parameswar**  
**Partner**  
**Membership No: 11541**  
**Mumbai, May 29, 2013**

**Shripal Shah**      **Shreyas Shah**  
**Executive Director**      **Executive Director**

**Ambreen Khan**  
**Company Secretary**

**ARYAMAN FINANCIAL SERVICES LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	Particulars	As at 31 March 2013 (₹)	As at 31 March 2012 (₹)
<b>1</b>	<b>SHARE CAPITAL</b>		
	<b>AUTHORISED:</b>	<b>1,10,00,000</b>	1,10,00,000
	1,10,00,000 Equity Share of Rs 10/- each (1,10,00,000)		
	<b>ISSUED, SUBSCRIBED &amp; FULLY PAID UP</b>	<b>109,750,000</b>	1,09,750,000
	1,09,75,000 Equity Share of Rs 10/- each (1,09,75,000)		
	<b>TOTAL</b>	<b><u>109,750,000</u></b>	<u>1,09,750,000</u>
	The Reconciliation of the number of shares outstanding is set out below:		
	Shares outstanding at the beginning of the year		
	Shares outstanding at the end of the year		
	<b>The details of Shareholders holding more than 5% share</b>		
	Mahshri Enterprises Pvt.Ltd.		
<b>2</b>	<b>RESERVES AND SURPLUS</b>		
	<b>Capital Reserves</b>	<b>651750.00</b>	651750.00
	<b>Securities Premium Reserve</b>	<b>22930519.00</b>	22930519.00
	<b>General Reserve:</b>	<b>26100000.00</b>	26100000.00
	<b>Surplus in Statement of Profit and Loss</b>	<b>0.00</b>	0.00
	Balance as per last account	(24680017.00)	(28768877.00)
	<b>Add: Net Profit for the year</b>	<b>4466844.00</b>	4088859.00
	<b>Closing Balance</b>	<b>(20213173.00)</b>	(24680018.00)
	<b>TOTAL</b>	<b><u>29469096.00</u></b>	<u>25002251.00</u>
<b>3</b>	<b>LONG TERM BORROWINGS (SBI CAR LOAN)</b>	<b>1079018.00</b>	0.00
	<b>TOTAL</b>	<b><u>1079018.00</u></b>	<u>0.00</u>
<b>4</b>	<b>DEFERRED TAX LIABILITY (NET)</b>		
	<b>Deferred Tax Liability</b>		
	On account of Depreciation	<b>665085.00</b>	553204.00
	<b>Deferred Tax Assets</b>	<b>0.00</b>	0.00
	<b>TOTAL</b>	<b><u>665085.00</u></b>	<u>553204.00</u>
<b>5</b>	<b>Short Term Borrowings</b>		
	<b>SBI Car Loan</b>	<b>2379140.00</b>	17043546.00
<b>6</b>	<b>TRADE PAYABLES</b>		
	Creditors for Expenses	<b>360181.00</b>	174450.00
	Others	<b>18920.00</b>	24513.00
	<b>TOTAL</b>	<b><u>379101.00</u></b>	<u>198963.00</u>
<b>7</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Deposits/Advance From Customers	<b>1183145.00</b>	189861.00
	Other payables	<b>1704477.00</b>	694231.00
		<b>0.00</b>	0.00
	<b>TOTAL</b>	<b><u>2,887,622.00</u></b>	<u>884,092.00</u>
<b>8</b>	<b>SHORT TERM PROVISIONS</b>		
	Provision for Employee Benefits		
	Salary & Reimbursements	<b>335552.00</b>	383485.00
	Provision for Tax (Normal)	<b>132015.00</b>	0.00
	Provision for Tax (MAT)	<b>3384860.00</b>	2621276.00
	Less: MAT Adjusted against Normal Tax Payable	<b>(132015.00)</b>	0.00
	<b>TOTAL</b>	<b><u>3,720,412.00</u></b>	<u>3,004,761.00</u>

<b>10</b>	<b>NON CURRENT INVESTMENTS</b>		
	<b>TRADE INVESTMENT</b>		
	<b>In Equity Shares of Subsidiary Company</b>		
	<b>Unquoted fully paid up</b>		
	68,82,537 Aryaman Broking Ltd of Rs. 10/-each (68,82,537)	0.00	0.00
	175250 Overskud Multi Asset Mgt Pvt Ltd (210000)	<b>26287500.00</b>	31500000.00
	<b>TOTAL</b>	<b><u>26,287,500.00</u></b>	<b><u>31500000.00</u></b>
	<b>Aggregate amount of Unquoted Investments</b>	0.00	68825370.00
<b>11</b>	<b>LONG TERM LOANS AND ADVANCES</b>		
	<b>(Unsecured Considered good)</b>		
	Security Deposits - Office Mumbai	28000000.00	23475000.00
	Other Deposit	500.00	500.00
	Other Loans and Advances	0.00	0.00
	Tax Deducted At Source	6417186.00	4125201.00
	<b>TOTAL</b>	<b><u>34,417,686.00</u></b>	<b><u>27,600,701.00</u></b>
<b>12</b>	<b>OTHER NON CURRENT ASSETS</b>		
	Service Tax Input	213739.00	0.00
	Unamortized Expenses	91382.00	150336.00
		<b><u>305,121.00</u></b>	<b><u>150,336.00</u></b>
	<b>CURRENT ASSETS</b>		
<b>13</b>	<b>Current Investments:(QUOTED)</b>		
	<b>Investment in Equity At Cost</b>		
	Indra Deco Ltd : 23800000 (23800000) Shares (MV-2856000)	<b>9466907.00</b>	9466907.00
	Zenith Birla Ltd: 200000(200000) Shares (MV-180000)	<b>6075000.00</b>	6075000.00
	Birla Precision Technologies Ltd: 70000(70000) Shares (MV-172200)	<b>1085000.00</b>	1085000.00
	BB Realty: NIL (165000) Shares	<b>0.00</b>	4017250.00
	SAL Steel Ltd: 42000 ( NIL) Shares (MV-89040)	<b>937020.00</b>	0.00
		<b><u>17,563,927.00</u></b>	<b><u>20644157.00</u></b>
<b>14</b>	<b>INVENTERIES</b>		
	<b>Quoted Equities</b>		
	BCB Finance Ltd: 181000 (NIL) Shares. (MV-4543100)	4525400.00	0.00
	Jupiter Info media Ltd: 108000 (NIL) Shares. (MV-2629800)	2160000.00	0.00
	<b>TOTAL</b>	<b><u>6,685,400.00</u></b>	<b><u>0.00</u></b>
<b>15</b>	<b>TRADE RECEIVABLES</b>		
	Outstanding for a period exceeding six months from the date they become due for payment		
	Unsecured, Considered good	10738780.00	16256230.00
		<b><u>10,738,780.00</u></b>	<b><u>16,256,230.00</u></b>
	Outstanding for a period less than six months		
	Other Debts-Unsecured Considered good	643058.00	53677.00
	<b>TOTAL</b>	<b><u>11,381,838.00</u></b>	<b><u>16,309,907.00</u></b>
<b>16</b>	<b>CASH AND CASH EQUIVALANTS</b>		
	Cash & Cash Equivalents		
	Balance with Banks;	2211891.00	227877.00
	Cash on hand	5688.00	56483.00
	Fixed Deposit with Schedule & Commercial Bank	20132280.00	8598538.00
	<b>TOTAL</b>	<b><u>22,349,859.00</u></b>	<b><u>8,882,898.00</u></b>
<b>17</b>	<b>SHORT TERM LOANS AND ADVANCES</b>		
	<b>(Unsecured Considered good)</b>		
	Loans and Advances to related parties {Refer Note Note 19(B) (5)}	0.00	0.00
	Shares held against portfolio Commitment	0.00	10179130.00



	Others	15620618.00	307062.00
	(Includes Prepaid expenses & Interest Accrued on FD, TDS)		
	<b>TOTAL</b>	<b><u>15,620,618.00</u></b>	<u>10,486,192.00</u>
<b>18</b>	<b>Contingent Liabilities and Commitments (to the extent not provided for)</b>		
	Claims against the company not acknowledged as debt – disputed tax liability	<b>253,000</b>	<b>315,000</b>
<b>19</b>	<b>REVENUE FROM OPERATIONS</b>		
	Income from Fees earned	36229855.00	12737553.00
	Income from Trading & Investment	(2348286.00)	516666.00
	Income from Interest/Dividend etc	2291078	1645262.00
	Sales (Stock in Trade)	1313200.00	0.00
	<b>TOTAL</b>	<b><u>37485847.00</u></b>	<u>14899481.00</u>
<b>20</b>	<b>OTHER INCOME</b>		
	Other Non-Operating Income	3300	2287.00
	<b>TOTAL</b>	<b><u>3300</u></b>	<u>2287</u>
<b>21</b>	<b>EMPLOYEE BENEFITS EXPENSES</b>		
	Salaries and Wages	4553793	4513325
	Staff Welfare Expenses	94731	79989
	<b>TOTAL</b>	<b><u>4648524.00</u></b>	<u>4593314.00</u>
<b>22</b>	<b>FINANCE COST</b>		
	Bank charges	21115	8662
	Interest paid	1049025	1030364
	<b>TOTAL</b>	<b><u>1070140.00</u></b>	<u>1039026.00</u>
<b>23</b>	<b>DEPRECIATION &amp; AMORTIZATION EXPENSES</b>		
	Preliminary Expenses Written off	58954	26530
	Depreciation on Fixed Assets	164699	0
	Software Written off	17603	0.00
	<b>TOTAL</b>	<b><u>241256.00</u></b>	<u>26530.00</u>
<b>24</b>	<b>OTHER EXPENSES</b>		
	Rates and Taxes	52900	22500
	Telephone Expenses	109812	111121
	Professional Charges	4760437	482895
	Loss on Assignment of Assets/Write offs (Net)	13206105	2029286
	Member ship -SEBI License	197716	211481
	Commission & Brokerage	5008248	260419
	Electricity Charges	249061	187049
	Office Administration Expenses	942869	710498
	Payment to Auditors		
	Statutory Auditors:		
	Audit Fees (excluding service tax)	85000	73483
	For Taxation Matter	25000	15000
	For Company Law Matters	10000	5000
	Other Services	30000	30000
	<b>TOTAL</b>	<b><u>24677148.00</u></b>	<u>4138732.00</u>

**Note 9. FIXED ASSETS (CONSOLIDATED)**

(in ₹)

DESCRIPTI ON	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01 April 2012	Additi on/ Adjustm ent	Deducti ons/ Adjustm ent	Balance as at 31 March 2013	Balance as at 01 April 2012	Adjust ment / Deduc tions	For the year	Upto 31 March 2012	Balance as at 31 March 2013	Balance as at 31 March 2012
<b>TANGIBL E ASSETS</b>										
<b>OWN ASSETS:</b>										
Tenant Office Premises- BSE Ltd	-	4363148	-	<b>4363148</b>	-	-	<b>7404</b>	-	<b>4355744</b>	-
Freehold Land	8342965	-	-	<b>8,342,965</b>	-	-	-	-	<b>8342965</b>	8342965
Furniture, Fixtures	13644	11040	-	<b>24684</b>	5205	-	<b>747</b>	<b>5952</b>	<b>18732</b>	8439
Office Equipments	20771	-	-	<b>20771</b>	3896	-	<b>901</b>	<b>4797</b>	<b>15974</b>	16875
Computer	422298	96250	-	<b>518548</b>	263492	-	<b>74408</b>	<b>337900</b>	<b>180648</b>	158806
Motor Vehicle	-	1687186	-	<b>1687186</b>	-	-	<b>81239</b>	<b>81239</b>	<b>1605947</b>	-
<b>Total (A)</b>	<b>8799678</b>	<b>1794476</b>	<b>-</b>	<b>10594154</b>	<b>272593</b>	<b>-</b>	<b>157295</b>	<b>429888</b>	<b>14520010</b>	<b>8527085</b>
<b>INTANGIB LE ASSETS</b>								-		
Cochin Stock Exchange Corporate Membership	1660526	-	-	<b>1660526</b>	332105	-	<b>166053</b>	<b>498158</b>	<b>1162368</b>	1328421
Back Office Software	-	52809	-	<b>52809</b>	-	-	<b>17603</b>	<b>17603</b>	<b>35206</b>	
<b>Total (B)</b>	<b>1660526</b>	<b>52809</b>	<b>-</b>	<b>1713335</b>	<b>332105</b>	<b>-</b>	<b>183656</b>	<b>515761</b>	<b>1197574</b>	<b>1328421</b>
<b>Total (A+B)</b>	<b>10460204</b>	<b>1847285</b>	<b>-</b>	<b>12307489</b>	<b>604698</b>	<b>-</b>	<b>340951</b>	<b>945649</b>	<b>15717584</b>	<b>9855506</b>
<b>Previous Year</b>	10437204	23000	-	10460204	206256	-	66337	604698	9855506	10230948

**Note : 24 Other Expenses : (Consolidated)**

(in ₹)

Sr. No	Particulars	Current Year 31/03/2013	Previous Year 31/03/2012
1	Travelling Expenses (Including Foreign Travelling)	34,656	17,867

2	Computer Maintenance	63,961	64,260
3	General Expenses	103,511	99,651
4	Internal Audit Fee	15,000	15,000
5	Land Maintenance Charges	100,000	-
6	Legal Expenses	10,615	71,926
7	Postage & Telegram	36,895	29,174
8	ROC Expenses	5,455	4,650
9	Stationery Expenses	112,813	94,335
10	Interest on Delayed Payment of Taxes	20,631	41,277
11	Advertisement & Publicity	8,924	3,168
12	Donation	-	2,001
14	Repair & Maintenance Furniture	14,250	2,200
15	Member ship -Cochin Stock Exchange	-	79,515
16	Listing Fees & Processing fees	40,000	65,983
17	Custodial Fees	60,000	60,000
18	Books & periodicals	1,753	3,299
19	Interest paid on SBI Car loan	-	-
19	Service Charges for website	44,290	8,923
20	Conveyance	40,728	16,969
21	BMC Charges	27,000	-
22	Demat charges	59,569	30,000
23	Client Expenses	11,994	-
24	Filling Fees	389	300
25	Director's Sitting Fees	60,000	-
26	Seminar/Subsription	1,625	-
27	Stipend	4,500	-
28	Office Maintenance Charges(BSE)	8,000	-
29	Processing Fees	1,000	-
30	Property Tax	2,000	-
31	Round Off	(13)	-
32	Share Trading Expenses	17,559	-
33	Trade Guarantee Fund	10,000	-
34	Subscription to BSE Broker's Forum	22,667	-
35	Contribution to Investor's protection Fund	1	-
36	Identity Card Charges	895	-
37	Land Net work (Ethernet) Charges (BSE)	2,200	-
38	Lease Rent	1	-
	<b>Total</b>	<b>942,869</b>	<b>710,498</b>

#### NOTE-25

#### NOTES TO FINANCIAL STATEMENTS

##### A. SIGNIFICANT ACCOUNTING POLICIES: -

1. The consolidated financial statements relate to Aryaman Financial Services Ltd ('the Company') and its subsidiary company. The financial statement of the company and its subsidiary company are combined on a line – by- line basis by adding together the book values of like items of assets, liabilities, income & expenses, after fully eliminating intra-group balances and intra-group transaction in accordance with Accounting Standard (AS) 21-'Consolidated Financial Statements'
2. Accounts are prepared on Historical Cost Convention accruing for incomes, expenditures, assets and liabilities.

3. a. Income from Project Consultancy is accrued considering stage wise completion of work, wherever agreed upon or feasible, otherwise it is accrued on percentage basis based on the quantum of work completed.  
b. Income from Merchant Banking is accrued on percentage basis based on quantum of work completed.
4. a. **FIXED ASSETS:**  
Fixed Assets are shown at cost less accumulated depreciation. Cost of asset includes all expenses related to acquisition of the asset.  
b. **DEPRECIATION:**  
  
Owned Assets: Depreciation is charged on Straight Line Method at the rates and in the manner provided in Schedule XIV of the Companies Act, 1956.
5. Miscellaneous Expenditure are written off as follows:
  - a. Preliminary Expenses, Pre – Operative expenses (Other than (b) below) & Public issue expenses pro-rata over 10 years.
  - b. Pre-Operative Expenses relating to Merchant Banking Division and Registrar & Share Transfer Agents – Pro-rata over 5 years.
  - d. Computer Software –Equally over 3 years.
  - e. Subsidiary company is writing off pre-operative expenses over 5 years.
6. **Taxes on Income**  
The Company provides for deferred tax using liability method, based on tax effect of timing difference resulting from the recognition of items in the financial statements and in estimating its current income tax provision.  
  
Deferred Tax Assets arising from temporary timing differences are recognized to the extent there is reasonable certainty that the assets can be realized in future.
7. All Assets and liabilities are presented as current or non-current as per the company's normal operating cycle and other criteria set out in the revised schedule VI of the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets of processing and the realization the company has ascertained its operating cycle as 12 months for the purpose of current / non-current assets / liabilities

## **B. NOTES**

1. The Subsidiary Company considered in the Consolidated Financial Statements are:  
Name Of the Subsidiary : Aryaman Broking Ltd.  
Country of Incorporation: India.  
Proportion of Ownership Interest: 100%
2. Some of the debit/credit balances are subject to confirmation and reconciliation.
3. In view of the number of employees being below the stipulated numbers, the Payment of Bonus and payment of Gratuity Act are not applicable to the company for the year.

4. The advance given to Cochin Stock Exchange towards Corporate Membership has been written off to the extent of ₹4,98,158/-, to arrive at the current value as estimated by the management

5. Income/Expenditure in foreign currency:

	Amount (₹)	Amount (₹) (P.Y.)
Expenditure	NIL	NIL
Income	NIL	NIL

**6. RELATED PARTY DISCLOSURES:**

As per Accounting Standard 18, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

**1) List of related parties where control exist and related parties with whom transactions have taken place and relationships:**

Sr.No.	Category	Name of the Related Party/Relationship
1.	Holding Company	Mahshri Enterprises Pvt Ltd
2.	Subsidiary Company	Aryaman Broking Ltd
3.	Associates Companies	<ul style="list-style-type: none"> <li>• Overskud Multi Assets Management Pvt. Ltd.</li> <li>• Nopea Capital Services Pvt. Ltd.</li> <li>• Escorp Industries Pvt. Ltd.</li> <li>• Vardhman Investment</li> </ul>
4.	Key Managerial Personnel	Shripal Shah
5.	Key Managerial Personnel's Relatives	Shrenik Shah (Father) Shreyas Shah (Brother) Roopa Shah (Mother) Meloni Shah (Wife)

**II Transactions during the year with related parties:**

Sr. No.	Name of Party	Nature of Transactions (excluding reimbursements)	Amount (₹)
1.	Vardhman Investments	Office Deposit Paid (Returned)	16,25,000
2.	Mrs. Roopa Shah (Relative of Director)	Net Loans and Advances returned (received)	(22,04,000)
		Sale of Investments	52,12,500
3.	Shripal Shah (KMP)	Remuneration (Excluding re- imbursements) paid (retuned)	6,25,000

**III. Balance as at 31<sup>st</sup> March 2013**

<b>Sr. No.</b>	<b>Name of Party</b>	<b>Nature of account</b>	<b>Amount Outstanding(₹)</b>
1.	Vardhman Investments	Office Deposit Paid	2,50,00,000
2.	Mrs. Roopa Shah (Relative of Director)	Short Term Loan Payable	22,04,000

**As per our attached report of even date**

**FOR THAKUR, VAIDYANATH AIYAR & CO.**  
**Chartered Accountants**  
**Firm Registration No.: 000038N**  
**C.V. Parameswar**  
**Partner**

**Membership No: 11541**  
**Mumbai, May 29, 2013**

**By Order of the Board**

**Shripal Shah      Sheryas Shah**  
**Executive Director    Executive Director**

**Ambreen Khan**  
**Company Secretary**



**ARYAMAN FINANCIAL SERVICES LIMITED**

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

**ATTENDANCE SLIP**

Ninetieth Annual General Meeting on Tuesday, September 24, 2013

DP ID.....

Folio No/Client ID.....

Full name of the shareholder/proxy attending the meeting

.....  
(First Name)

.....  
(Second Name)

.....  
(Surname)

FIRST HOLDER / JOINT HOLDER / PROXY  
(Strike out whichever is not applicable)

Full name of first holder.....

(if joint holder/proxy attending) (First Name)

(Second Name)

(Surname)

.....  
Signature of the Shareholder / Proxy

**ARYAMAN FINANCIAL SERVICES LIMITED**

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

**PROXY FORM**

Ninetieth Annual General Meeting on Tuesday, September 24, 2013

DP ID.....

Folio No/Client ID.....

I/We.....of.....

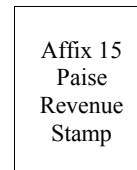
being a member(s) of Aryaman Financial Services Limited hereby

appoint.....of.....or.....failing

him/her.....of..... as my/our proxy to attend and vote for me/us and on my/our behalf at the Ninetieth Annual General Meeting of the Company to be held on September 24, 2013 At 11.30 a.m., at Jawaharlal Nehru National Youth Centre, 219, Deen Dayal Upadhyaya Marg, New Delhi-110 002 and at any adjournment thereof.

Signed this .....day of.....2013

Signature.....



Note:

1. The proxy need not be a member of the Company
2. The proxy form duly signed across 15 paise Revenue stamp should reach the Company's Registered Office at least 48 hours before the time of the meeting.

**BOOK POST**

If undelivered please return to:

**Adroit Corporate Services Pvt. Ltd.**  
**Unit: Aryaman Financial Services Ltd.**

19, 1st Floor, Jaferbhoy Industrial Estate,  
Makwana Road, Marol Naka,  
Andheri (E), Mumbai – 400 059.