



Arman Financial Services Limited

(Erstwhile Arman Lease & Finance Limited)

SEVENTEENTH ANNUAL REPORT 2008-2009

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17TH ANNUAL GENERAL MEETING

Day : Friday
 Date : 25th September, 2009
 Time : 1.30 P.M.
 Venue : Ahmedabad Textile Mills' Association (ATMA) Hall
 Opp. City Gold Cinema
 Ashram Road
 Ahmedabad : 380 009

**BOARD OF DIRECTORS**

SHRI CHINUBHAI R SHAH	CHAIRMAN
SHRI JAYENDRA B. PATEL	VICE CHAIRMAN & MANAGING DIRECTOR
SHRI AMIT R. MANAKIWALA	WHOLE TIME DIRECTOR
SHRI KAUSHIKBHAI D.SHAH	DIRECTOR
SMT. RITABEN J. PATEL	DIRECTOR
SHRI AAKASH J. PATEL	DIRECTOR
SHRI NILESH H. TRIVEDI	DIRECTOR
SHRI AALOK J. PATEL	DIRECTOR

AUDITORS

J. T. SHAH & COMPANY
CHARTERED ACCOUNTANTS
201/202, LALITA COMPLEX
352/3, RASALA MARG
NAVRANGPURA
AHMEDABAD 380009.

**COMPANY SECRETARY
CONSULTING**

BALAVANTSINH J VAGHELA
COMPANY SECRETARY IN PRACTICE
208, SHREYAS COMPLEX
NAVRANGPURA
AHMEDABAD 380009.

BANKERS

ICICI BANK LTD.
HDFC BANK LTD
AXIS BANK LTD.
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA
SARVODAYA COMM. CO-OP. BANK LTD.
THE AHMEDABAD DIST. CO-OP. BANK LTD.
INDUSIND BANK LTD.
IDBI BANK LTD.
UNITED BANK OF INDIA

REGISTERED OFFICE

502-503 SAKAR III
OPP OLD HIGH COURT
OFF ASHRAM ROAD
AHMEDABAD 380014.

**REGISTRARS & SHARE
TRANSFER AGENTS**

PINNACLE SHARES REGISTRY P LTD
NEAR ASHOKA MILLS
NARODA ROAD
AHMEDABAD 380025.
Phone: (O) 2220 4226, 2220 0338, 2220 0582
Fax : 91-79-2220 2963
e-mail: investor.service@psrpl.com



NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of ARMAN FINANCIAL SERVICES LIMITED (Erstwhile Arman Lease & Finance Limited) will be held at The Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad 380009 on the Friday the 25th Day of September, 2009 at 1.30 p.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31st March, 2009 and the reports of the Board of Directors and Auditors thereon
2. To appoint a Director in place of Shri Nilesh Trivedi who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Smt Ritaben J. Patel who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Shri Aalok Patel who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting of the Company until the conclusion of next Annual General Meeting and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION

RESOLVED THAT M/s. J. T. Shah & Co., Chartered Accountants be and are hereby appointed as Auditors of the Company from the conclusion of this Annual General Meeting of the Company until the conclusion of the next Annual General Meeting of the company on such remuneration as shall be fixed by the Board Of Directors, exclusive of travelling and other out of pocket expenses.”

SPECIAL BUSINESS

6. REAPPOINTMENT OF SHRI AMIT MANAKIWALA AS A WHOLE TIME DIRECTOR.

To consider and if thought fit to pass, with or without modifications, the following as ORDINARY RESOLUTION:

“**RESOLVED THAT** subject to the Provisions of Section 269, 309 and 198, and all other applicable provisions, if any, of the Companies Act, 1956 or any modification or re-enactment thereof Shri AMIT MANAKIWALA the Whole Time Director of the Company be and is hereby reappointed as Whole Time Director of the Company for a period of five years w. e. f. 14th October 2009, on the remuneration and on the terms and conditions as embodied in the draft Agreement, copy whereof has been submitted to this meeting, initialed by the Chairman for the purpose of identification”.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Share Transfer Books and Register of Members will remain closed from Monday, 21st September, 2009 to Friday, 25th September, 2009 (both days inclusive).
3. Members holding the shares in physical mode are requested to intimate immediately, change of address, if any, to the Company /Registrar quoting reference of their Registered Folio Number.
4. Members/Proxies are requested to produce the Attendance Slip at the entrance of the Meeting Hall.
5. Members/Proxies are requested to bring the copy of their Annual Report alongwith them.
6. Members desiring any information about Accounts at the meeting are requested to write to the Company at least 5 days prior to the Annual General Meeting.
7. The members who have not encashed the interim dividend warrants for the year 2004-05 are requested to send back the original dividend warrants or send the indemnity for claiming the dividend for the said year.
8. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31.03.2005 which remained unclaimed for a period of seven years will be transferred by the company to the Investors' Education and Protection Fund (IEPF) established by the Central Government pursuant to the provisions of Section 205-C of the Companies Act, 1956.



Information in respect of such unclaimed dividend when due for transfer to the said fund is given below.

Financial year ended	Date of declaration of dividend	Last Date for claiming unpaid Div	Due date for transfer to IEP Fund
2004-05	15.02.2005	14.02.2012	14.03.2012

Shareholders are requested to note that no claims shall lie against the company for the said fund in respect of any amount which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.

9. The information or details pertaining to the directors retiring by rotation and being eligible for reappointment, to be provided in terms of clause 49 of the listing agreement are furnished in the Statement of Corporate Governance published elsewhere in this Report.

BY THE ORDER OF THE BOARD

Place : Ahmedabad
Date : 25th August, 2009

JAYENDRA PATEL
Vice Chairman & Managing Director

Registered Office :
502-503 SAKAR III
OPP. OLD HIGH COURT,
OFF ASHRAM ROAD
AHMEDABAD 380 014.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 SETTING OUT ALL MATERIAL FACTS RELATING TO THE SPECIAL BUSINESS:

ITEM NO. 6

REAPPOINTMENT OF SHRI AMIT MANAKIWALA AS A WHOLE TIME DIRECTOR

Shri Amit R. Manakiwala is Commerce Graduate from Gujarat University and is associated with the company since incorporation. He is well conversant with financial services and he is very well conversant with Finance, Accounts and taxation matters. He is working with the company on full time basis as Whole Time Director of the company since inception of the company.

The members of the company have approved the appointment of Shri Amit Manakiwala as Whole Time Director of the company for a period of five years w. e. f. 14th October 2004 in their Twelfth Annual General Meeting held on 27th September 2004 and his term as Whole Time Director is expiring on 13th October 2009.

The Board of Directors have passed the necessary resolution reappointing him as Whole Time Director in their meeting held on 21st July 2009 subject to the approval by members in their ensuing Annual General Meeting. Thus your Board of Directors recommend you to approve his appointment as Whole Time Director.

The remuneration payable to Shri Amit Manakiwala, the Whole Time Director will be as under.

- (a) Salary of Rs.25,500/- (Rs. Twenty Five Thousand Five Hundred Only) per month in the scale of Rs. 25,500-2000-31,500.
- (b) Perquisites:- Perquisites stated below shall be restricted to an amount equal to the annual salary or Rs. 90,000 per annum whichever is less.

Unless the context otherwise requires, the perquisites are classified into three categories as PART A, B, AND C as under.

PART A

1. ELECTRICITY, WATER AND FURNISHINGS:

The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary of the Director concerned.

2. MEDICAL:

Medical benefits for the self and family (non-interchangeable) Reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed one month's salary in a year and three months' salary over a period of three years.



3. **LEAVE TRAVEL CONCESSION:**

Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.

4. **CLUB FEES:**

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

5. **PERSONAL ACCIDENT INSURANCE:**

Personal accident insurance of an amount, the Annual Premium of which does not exceed Rs. 4000/- per annum.

EXPLANATION:

For the purpose of Part A, family means the spouse, the dependent children and the dependent parents of the individual.

PART B

6. Company's contribution towards provident fund as per the rules of the Company, subject to a ceiling of 12% of the salary or in lieu of provident fund contribution, Shri Amit R. Manakiwala will be reimbursed one month salary per financial year for the investment made to get the Income Tax Rebate as per Section 88 of the Income Tax Act, 1961.

7. Company's contribution towards pension/superannuation fund. Such contribution together with contribution to the Provident Fund shall not exceed 25% of the salary as laid down in the Income Tax Rules 1962. (The overall ceiling referred to above will be non-interchangeable).

8. Gratuity (non-interchangeable): Payable in accordance with an approved Fund and which does not exceed one half month's salary for each completed year of Service.

Contribution to Provident Fund, Superannuation Fund, Annuity will not be considered or included for the computation of ceiling of perquisites to the extent those either singly or put together are not taxable under the Income Tax Act.

9. Encashment of accumulated leave at the end of the tenure. However, this will not be included in the computation of the ceiling on perquisites.

PART C

10. Provision of car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the individual Managerial Personnel concerned.

(a) Earned/Privilege Leave:- On full pay and allowances, as per rules of the Company but not more than one month's leave for every eleven month's of services.

(b) The Whole Time Director shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

None of the directors except Shri Amit Manakiwala are interested in the said resolution. Your directors recommends the resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Place : Ahmedabad

Date : 25th August, 2009

JAYENDRA PATEL

Vice Chairman & Managing Director

Registered Office :

502-503 SAKAR III

OPP. OLD HIGH COURT,

OFF ASHRAM ROAD

AHMEDABAD 380 014.

**DIRECTORS' REPORT**

TO THE MEMBERS,

The Directors have pleasure in presenting the Seventeenth Annual Report alongwith the audited accounts of the company for the year ended 31st March, 2009.

FINANCIAL RESULTS

PARTICULARS	Year ended		Year ended	
	31st March 2009		31st March 2008	
	(Rupees)		(Rupees)	
Income from operations	4,38,89,203		3,87,12,302	
Profit before Interest, & Non cash charges	2,66,43,458		2,42,20,552	
Less				
Interest	155,30,185		123,48,499	
Depreciation	6,15,018	1,61,45,203	5,79,193	1,29,27,692
PROFIT BEFORE TAXATION		1,04,98,255		1,12,92,860
Provision for Taxation		35,83,000		41,82,500
Deferred Tax Assets		16,102		41,635
PROFITS AFTER TAXATION		68,99,153		70,68,724
Prior Period Items		NIL		NIL
Excess/(Short) provision for earlier year		NIL		-3,67,500
Add: Balance Brought Forward from Previous year		1,93,83,381		1,41,82,157
PROFITS AVAILABLE FOR APPROPRIATIONS		2,62,82,534		2,08,83,380
APPROPRIATIONS				
Interim /Final Dividend	NIL		NIL	
Tax on Dividend	NIL	NIL	NIL	NIL
Transfer to General Reserve		NIL		NIL
Transfer to Special Reserve		15,00,000		15,00,000
Profit & Loss A/c Surplus		2,47,82,534		1,93,83,380
TOTAL		2,62,82,534		2,08,83,380

DIVIDEND

Keeping in mind the slow down of the economic conditions and funds requirements for future business growth of your company, the Directors do not recommend the dividend for the year.

FINANCIAL PERFORMANCE

The year under review saw your company performed satisfactorily even though it was the most challenging market conditions in last decades.

You will be glad to learn that during the year our company achieved improvements in it's financial and operational performance.

- Gross income rose to Rs. 438.89 lacs as compared to Rs. 387.12 lacs in the previous year showing the growth of 13%.
- The gross profit for the year is Rs. 104.98 lacs as compared to Rs. 112.93 lacs in the previous year.
- The net profit for the year is Rs. 68.99 lacs as against Rs. 70.69 lacs in the previous year.

Your board and management have always worked towards highest values and principles of governance to run the day today affairs of the business. We would like to assure you that your Board would continue to uphold these traditions and strive to capitalise on right opportunities and manage the risk carefully.

DIRECTORS:

In accordance with Section 257 of the Companies Act, 1956 and Articles of Association of the Company, Smt Rita J. Patel, Shri Nilesh Trivedi, and Shri Aalok Patel, the directors of the company retire by rotation & being eligible offer themselves for re-appointment. Your Directors recommend to reappoint them as Directors of the company.

The term of Shri Amit Manakiwala as whole Time Director is expiring on 13-10-2009. Your Directors recommend to approve his reappointment as Whole Time Director for further period of five years.

Brief resume of the Directors' retiring by rotation at the ensuing Annual General Meeting, nature of their expertise in specific functional area and name of the companies in which they hold the directorship and the Membership/Chairmanship of the Committees of the Board, as stipulated under the clause 49 of the Listing Agreement of the Stock Exchanges, are given in the section on Corporate Governance elsewhere in this Annual Report.

AUDITORS:

M/s J. T. Shah & Co., Chartered Accountants, Ahmedabad were appointed as Auditors of the Company in the Sixteenth Annual General Meeting to hold the office till the conclusion of the Seventeenth Annual General Meeting. The said Auditors retire at the conclusion of the ensuing Annual General meeting and being eligible offer themselves for re-appointment. The Auditors have furnished to Company, the requisite certificate under Section 224 (1) of the Companies Act, 1956. Your Directors recommend to reappoint them as Auditors of the company.

STATUTORY COMPLIANCES:**A. PARTICULARS OF EMPLOYEES:**

The particulars of employees covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as Amended are given hereunder.



NAME	DESIGNATION	GROSS REMUNE RATION	QUALI FICA TION	EXPERI ENCE	DATE OF APPOINT	AGE	LAST EMPLOY MENT
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There is no employee drawing a salary of more than Rs. 24,00,000/- p.a. for the whole of the year or Rs. 2,00,000/- p.m. for the part of the year.

B. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company has no activities relating to conservation of energy or technology absorption. The Company has no foreign exchange outgo. The Company has not earned any foreign exchange during the year.

C. DEPOSITS:

The Company does not hold any public deposits and has not accepted any public deposits from public during the year. The Company has made all compliances in terms of Non-Banking Financial Companies (Reserve Bank) Directions, 1998.

D. AUDITORS REPORT:

The notes on accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

E. DEMATERIALISATION OF COMPANY'S EQUITY SHARES:

Pursuant to Securities & Exchange Board of India's (SEBI) circular No. SMDRP/POLICY/ CIR-23/2000 DTD. 29th May 2000, the company's shares are traded in the compulsory DEMAT mode with effect from December 26, 2000 by all investors. Accordingly the equity shares of the company can be held in electronic form with any depository participant ("DP") with whom the member/investors have their Depository account. The ISIN No allotted to the equity shares of the company is INE109C01017.

F. SHARE PHYSICAL AND ELECTRONIC TRANSFER AGENTS:

Your directors are pleased to inform you that pursuant to Securities & Exchange Board of India's (SEBI) circular No. D&CC/ FITTC/CIR-15/2002 DTD. 27.12.2002, the company has appointed M/s Pinnacle Share Transfer Registry P. Ltd., Ahmedabad for physical and electronic transfer of shares of the company w.e.f. 1st of April 2003 and members are requested to send their transfer and demat/remat requests to them at the address below.

PINNACLE SHARES REGISTRY PVT. LTD.
NEAR ASHOKA MILLS
NARODA ROAD
AHMEDABAD - 380025.

G. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2009 on a 'Going Concern' basis.

H. CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE:

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai forms part of the Annual Report. The Certificate from the Auditors of the company confirming compliance of conditions of Corporate Governance as stipulated in clause 49 of the listing agreement is attached to this report.

I. COMPLIANCE CERTIFICATE:

Compliance Certificate as required u/s 383A of the Companies Act, 1956 from Balvantsinh J. Vaghela, the Company Secretary in Practice forms part of the Annual Report.

J. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai forms part of the Annual Report. The same is attached to this report.

ACKNOWLEDGMENTS:

The Company has received very good co-operation from its bankers viz. The Sarvodaya Commercial Co-op Bank Ltd, HDFC Bank Ltd, The Ahmedabad District Co-op Bank Ltd, ICICI Bank Ltd, Small Industries Development Bank of India, AXIS Bank Ltd., IDBI Bank Ltd., United Bank of India and the Indusind Bank Ltd. The Company looks forward to the continued co-operation from its Bankers in future also.

The Company puts on record its appreciation for the dedication of its staff members and the Co-operation of its valued customers and shareholders received during the period under review.

For and on behalf of the Board

Place: Ahmedabad.
Date : 21st July, 2009

CHINUBHAI R. SHAH
CHAIRMAN



CORPORATE GOVERNANCE

The Company pursuant to the clause 49 of the Listing Agreement with the Stock Exchanges furnishes its report on the code of Corporate Governance as under.

1. Company’s philosophy on Corporate Governance

Arman Financial Services Limited, the company believes in conducting its affairs in a fair, transparent and professional manner and maintaining the good ethical standards in its dealing with all its constituents.

The Company is committed to follow good Corporate Governance practices and policies which include having professional Directors on the Board, adopting pragmatic policies and effective systems and procedures and subjecting business processes to audits and checks measuring upto required standards.

The driving force behind the Company’s management is “Tomorrow’s progress Today” and baked by A culture of “High-Tech and Quality”. The company quality policy is “To satisfy customer needs and retain leadership by delivering quality services through Continuous improvement by motivated employees”.

The philosophy on Corporate Governance is an important tool for shareholder protection and maximization of their long term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility etc serve as the means of implementing the philosophy of Corporate Governance in letter and spirit.

Your company confirms & exceeds wherever possible the prevalent mandatory guidelines on Corporate Governance.

2. Board of Directors

The Board of Directors consists of 8 (Eight) directors Comprising

- 1 Independent Chairman,
- 2 Independent non Executive Directors
- 2 Promoter Executive Directors
- 3 Non Executive directors.

Brief Resume of the Directors being reappointed at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of companies in which they hold directorship and the membership of the committees of the Board are furnished hereunder:

- A. Smt. Ritaben J. Patel (53), is a Graduate in Economics. She is having Banking qualifications from First National Bank of Chicago, USA. She has worked with various US banks like First National Bank of Chicago, Golf Mill Bank, Morton Grove Bank in various capacities for more than a decade.

She is the member of the Audit Committee of the Board of Directors.

- B. Shri Nilesh Trivedi (38) is a software engineer having 20 years of experience in software and hardware consultancy. He is also a faculty member in computer education with 3 to 4 Institutions.

- C. Shri Aalok Patel (24) is having M. S. degree in Accounting & Finance from Drake University, USA. He graduated with Honors in the top 5% trench of his class, He is a licensed Certified Public Accountant (CPA) in the US and actively pursuing the Certified Financial Analyst (CFA) designation.

He has worked as an accounting & finance intern for John Deere & Co, Working for Deere, he gained experiences in Farm Credit and risk analysis. Currently he is an Independent Auditor working with KPMG and he excels in equity analyst and valuation also. His research has been quoted in reputable business journals.

3. Attendance of each Director at the Board Meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies:

Name of Director		Attendance Particulars		No. of Other Directorships & Committee Member/Chairmanship		
	Category	Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
C. R. Shah	C ID	4	No	15	5	3
J. B. Patel	VCMD	10	Yes	—	1	2
A. R. Manakiwala	WTD	10	Yes	—	2	—
R. J. Patel	NED	10	Yes	1	1	—
K. D. Shah	ID	4	No	5	1	1
Aakash J. Patel	NED	—	No	—	—	—
Aalok J. Patel	NED	—	No	—	—	—
N. H. Trivedi	ID	—	No	—	—	—

C - Chairman, VCMD - Vice Chairman & Managing Director,
WTD – Wholetime Director, NED - Non-Executive Director, ID - Independent Director



4. Number of Board Meetings held and the dates on which held

10 (TEN) Board Meetings were held during the year. The dates on which the meetings held were 25.04.2008, 19.06.2008, 23.07.2008, 15.10.2008, 18.10.2008, 06.12.2008, 24.01.2009, 28.02.2009, 20.03.2009 & 25.03.2009. The maximum time gap between two meetings was not more than three calendar months. None of the Directors of the Company was a member of more than ten Committee nor was the Chairman of more than five Committees across all Companies in which he was a Director.

5. Board Committees

A. Standing Committees

The Company has the following standing Committees of the Board.

(i) Audit Committee

The Board of Directors of the Company has constituted the Audit Committee, comprising Three independent, Non-Executive Directors viz. Shri K. D. Shah, Chairman, Shri C. R. Shah and Smt Rita Patel. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956 and para 9A of the Non-Banking Financial Companies Prudential Norms (Reserve Bank of India) Directions, 1998.

The terms of reference stipulated by the Board of Directors to the Audit Committee are, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, as follows:

- a. To Monitor Company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of external auditors, audit fee and for payment for any other services.
- c. Reviewing with management the quarterly, half-yearly and annual financial statements before submission to the Board focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgement by management, (iii) qualifications in draft audit report, (iv) the going concern assumption, (v) compliance with accounting standards (vi) compliance with Stock Exchange and legal requirements concerning financial statements and (vii) any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussions with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h. Discussions with external auditors before the audit commences, nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.
- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) any creditors.

During the year, the Committee met 4 times. The Statutory Auditors and the Internal Auditors of the Company were also invited to attend the Audit Committee meetings. All the Committee members were present at all the meetings.

(ii) Shareholders'/Investors' Grievance Committee

The Board of Directors of the Company has constituted a Shareholders'/ Investors' Grievance Committee, comprising of Shri C. R. Shah, Chairman, Shri K. D. Shah & Shri Jayendra Patel. The Committee, inter alia, approves issue of duplicate certificates & overseas & reviews all matters connected with the securities transfers. The Committee also looks into redressal of shareholder's complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. The Committee oversees the performance of the Registrar and Transfer Agents, & recommends measures for overall improvement in the quality of investor services. The Board of Directors have delegated the power of approving transfer of securities to the Managing Director and the Whole Time Director.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (duly amended), the Board has approved the "Code of conduct for Prevention of Insider Trading" and authorised the Committee and monitor the various requirements as set out in the Code.

The Board has designated Shri Amit Manakiwala, the Whole Time Director, as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review, was NIL. Outstanding complaints as on 31st March, 2009 were Nil. No requests for dematerialization were pending for approval as on 31st March, 2009, which were approved and dealt with during April, 2009.

During the year, the Committee met 4 times. All the Committee members were present at all the meetings.

(iii) Project Advisory Committee

The Board of Directors of the Company has constituted a Project Advisory Committee, comprising of Shri Jayendra Patel, Shri Amit Manakiwala, Shri A. C. Sahu, DGM, SIDBI and Shri Nrupesh Shah, CA. The Committee, inter alia, review the Project performance of SIDBI approved Micro Financing Project and recommends the approval and disbursement of SIDBI Term loans.

(iv) Share Allotment & Transfer Committee

The Board of Directors of the Company has constituted a Share Allotment & Transfer Committee, comprising of Shri Jayendra Patel, Chairman and Shri Amit Manakiwala, the member. The Committee, inter alia, review and approve the transfer / transmission / demat of equity shares of the company as submitted by Pinnacle Shares Registry Pvt Ltd, the Registrar and Transfer Agent of the company.

(v) Remuneration Committee

The Board of Directors of the Company has constituted a Remuneration Committee, comprising of Shri Nilesh Trivedi, Chairman and Smt Rita Patel, the member. The Committee, inter alia, review and approve the remuneration payable to



Executive Directors of the Committee. The Committee met once in a year and recommended the reappointment of Shri Amit Manakiwala for a period of five years.

6. Details of remuneration to Directors for the year

The aggregate value of salary and perquisites including commission payable for the year ended 31st March, 2009 to the Managing Director/Wholetime Directors is as follows:

Shri Jayendra Patel, Vice Chairman & Managing Director and Shri Amit Manakiwala, Whole Time Director, The aggregate value of salary and perquisites paid was Rs. 9,13,660/-.

The Company pays sitting fees to all the Non-Executive Directors at the rate of Rs. 5000/- for attending each meeting of the Board and Committee thereof respectively. The sitting fees paid for the year ended 31st March, 2009 to the Directors are as follows:-

Shri C. R. Shah.	Rs. 52,000/-
Shri K. D. Shah.	Rs. 52,000/-
Smt Rita Patel.	Rs. 40,000/-

7. Annual General Meetings

Location and time for last 3 Annual General Meetings were as follows:

Year	Location	Date	Time
2005-2006	ATMA HALL Ahmedabad	29.09.2006	12.00 p.m.
2006-2007	ATMA HALL Ahmedabad	28.09.2007	02.00 p.m.
2007-2008	ATMA HALL Ahmedabad	25.09.2008	12.00 p.m.

During the year ended 31st March, 2009, there were three resolutions passed by the Company's shareholders through postal ballot for alteration of Main Object clause of Memorandum of Association and Alteration of Articles of Association. The notice dated 22.08.2008 was sent to the Members and last date for receipt of Postal Ballot forms was 24.09.2008. Shri Balvantsinh J. Vaghela, Practicing Company Secretary, the Scrutinizer appointed by the Board has received total 240 ballot forms. According to the Scrutinizer's report all the Resolutions were passed by majority. The result of the postal ballot was declared on 30.09.2008.

a. Special Resolution for insertion of New Sub Clause No 5 after Sub Clause 4 in the Main Object clause III of Memorandum of Association of the company.

Particulars	No. of Ballots	No. of Shares (Votes)	% on Total Shares (Votes) Received
Assent	239	1606643	99.99
Dissent	1	100	00.01
Total	240	1606743	100.00

b. Special Resolution for insertion of New Sub Clause No 6 after Sub Clause 5 in the Main Object clause III of Memorandum of Association of the company.

Particulars	No. of Ballots	No. of Shares (Votes)	% on Total Shares (Votes) Received
Assent	239	1606643	99.99
Dissent	1	100	00.01
Total	240	1606743	100.00

c. Special Resolution for alteration of Articles of Association of the company.

Particulars	No. of Ballots	No. of Shares (Votes)	% on Total Shares (Votes) Received
Assent	239	1606643	99.99
Dissent	1	100	00.01
Total	240	1606743	100.00

The Company has followed the procedure as prescribed under Companies (Passing of the Resolution by Postal Ballot), Rules, 2001.

At present, no special resolution is proposed to be passed through postal ballot.

8. a. **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.**

None of the transactions with any of the related parties were in conflict with the interest of the Company.

b. **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.**

There are no penalties, strictures imposed on the company in any relation during last three years.

9. Means of communication

a. Quarterly un-audited financial results for the quarter ended 30.06.2008, 30.09.2008, 31.12.2008 and 31.03.2009 were advertised in Western Times, a leading English and Gujarati news papers at Ahmedabad and also posted on our website regularly.

b. AFSL has its website at www.armanindia.com

c. The company has an email and it is finance@armanindia.com

d. Investor's Helpline:



As Mandated by SEBI, the Company has designated a separate email ID secretarial@armanindia.com for registering any grievances. An investor can directly approach the company for his complain / grievance at Registered Office of the company or through email.

SEBI has launched a website '<http://investor.sebi.gov.in/>', exclusively for Investor Assistance, Awareness and Education. For any assistance or grievance investors can also contact at Office of Investor Assistance & Education, Exchange Plaza, Wing II, 4th Floor, Bandra Kurla Complex, Bandra (E), Mumbai-400051 (Tel: 022 26598509; Fax: 022 26598514/ 18 email: iggc@sebi.gov.in)

- e. The Management Discussion and Analysis (MD&A) forms part of the Directors' report, which is annexed herewith separately.

10.0 General Shareholder Information

10.1 Annual General Meeting

Date and Time : 25th September, 2009 - 1:30 P.M.

Venue : Ahmedabad Textile Mills' Association (ATMA) Hall,
Opp. City Gold Cinema, Ashram Road, Ahmedabad-380009

10.2 Financial Calendar 2009-10 (tentative)

Results for the quarter ending 30.06.2009 : Last Week July 2009

Results for the quarter ending 30.09.2009 : Last Week Oct. 2009

Results for the quarter ending 31.12.2009 : Last Week Jan. 2010

Results for the quarter ending 31.03.2010 : Last Week April 2010

Annual General Meeting : Last Week Sept. 2010

10.3 **Book closure date** : 21st September, 2009 to 25th September, 2009

10.4 **Dividend payment date** : NOT APPLICABLE

10.5 **(a) Listing of Equity Shares** 1. The Stock Exchange, Mumbai
on Stock Exchanges at: 2. The Stock Exchange, Jaipur

- Note: (i) Annual listing fees for the year 2009-10, as applicable, paid/ will be paid to the concerned Stock Exchanges.
(ii) Pursuant to the shareholders' resolution passed the 12th Annual General Meeting held on 27.09.2004, the equity shares of the company have been delisted from the Stock Exchange, Ahmedabad w.e.f. 31.03.2005.

10.6 **(a) Stock Code:** 1. The Stock Exchange, Mumbai - 531179 ARMANFIN
2. The Stock Exchange, Jaipur - 00670 ARMAN

(b) Demat ISIN Number in NSDL & CDSL for Equity Shares: ISIN No. INE 109C01017

10.7 Stock Market Data (In Rs./per share)

	Bombay Stock Exchanges (BSE)	
	(In Rs. Per Share)	
	Month's High	Month's Low
	Price	Price
April, 2008	6.83	4.85
May, 2008	8.05	6.20
June, 2008	8.54	6.65
July, 2008	8.68	6.33
August, 2008	9.15	7.66
September, 2008	8.59	6.90
October, 2008	7.20	4.76
November, 2008	5.78	5.00
December, 2008	7.68	6.00
January, 2009	7.64	5.74
February, 2009	9.02	7.15
March, 2009	7.35	6.28

10.8 **Registrars and Transfer Agents:** PINNACLE SHARE REGISTRY PVT. LTD.
(Share transfers and communications NEAR ASHOKA MILLS
regarding share certificates, dividends NARODA ROAD, AHMEDABAD 380025
and change of Address) email: investor.service@psrpl.com

10.9 Share Transfer System

The company's shares which are in compulsory dematerialised (demat) list are transferable through the depository System. Shares in physical form are processed by the Registrars and Share Transfer Agents, M/s Pinnacle Share Registry Pvt Ltd, Ahmedabad and approved by the Transfer and Allotment Committee of the company. The share transfers are processed within a period of 10 to 15 days from the date of receipt, and returned to the respective shareholders, subject to the document being valid and complete in all respects.



10.10 Distribution of Shareholding as on 31st March, 2009

CATEGORY	%
Promoters - Indian	35.64
Banks	0.00
Bodies Corporate	3.57
Indian Public	50.06
NRI/OCBs	10.73
Total	100.00

10.11 Dematerialization of Shares

Over 80 % of the Company's paid-up equity share capital has been dematerialized as per notification issued by the Securities and Exchange Board of India (SEBI). The shareholders holding equity shares in physical form are requested to send the demat request form (DRF) alongwith the share certificate through their Depository Participant (DP) to share holders to demat their shares.

Liquidity: AFSL Shares are liquid on Indian Stock Exchanges.

10.12 Address for Correspondence

(i) Investor Correspondence - For transfer/dematerialization of shares, payment of dividend on shares, and any other query relating to the shares of the Company.

* For Shares held in Physical form

* For Shares held in Demat Form

PINNACLE SHARE REGISTRY
PVT. LIMITED
NEAR ASHOKA MILLS
NARODA ROAD
AHMEDABAD 380 025
e-mail: investor.service@psrpl.com

to the concerned
Depository Participant (DP)

(ii) Any query on Annual Report
ARMAN FINANCIAL SERVICES LIMITED
502-503, SAKAR III
OPP OLD HIGH COURT
OFF ASHRAM ROAD
AHMEDABAD 380014.
e-mail: finance@armanindia.com

10.13 Transfer of unclaimed amounts to Investor Education and Protection Fund

The investors are advised to claim the un-encashed dividends lying in the unpaid dividend accounts of the Company before the due date (as indicated in notes to the Notice) before the entire amount of unclaimed dividend amount is transferred to Central Government's Investor Education and Protection Fund.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of Arman Financial Services Limited
502-503, Sakar-III
Opp. Old High Court
Off. Ashram Road
Ahmedabad - 380014

We have examined the compliance of conditions of Corporate Governance by Arman Financial Services Limited, for the year ended on March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of 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 & implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information & according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholder's Grievances Committee.

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

**For J. T. SHAH & COMPANY
CHARTERED ACCOUNTANTS**

Place : AHMEDABAD
Date : July 21, 2009

**(J. J. SHAH)
PARTNER
M. No. 45669**



C.E.O. Certification

I hereby certify to the Board of Directors of Arman Financial Services Limited that:

- a. I have reviewed financial statements and the cash flow statement for the year ended on 31/03/2009 and that to the best of my knowledge and belief;
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. I accept responsibility for establishing & maintaining internal controls for financial reporting & that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting & I have disclosed to the auditors, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d. I have indicated to the auditors.
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

FOR ARMAN FINANCIAL SERVICES LIMITED

Place: AHMEDABAD.

Date : 21/07/2009

JAYENDRA PATEL

VICE CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Your Directors are pleased to present the Management Discussion and Analysis Report for the year ended on 31st March, 2009.

The management feels that it will be prudent to draw the attention of the reader that current beliefs, assumptions, expectations, estimates and projections done by the Directors and management as elaborated in this report are not guaranteed of the future performance and are subject to known and unknown risks, uncertainties and other factors which are beyond the control of Management / Board of Directors.

BUSINESS ENVIRONMENT

ECONOMIC SCENARIO

The year 2008-09 was characterized by the global financial crisis that originated in the US with sub-prime sector and broader financial markets and spread through out the world, turning into full-blown global economic crisis of a proportion not seen in the recent past. The global financial environment has been in crisis phase since mid-September 2008, aftermath the collapse of Lehman Brothers, following the growing distress among giant international financial institutions.

During the large part of the Financial year 2008-09, the leading financial market across the globe developed strains and remained subdued with the adverse out come of fall down of giant US institutions. Following the financial meltdown, global economic growth slowed down considerably reflecting withdrawal of economic activities. Private consumption, expenditure and investments came down due to uncertainty and value erosion. The downward spiral spilled over to destinations with deep impact on economies, which are closed integrated with the global economy.

International trade took severe hit, sharp slowdown, exports fell, liquidity dried down, activities in services sector dampened, causing higher unemployment and therefore reduced demand and manufacturing activities. The commodity prices plummeted leading to decline in headline inflation.

Policy concerns at international level were to restore basic functionality of severely affected financial sector and



install confidence thereon. At the outset, capital infusion was provided and direction was given to weed out toxic assets. Liquidity level was normalized and interest rates brought down suitably to catalyse economic activities. Monetary and fiscal policies were tuned to play a supportive role in augmenting aggregate demand and suitably stand by the corporate sectors. The fiscal stimulus implemented, so far, is expected to restore health of economy and augment growth prospects.

FUTURE OUT LOOK

Although there has been a moderation in economic and industrial activity, there are some signs of improvement in demand and industrial output in recent months. Domestic demand continues to be strong as indicated by robust sales growth report in certain sectors. There are also signs of improvement in capacity utilization across sectors. Demand and construction activity in rural areas remain strong and have partly offset the impact of slower growth in other sectors of economy.

The economic outlook, which was rather uncertain in recent past, is getting a bit clearer at present. Ample signals in the form of decline in exports, narrowed capital inflows, lower remittances, depressed capital market conditions, tighter funding conditions and high delinquencies, signify continued dominance of pull down pressure in the short run. Stimulating fiscal measures are in right direction to rekindle the growth prospects. Controlled inflation, attractive domestic savings and low oil prices are some of the positive factors, which would fuel investment in the economy. Though gradual, an efficient push is warranted to ignite the growth momentum and break the downslide of the business cycle. In this context, emphasis on infrastructure needs to be reinforced and implemented on priority basis which new government is focusing and implementing. In India, there is a distinct improvement in sentiment due to the decisive results in the recently concluded parliamentary elections giving stable government to implement the decisive policy and continue reform programmes.

RBI policies are also geared to support the growth momentum by maintaining macro economic and financial stability and ensuring that there is smooth flow of credit to the productive sectors of the economy. Given the strong fundamentals of the Indian economy and the successful policies of RBI, there does not appear to be any major concern for the financial stability for financial services sectors.

TODAY'S NBFC

Non Banking Finance Companies (NBFC) operate mostly in unorganized and under serviced segment of the economy and mostly serving niche market for themselves. This is in contrast to the Banks where NBFC's business model is characterized by very close customer interaction and relationship, a deep understanding of customer needs. If we at Arman were to pick one distinctive criterion that separates us from the Bank, is the last mile credit delivery. NBFC's have contributed significantly towards the steady increase in the credit penetration levels.

Overall, credit penetration levels in India still remains low as compared to the developed countries despite the rapid credit growth in recent past. Thus financial intermediaries like NBFC's are presented with big opportunities to not only meet the rapidly growing credit needs of mainstream borrowers but also to address the huge untapped demand of borrowers dependent largely on informal channels. This is where our efforts in Micro Finance activities will play a meaningful long term role. We will discuss this under separate heading.

In the current scenario some financial institutions are present in Banking and NBFC's sector both because of some unnecessary restrictions imposed which would restrict banking expansion by branches. Some of the other advantages that NBFC route enjoys vis-à-vis the Banks are not to maintain Cash Reserve Ratio (CRR), lower requirement for Statutory Liquidity Ratio (SLR), liberal norms for recognition of, and provisioning against non-performing assets, lower effective tax rate for Housing Finance Companies, investments and absence of any priority sector lending targets for NBFC's.

In the same way banks also enjoys certain advantages over NBFC's including access to low cost deposits, access to innovative debt instruments, lower capital adequacy requirement vis-à-vis deposit taking NBFC which gives banks greater financial leverage.

To bring this to final completion, there is certainly a long-term role for NBFCs whose contribution to the economy can in fact go-up, if they get greater parity in regulatory treatments. We at Arman have been able to bring in higher operating efficiencies in the system on the understanding and strength of their superior knowledge of local markets, and efficient and proactive origination.

REAL ESSENCE OF MICRO FINANCE

In this period of financial meltdown where in giants like Lehman Brothers collapsed and General Motors filed for Bankruptcy, one category of financial institutions remained not only unaffected but they grew in all parameters. Big financiers face big defaults which are industry related and are so humongous in nature that they can wipe out the big financiers it's self. But this is not the case with MFI's (Micro Finance Institutions) like ourselves.



Big financiers lend to most credit worthy corporate against collateral security and they fail while we lend to poor women whom nobody in History considered credit worthy before but they are paying their loans on time.

Why so? What lessons do the big financiers have to take from MFI's. Well the lesson here is that lending against collateral security can blind you and the need for checking the capacity for a repayments is sometimes overlooked. When the value of the collateral security comes crumbling down the giants who has borrowed trillions of dollars also came down like a house of cards.

We at Arman do not just depend on the collateral. We access the cash flow of borrowers and leave cushion to ensure repayment. Our loans sizes are small which are well within the repayment capacity of the borrower and they qualify for little higher loan if they repay the first loan. Secondly we do not have brokers in Micro Finance who can fiddle with documents and data for the loan sanction. What we have is fixed rate of interest rate and fixed higher ceiling. Our Field Officers are trained to ensure that loans do not exceed the repayment capacity.

We only lend to group of ladies where in if one borrower defaults, the whole group is made responsible so that other members put social pressure on the defaulter to repay which is remarkably effective.

We at Arman feels that our financial system which of course is small but sound has failed to reach hundreds of millions of people who are in dire need of credit delivery at their door step. Our challenge will be to move from micro loans to mini loans which will transform poor borrowers from objects of pity to objects of envy.

ARMAN'S MICROFINANCE OPERATIONS

Arman's Micro Finance operations are very well in full swing with already two branches, one in Vadaj and one in Kalol area fully operational. Vadaj being in urban and Kalol in rural the next branch in Bapunagar will again be in urban. Arman intends to open one branch every two months alternatively in urban/rural areas.

Within one and half month's of operations in microfinance activities the total disbursement stands to 15 centers with 32 groups and expects the cumulative disbursement of Rs. 7 Crore in F.Y. 2009-10 in the JLG mode of microfinance. All the systems including H.R., MIS, Accounts, Operations and Internal control systems are very well in place.

CREDIT RATING

Arman has been rated four times in last four years by a very reputed rating agency of India called M-Cril from Gurgaon who specializes in rating MFI's. Arman has received excellent rating of Alpha Minus all the four times except the last time when it's financial performance was given Alpha evidencing even a better performance.

RESOURCES AND LIQUIDITY

Being a category 'A' NBFC registered with R.B.I., ARMAN is eligible to accept the public deposits, but your company did not accepted any deposits from public and do not propose to accept the public deposits in the near future. The company continues to enjoy a high reputation with institutional fund providers and rating agencies. ARMAN enjoys various credit facilities from various banks like Sarvodaya Com Co-op Bank Ltd, HDFC Bank Ltd – Term Loan and Cash Credit, SIDBI, Axis Bank, ICICI Bank Ltd. and IDBI Bank.

RISK AND CONCERNS

The Company's risk philosophy involves the developing and maintaining a healthy portfolio within its risk appetite and the regulatory framework. While the company is exposed to various types of risk, the most important among them are credit risk, market risk (which includes liquidity risk and price risk) and operational risk. The measurement, monitoring and management of risk remains key focus areas for the company. For credit risk, distinct policies and processes are in place, separately for retail credit and micro financing exposures. Business and revenue growth have therefore to be weighed in the context of the risks implicit in the finance company's business strategy.

In retail loan businesses, the credit cycle is managed through appropriate front-end credit, operational and collection processes. For credit exposures, management of credit risk is done through target market definition, appropriate credit approval processes, on going post-disbursement monitoring and remedial management procedures. Overall portfolio diversification and reviews also facilitate mitigation and management.

The company manages the credit risk through prudent selection of clients, delegation of appropriate lending powers and by stipulating various prudential limits. Your company maintains a conservative approach and thorough scrutiny by higher level management executives. Given the granularity of individual exposures, retails credit risk is managed largely on a portfolio basis, cross various products and customer segments.

The top level management monthly review the portfolio and segment wise disbursements and outstanding and advise the senior managers to adopt the segment wise credit risk management.



SECRETARIAL COMPLIANCE CERTIFICATE

To

The Members of

ARMAN FINANCIAL SERVICES LTD

We have examined the registers, records, books and papers of **M/S ARMAN FINANCIAL SERVICES LIMITED** (the Company), having the Registration No. 04-18623, as required to be maintained under the Companies, Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded :
2. the company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies under the Act and the rules made thereunder. No other forms / documents are required to be filed with Regional Director, Central Government, Company Law Board or other authorities.
3. The company, being public limited company, the comments are not required.
4. the Board of Directors duly met 10 (TEN) times on 25.04.2008, 19.06.2008, 23.07.2008, 15.10.2008, 18.10.2008, 06.12.2008, 24.01.2009, 28.02.2009, 20.03.2009 and 25.03.2009 in respect of which meetings' proceedings were properly recorded and signed including the circular resolutions passed in the Minutes book maintained for the purpose :
5. the company has closed its Register of Members from 22.09.2008 to 25.09.2008 during the year under scrutiny and necessary compliance under Section 154 of the Act has been made.
6. the annual general meeting for the financial year ended on 31.03.2008 was held on 25.09.2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose;
7. No Extra ordinary general meeting was held during the financial year.
8. the company has not advanced any loan to its directors and/or persons of firms or companies referred in Section 295 of the Act.
9. the company has not entered into any contracts falling within the provisions of Section 297 of the Act.
10. the company has made necessary entries in the Register maintained under Section 301 of the Act;
11. No person is holding place of profit in the company as employee pursuant to the provisions of Section 314 of the Act. ;
12. the company has not issued any duplicate share certificate during the financial year under review.
13. the company has ;
 - (i) not made any allotment of shares and delivered all the Certificates on lodgment thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act.
 - (ii) Not declared any dividend during the year under review.
 - (iii) Not declared any dividend during the year and therefore payment/postage of warrants and transfer of dividend is not applicable.
 - (iv) Transfer of unpaid dividend, pending application money for allotment, unpaid / matured unclaimed deposits etc is not applicable as there is no such amount pending with the company for the year under review.
 - (v) duly complied with the requirements of Section 217 of the Act;
14. the Board of Directors of the company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made ;
15. the Company has not made any appointment of Managing Director and Executive Director or Manager during the financial year under review.
16. there is no appointment of sole selling agents in the company and therefore not applicable.
17. the company has obtained necessary approval from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act as detailed hereunder.
 - i) Change of Name Section 21
 - ii) Change of Main Object Clause Section 17
18. the directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder;
19. the company has not issued any shares/debentures/other securities during the financial year.
20. the company has not bought back any shares during the financial year ending 31.03.2009.
21. the company has not issued any preference shares/debentures till date.
22. the company has not issued any dividend, right shares and bonus shares during the year and therefore it is not required to keep in abeyance any such rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. the company has not accepted any public deposits during the year and there are no public deposits outstanding as on 31.03.2009 and therefore compliance of Section 58A/58AA is not applicable.
24. The amount borrowed by the Company from Directors, banks, financial institutions during the financial year ended 31.03.2009 are within the borrowing limits of the company and that the necessary resolutions as per Section 293(1) (d) of the Act, have been passed in the duly convened annual / Extra ordinary general meeting of the company.
25. the company has not made any loans or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose, necessary Register of Investment is maintained for the Investment made by the company in compliance with the provisions of the Act;



26. the company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. the company has altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny and complied with the provisions of the Act.
28. the company has altered the provisions of the Memorandum with respect to the name of the company during the year under scrutiny and complied with the provisions of the Act. The company has changed its name from Arman Lease and Finance Limited to ARMAN FINANCIAL SERVICES LIMITED which has been approved by Registrar of Companies, Gujarat, Ahmedabad on 27.11.2008.
29. the company has not altered the provisions of the Memorandum with respect to the share capital of the company during the year under scrutiny.
30. the company has altered the provisions of the Articles of Association of the company during the year under scrutiny and complied with the provisions of the Act.
31. no prosecution initiated against or show cause notices received by the company for alleged offences under the Act and also the fines and penalties or any other punishment imposed on the company in any of the cases.
32. the company has not received any money as security from its employees during the year under certification.
33. the company has deposited both employees' and employer's contribution to Provident Fund with the prescribed authorities pursuant to the provisions of Section 418 of the Act..

**FOR BALVANTSINH J VAGHELA
COMPANY SECRETARY**

**PLACE : AHMEDABAD
DATE : 21.07.2009**

**B. J. VAGHELA
CP 2186**

ANNEXURE – A

Registers as maintained by the company

- | | |
|--|---------|
| 1. Register of Investment | u/s 49 |
| 2. Register of Charges | u/s 143 |
| 3. Register of Members | u/s 150 |
| 4. Minute Book Containing Minutes of | u/s 193 |
| - Board Meeting | |
| - General Meeting | |
| - Committee Meetings | |
| 5. Register of Particular of Contracts | u/s 301 |
| 6. Register of Directors | u/s 303 |
| 7. Register of Directors' shareholding | u/s 307 |
| 8. Register of Transfer | |
| 9. Register of Directors' attendance for Board Meeting | |
| 10. Register of Directors' attendance for Committee Meetings | |
| 11. Register of Directors' interest | |

ANNEXURE – B

Forms and Returns as filed by the Company with Registrar of Companies, Regional director, Central Government or other authorities during the financial year ending on 31st March 2009.

Sr. No	Particulars of Form	Form No	Under Section	Date of Filing	Receipt / Challan No
1	Satisfaction of Charge of UTI Bank for Rs. 200.00 lacs	17	138	14.04.2008	A35597186
2	Creation of Hypo charge in favour of SIDBI For Rs. 200.00 lacs	8	125	24.06.2008	A40028771
3	Creation of Hypo charge in favour of AXIS Bank For Rs. 200.00 lacs	8	125	22.07.2008	A41798935
4	Modification of hypo / mort charge in favour Sarvodaya Com Co-op Bank Ltd from Rs. 100.00 lacs to Rs. 122.00 lacs	8	135	06.08.2008	A42725978
5	Application for Availability of name for change name	1A	20/21	13.08.2008	A43056043
6	Information of Postal Ballot	192A	61	26.08.2008	A43774041
7	Annual Report – Balance Sheet	23AC	220	26.09.2008	P22052625
8	Annual Report – Profit & Loss Account	23ACA	220	26.09.2008	P22052625
9	Registration of Special Resolutions – Alteration of Object Clause in Mem Ass & Alteration of Articles of Ass	23	192/17 / 31	10.10.2008	A46543658
10	Registration of Special Resolutions – Change of Name	23	192 / 21	10.10.2008	A46543773
11	Application for Change of Name for approval by ROC	1B	21	10.10.2008	A46544052
12	Intimation of DIN no	Din - 3	R-6	15.01.2009	A54205802
13	Annual Return as at 25.09.2009	20B	159	31.01.2009	P30176390

**AUDITORS' REPORT**

To,
The Members of
ARMAN FINANCIAL SERVICES LIMITED
(Formerly known as Arman Lease & Finance Ltd.)
Ahmedabad.

We have audited the attached Balance Sheet of **Arman Financial Services Ltd. (Formerly known as Arman Lease and Finance Ltd.)** as at 31st March, 2009, the Profit & Loss Account and also Cash Flow Statement for the year ended on that date annexed thereto (herein after referred to as financial statements). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
3. Further to our comments in the Annexure referred in para 3 above, we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, 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 31st March, 2009;
 - (b) in the case of the Profit and Loss Account, of the **Profit** of the Company for the year ended on that date; and
 - (c) in the case of the Cash flow Statement, of the **Cash Flow** for the year ended on that date.

FOR, JT SHAH & COMPANY
CHARTERED ACCOUNTANTS

PLACE : AHMEDABAD
DATE : 21/07/2009

(J. J. Shah)
PARTNER
[M. No. 45669]

ANNEXURE

Referred to in paragraph 3 of our report of even date for the year ended 31st March 2009.

- 1) 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 per the information and explanations given to us, all the fixed assets have been physically verified by the management during the year. We are informed that no material discrepancies were noticed on such verification.
 - c. During the year, the Company has not disposed off any major/substantial part of the fixed assets.
- 2) In respect of its Inventories:
 - a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. On the basis of our examination of the records of inventory, we are of opinion that the Company is maintaining proper records of inventory. No discrepancies were noticed on verification between the physical stocks and books records.
- 3) In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 :
 - a. During the year under audit, there are ten parties covered in the register maintained under section 301 of the Companies Act, 1956 from whom the company has taken loans. The year end balance is amounting to Rs. 38.35 Lacs and the maximum amount involved during the year was Rs. 105.34 Lacs.
 - b. In our opinion and according to the information and explanations given to us, in case of loans taken during the period, the rates of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
 - c. There are no stipulated terms for repayment of loans taken by the company from the companies/ firms / parties listed in the register maintained under section 301 of the Companies Act, 1956. Hence we are not able to give comment on para (iii) (c) & (d) of the Companies (Auditor's Report) Order, 2003.
 - d. As per the information and explanation given to us, the Company has not granted any loan to any of the companies, firms and other parties covered under section 301 of the Companies Act, 1956 hence clause no (iii)(e) to (iii)(g) of para 4 are not applicable.
- 4) In our opinion and according to the information and explanations given to us, the internal control system for purchase of fixed assets and for sanction, disbursements and recovery of loans given by the Company are adequate and commensurate with the size of the Company and present nature of its business. During the course of audit we have not observed any continuing failure to correct major weakness in internal controls.
- 5) In respect of contract or arrangements covered under Section 301 of the Companies Act, 1956:
 - a. Based on the audit procedures applied by us and according to the information and explanations provided by management, we are of the opinion that the contract or arrangements that need to be entered into the register maintained under section 301 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Act, in respect of any party during the year have been



made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- 6) During the year, the Company has not accepted any deposits from the public within the meaning of provisions of Sections 58A and 58AA and relevant other provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) As informed to us, the maintenance of cost records have not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956, for the year under review.
- 9) In respect of Statutory Dues:
 - a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth-tax, Service Tax, custom duty, excised-duty, cess and other statutory dues applicable to it except there is a short fall in payment of Advance Tax.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty And Excise Duty were outstanding, as at 31st March, 2009 for a period of more than six months from the date they became payable.
 - c. According to the records of the Company, the dues of sales tax, income tax, customs, wealth-tax, excise duty, cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of the Statute	Nature of the Dues	Period to which the amount relates(A.Y.)	Amount (Rs. In Lacs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2001-2002	2.99	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	2001-2002	5.35	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	2002-2003	4.11	Income Tax Appellate Tribunal Ahmedabad
Income Tax Act, 1961	Income Tax	2002-2003	6.04	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	2005-2006	0.83	Income Tax Appellate Tribunal
		Total . . .	19.32	

- 10) The company has no accumulated losses and has not incurred any cash losses during the financial period under review or in the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- 12) The Company has not granted any loans and advances by way of pledge of Shares, Debentures and other securities.
- 13) The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual benefit Fund / Societies are not applicable to the Company.
- 14) In respects of shares, securities, debentures and other investments dealt or traded by the company, proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All the investments are held by the Company in its own name.
- 15) As per the information provided to us, The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16) In our opinion, and according to the information and explanations given to us, on overall basis, the term loans have been applied for the purpose for which they were obtained.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been prima-facie used for long-term investment.
- 18) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The Company has not issued any Debentures and therefore the question of creating the securities in respect thereof does not arise.
- 20) During the year, the Company has not raised any money by way of Public issues.
- 21) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**FOR, J. T. SHAH & COMPANY
CHARTERED ACCOUNTANTS**

**PLACE : AHMEDABAD
DATE : 21/07/2009**

**(J. J. Shah)
PARTNER
[M. No. 45669]**

AUDITORS' REPORT

To,
The Board of Directors
Arman Financial Services Limited
(Formerly Known As Arman Lease And Finance Limited)
Ahmedabad.

In terms of Reserve Bank of India, Department of Financial Companies Notifications No. DFC117/DG(SPT)-98 dated 31st January, 1998, we report that:

- 1) The Company has received Registration Certificate, as provided in Section 451A of the Reserve Bank of India Act, 1934 (2 of 1934) from Reserve Bank of India on 06.11.1998
- 2) The Company has not accepted any public deposits during the year ended on 31.03.2009.
- 3) The Company complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts and concentration of the Credit/investments as specified in the direction issued by the Reserve Bank.
- 4) Capital Adequacy Ratio as disclosed in the return submitted to the Reserve Bank of India in terms of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 has been correctly determined and such ratio is in compliance with the minimum Capital to Risk Assets Ratio prescribed by the Reserve Bank of India.
- 5) The Company has furnished half yearly Return on Prudential Norms to Reserve Bank of India within time prescribed to the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- 6) The Company has furnished return on Deposits to Reserve Bank of India within time prescribed in the First Schedule to the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- 7) The Company has not accepted any public deposits and hence sub clause no. (ii), (iii) (vi) and (ix) of Clause 3(B) of the said Notification are not applicable to the Company.

**FOR, J. T. SHAH & COMPANY
CHARTERED ACCOUNTANTS**

**PLACE : AHMEDABAD
DATE : 21/07/2009**

**(J. J. Shah)
PARTNER
[M. No. 45669]**



ARMAN FINANCIAL SERVICES LIMITED
(FORMERLY KNOWN AS ARMAN LEASE AND FINANCE LIMITED)
BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	Schedule No.	31/03/2009 Rs.	31/03/2008 Rs.
SOURCES OF FUNDS			
1. Shareholders' Funds :			
(a) Share Capital	1	40,766,000	40,766,000
(b) Reserves and Surplus	2	<u>32,543,090</u>	<u>25,643,937</u>
		73,309,090	66,409,937
2. Loan Funds :			
(a) Secured Loans	3	93,857,179	106,150,436
(b) Unsecured Loans	4	<u>4,035,000</u>	<u>8,737,688</u>
		97,892,179	114,888,124
3. Deferred Tax Liability (Net)		<u>937,075</u>	<u>920,974</u>
Total...		<u>172,138,344</u>	<u>182,219,035</u>
APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	5	11,656,611	11,442,432
Less : Depreciation		<u>3,509,962</u>	<u>2,894,944</u>
		8,146,649	8,547,488
2. Investments	6	Nil	975
3. Current Assets, Loans & Advances			
(a) Current Assets	7	26,559,245	23,498,951
(b) Loans & Advances	8	<u>151,298,200</u>	<u>159,695,654</u>
		177,857,445	183,194,605
4. Less : Current Liabilities & Provisions			
(a) Current Liabilities	9	2,502,285	1,751,617
(b) Provisions	10	<u>11,363,465</u>	<u>7,772,416</u>
		13,865,750	9,524,033
Net Current Assets		163,991,695	173,670,572
		<u>172,138,344</u>	<u>182,219,035</u>
Notes to Accounts	15		
As per our report of even date attached.			

For, J. T. SHAH & COMPANY
CHARTERED ACCOUNTANTS

(J. J. SHAH)
PARTNER
Place : Ahmedabad
Date : 21/07/2009

For & On behalf of Board of Directors

Jayendra Patel
Vice Chairman &
Managing Director

Amit Manakiwala
Whole Time Director



ARMAN FINANCIAL SERVICES LIMITED
(FORMERLY KNOWN AS ARMAN LEASE AND FINANCE LIMITED)
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

P A R T I C U L A R S	Schedule No.	31/03/2009 Rs.	31/03/2008 Rs.
INCOME			
1. Income from Operations	11	43,889,203	38,712,303
2. Other Income	12	108,831	173,729
		43,998,034	38,886,032
EXPENDITURE			
1. Administrative & Other Expenses	13	17,354,576	14,665,481
2. Interest	14	15,530,185	12,348,498
3. Depreciation	5	615,018	579,193
		33,499,779	27,593,172
PROFIT BEFORE TAXATION		10,498,255	11,292,860
Less : Provision for Taxation			
— Current Tax		(3,500,000)	(4,100,000)
— Fringe Benefit Tax		(83,000)	(82,500)
— Deferred Tax Assets/ (Liability)		(16,102)	(41,635)
PROFIT AFTER TAXATION		6,899,153	7,068,724
Excess / (Short) Provision of Earlier Years		Nil	(367,500)
		6,899,153	6,701,224
Add : Balance B/F from last year		19,383,381	14,182,157
PROFIT AVAILABLE FOR APPROPRIATION		26,282,534	20,883,381
Transfer to Special Reserve as per Sec 45 (IC) of RBI Act		1,500,000	1,500,000
BALANCE CARRIED TO BALANCE SHEET		24,782,534	19,383,381
Basic and Diluted Earning per Shares		1.69	1.64
Notes to Accounts	15		
As per our report of even date attached.			

For, J. T. SHAH & COMPANY
 CHARTERED ACCOUNTANTS

(J. J. SHAH)
 PARTNER
 Place : Ahmedabad
 Date : 21/07/2009

For & On behalf of Board of Directors

Jayendra Patel
 Vice Chairman &
 Managing Director

Amit Manakiwala
 Whole Time Director



ARMAN FINANCIAL SERVICES LIMITED
(FORMERLY KNOWN AS ARMAN LEASE AND FINANCE LIMITED)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2009

	YEAR ENDED 31/03/2009	YEAR ENDED 31/03/2008
A: Cash from Operating Activities :		
Net Profit before Taxation and	10,498,255	11,292,859
Adjustment For :		
Depreciation	615,018	579,193
NPA Provisions(Net)	8,049	144,836
Loss on Sale of Investments	(525)	7,200
Loss on Sale of Fixed Assets	Nil	26,197
Interest Paid	15,530,185	12,348,498
Dividend Income	(108,306)	(173,729)
	16,044,421	12,932,195
Operating Profit Before Working Capital changes :	26,542,676	24,225,055
Adjustment For :		
Inventory	1,006,972	(939,884)
Trade and Other Receivables	12,385,675	(24,103,534)
Trade Payables	686,128	764,410
	14,078,774	(24,279,009)
Cash Generated From Operations	40,621,450	(53,954)
Income Tax Paid	(4,826,943)	(3,544,740)
Fringe Benefit Tax Paid	(84,464)	(12,050)
Interest Paid	(15,530,185)	(12,348,498)
	(20,441,592)	(15,905,288)
	20,179,858	(15,959,243)
B: Cash Flow From Investment Activities :		
Purchase of Fixed Assets	(214,179)	(1,789,883)
Sale of Fixed Assets	Nil	150,000
Purchase of Investments	Nil	Nil
Sale of Investments	1,500	76,800
Dividend Received	108,306	173,729
Net Cash from Investment Activities	(104,373)	(1,389,354)
C: Cash Flow From Financing Activities :		
Proceeds From Long Term Borrowings	12,352,000	25,465,564
Repayment of Long Term Borrowings	(25,584,525)	Nil
Proceeds From Short Term Borrowings	4,580,752	11,000,000
Repayment of Short Term Borrowings	(8,279,152)	(8,278,919)
Dividend Paid	(480)	(127,920)
Net Cash from Financing Activities	(16,931,405)	28,058,725
Net Increase in Cash & Cash Equivalents	3,144,081	10,710,128
Cash & Cash Equivalents at the Beginning	16,257,809	5,547,681
Cash & Cash Equivalents at the End	19,401,890	16,257,809

As per our report of even date attached.

Notes :

- (1) The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
- (2) Cash and cash equivalents at the end includes Rs. 74,590/- (Prev. Year Rs.75,070/-) in respect of unclaimed dividends which are not available for use by the Company.
- (3) Cash and cash equivalent at the end includes Rs. 1,90,83,102/- (Previous year Rs. 1,18,97,838/-) in respect of Fixed Deposits pledged with the banks which are not available for use by the company

For, J. T. SHAH & COMPANY
CHARTERED ACCOUNTANTS
(J. J. SHAH)
PARTNER
Place : Ahmedabad
Date : 21/07/2009

For & On behalf of Board of Directors

Jayendra Patel
Vice Chairman & Managing Director

Amit Manakiwala
Whole Time Director



ARMAN FINANCIAL SERVICES LIMITED
(FORMERLY KNOWN AS ARMAN LEASE AND FINANCE LIMITED)
SCHEDULES "1 TO 15" FORMING THE PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31/03/2009.

P A R T I C U L A R S	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - 1		
SHARE CAPITAL :		
Authorised Capital :		
5,000,000 (Prev. Year 5,000,000) Equity Shares of Rs. 10/- each	50,000,000	50,000,000
Issued, Subscribed & Paid up Capital :		
4,076,600 (Prev. Year 4,076,600) Equity Shares of Rs. 10/- each fully paid up	40,766,000	40,766,000
Total.....	40,766,000	40,766,000
SCHEDULE - 2		
RESERVES AND SURPLUS :		
a. General Reserve :		
Balance as per last Balance Sheet	625,556	625,556
b. Special Reserve		
Balance as per last Balance Sheet	5,635,000	4,135,000
Add: Transferred from Profit & Loss A/c.	1,500,000	1,500,000
	7,135,000	5,635,000
c. Profit and Loss Account		
	24,782,534	19,383,381
Total.....	32,543,090	25,643,937
SCHEDULE - 3		
SECURED LOANS :		
a. Term Loans from Banks (secured against book debts and personal guarantee of one of the Director)	53,452,390	78,722,220
b. Term Loans from Financial Institutions (Secured by Hypothecation of hypothecated assets and also by personal guarantee of Directors)	19,680,000	7,328,000
c. Working Capital Loans form Banks (Secured by way of Mortgage of Office Premises, Specific Book debts and also by personal guarantee of some of the Directors)	20,192,613	19,253,345
d. Vehicle Loan from Banks (Secured by way of Hypothecation of specified assets under Finance)	532,176	846,871
Total.....	93,857,179	106,150,436
SCHEDULE - 4		
UNSECURED LOANS :		
a. From Directors & their Relatives	4,035,000	8,737,688
Total.....	4,035,000	8,737,688



PARTICULARS

As at
31/03/2009
Rs.

As at
31/03/2008
Rs.

SCHEDULE - 5

FIXED ASSETS :

Sr. No.	Description of the Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 01/04/2008	Additions during the Year	Deduction on A/c. of Sale / Transfer or Adjustment	As at 31/03/2009	As at 01/04/2008	Provided during the Year	Deduction on A/c. of Sale / Transfer or Adjustment	As at 31/03/2009	As at 31/03/2008	
	OWN ASSETS :										
1	Plant & Machinery	140,000	Nil	Nil	140,000	12,826	6,650	Nil	19,476	120,524	127,174
2	Furniture & Fixture	2,246,929	69,144	Nil	2,316,073	1,225,319	141,944	Nil	1,367,263	948,810	1,021,610
3	Air Conditioner	95,354	13,400	Nil	108,754	10,243	4,935	Nil	15,178	93,576	85,111
4	Electric Installation	157,707	Nil	Nil	157,707	76,701	7,490	Nil	84,191	73,516	81,006
5	Office Equipments	542,618	106,790	Nil	649,408	207,859	63,828	Nil	271,687	377,721	334,759
6	Vehicles	3,249,398	24,845	Nil	3,274,243	665,111	308,501	Nil	973,612	2,300,631	2,584,287
7	Office Building	5,010,426	Nil	Nil	5,010,426	696,885	81,670	Nil	778,555	4,231,871	4,313,541
	Total ...	11,442,432	214,179	Nil	11,656,611	2,894,944	615,018	Nil	3,509,962	8,146,649	8,547,488
	Prev. Year's Total...	10,366,680	1,789,883	714,131	11,442,432	2,853,685	579,193	537,934	2,894,944	8,547,488	7,512,995

SCHEDULE - 6

INVESTMENTS :

Long Term Investments (Non Trade) :

Quoted

Shares

- a. 300 (Prev. Year 300) Shares of HDC Ltd. of Rs. 10/- each fully paid up Nil 17,400

Debentures

- a. 150 (Prev. Year 150) NCD of HDC Ltd. of Rs. 50/- each fully paid up Nil 5,400
 Less : Provision for Diminution in value of Investments Nil 22,800
Nil 21,825

Total...

Nil **975**

SCHEDULE - 7

CURRENT ASSETS :

(Considered Good unless otherwise stated)

STOCK IN TRADE :

(As Certified by Directors)

- a. 150 Shares (Prev. Year 150) of Core Emblich Ltd. of Rs. 10/- each fully paid up 1,373 1,200
 b. 400 Shares (Prev. Year 200) of Rolta India Ltd. of Rs. 10/- each fully paid up 23,020 104,540
 c. 100 Shares (Prev. Year 100) of Rolatiner Ltd. of Rs. 10/- each fully paid up 4,985 16,930



PARTICULARS	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
d. 80 Shares (Prev. Year 80) of Silverline Ltd. of Rs. 10/- each fully paid up	483	2,232
e. 32 Shares (Prev. Year 32) of Silverline Animation Ltd. of Rs. 10/- each fully paid up	212	320
f. 660 Shares (Prev. Year 660) of Pentamedia Graphics Ltd. of Rs. 1/- each fully paid up	911	449
g. 20,000 Shares (Prev. Year 1,000) of Sanara Media Ltd. of Rs. 1/- each fully paid up	6,200	13,080
h. 800 Shares (Prev. Year 800) of Shreerama Multi Ltd. of Rs. 5/- each fully paid up	2,880	4,800
i. 100 Shares (Prev. Year 100) of Trygen Technology Ltd. of Rs. 10/- each fully paid up	800	1,765
j. 1 Shares (Prev. Year 1) of Reliance Capital Ltd. of Rs. 10/- each fully paid up	226	226
k. 127 Shares (Prev. Year 127) of Reliance Ind. Ltd. of Rs. 10/- each fully paid up	120,767	120,767
l. 70 (Prev. Year 70) of BGR Energy Ltd. of Rs. 10/- each fully paid up	9,979	23,933
m. 27 Shares (Prev. Year 27) of Reliance Comm. Ltd. of Rs. 5/- each fully paid up	4,721	6,741
n. 2 Shares (Prev. Year 2) of Reliance Infrastructure Ltd. of Rs. 10/- each fully paid up	1,031	1,272
o. Nil Shares (Prev. Year 9000) of Power Grid Corporation of Rs. 10/- each fully paid up	Nil	884,700
p. 27 Shares (Prev. Year 27) of Reliance Natural Resources Ltd of Rs. 5/- each fully paid up	122	122
q. 5 Shares (Prev. Year 5) of Chola Mandalam Fin. Ltd. of Rs. 10/- each fully paid up	128	749
r. 5 Shares (Prev. Year 5) of Ashok Leyland Fin. Ltd. of Rs. 1/- each fully paid up	91	178
s. 5 Shares (Prev. Year 5) of First Leasing of Rs. 10/- each fully paid up	149	211
t. 5 Shares (Prev. Year 5) of HDFC Bank Ltd. of Rs. 10/- each fully paid up	3,594	3,594
u. 5 Shares (Prev. Year 5) of ICICI Bank Ltd. of Rs. 10/- each fully paid up	1,664	2,498
v. 5 Shares (Prev. Year 5) of Indusind Bank Ltd. of Rs. 10/- each fully paid up	159	159
w. 5 Shares (Prev. Year 5) of Kotak Mahindra Bank Ltd. of Rs. 10/- each fully paid up	1,222	1,222
	<u>1,84,716</u>	<u>1,191,687</u>
SUNDRY DEBTORS :		
Unsecured, Considered good unless otherwise stated		
a. Outstanding for a period exceeding six months :		
Good		
Secured	1,368,787	755,855
Unsecured	<u>1,916,715</u>	<u>2,674,012</u>
	3,285,502	3,429,867
Doubtful	<u>Nil</u>	<u>Nil</u>
	3,285,502	3,429,867
b. Others :		
Good		
— Secured	2,983,345	1,967,448
— Unsecured	<u>703,793</u>	<u>652,140</u>
	3,687,138	2,619,588
Doubtful	<u>Nil</u>	<u>Nil</u>
	<u>3,687,138</u>	<u>2,619,588</u>
	<u>6,972,640</u>	<u>6,049,455</u>



PARTICULARS	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
<u>CASH AND BANK BALANCES :</u>		
a. Cash on Hand	17,349	362,753
b. <u>Balance with Scheduled Banks</u>		
- In Current A/c.	108,412	14,984
(Maximum Debit Balance at any time during the year Rs. 2380935/-) (Prev. Year Rs. 7515308/-)		
c. <u>Balance with Non-scheduled Banks</u>		
- In Current A/c.	193,027	2,482,234
(Maximum Debit Balance at any time during the year Rs. 2,36,42,911/-) (Prev. Year Rs. 4,71,81,343/-)		
d. - Fixed Deposit A/c.	19,083,102	13,397,838
(Maximum Debit Balance at any time during the year Rs. 2,09,68,750/-) (Prev. Year Rs. 1,33,97,838/-)		
	19,401,890	16,257,809
Total...	26,559,245	23,498,951
<u>SCHEDULE - 8</u>		
<u>LOANS AND ADVANCES :</u>		
<u>Considered good unless otherwise stated</u>		
a. <u>Secured</u>		
Loan Secured by Hypothication of Assets (Refere Note No. 13 of the "Schedule 15")	118,897,244	131,576,339
b. <u>Unsecured</u>		
Loans to Companies, Firms & Individuals (Refere Note No. 14 of the "Schedule 15")	18,689,844	19,905,180
c. Advances recoverable in cash or kind or for value to be received (Unsecured)	1,396,789	3,054,361
d. Deposits	2,252,500	27,500
e. Advances to Staff	83,143	65,000
f. Advance Income-tax & TDS	9,978,680	5,067,273
Total...	151,298,200	159,695,653
<u>SCHEDULE - 9</u>		
<u>CURRENT LIABILITIES :</u>		
a. Sundry Creditors	2,212,050	1,572,588
b. Security Deposites (Repayable within One Year Rs. 65,020 (Prev. Year Nil)	65,020	Nil
c. Other	150,625	103,959
d. Unclaimed Dividend	74,590	75,070
Total...	2,502,285	1,751,617
<u>SCHEDULE - 10</u>		
<u>PROVISIONS</u>		
a. Provision for Taxation	10,650,000	7,150,000
b. Provision for Fringe Benefit Tax	230,500	147,500
c. Provision for NPA	482,965	474,916
Total...	11,363,465	7,772,416
<u>SCHEDULE - 11</u>		
<u>INCOME FROM OPERATIONS :</u>		
a. Interest Income (TDS Rs. 421,744/-) (Prev. Year TDS Rs. 546,289/-)	43,128,418	38,158,250
b. Income from Loan	816,616	180,752
c. Share Trading Income	(55,831)	373,301
Total...	43,889,203	38,712,303



PARTICULARS	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - 12		
OTHER INCOME :		
a. Profit on Sale of investment	525	Nil
b. Dividend	108,306	173,729
Total...	<u>108,831</u>	<u>173,729</u>
SCHEDULE - 13		
ADMINISTRATIVE AND OTHER EXPENSES :		
a. Payment made to Employees (Including Director's Salary Rs. 9,13,660/-) (Prev. Year Rs. 7,33,785/-)		
- Salary and Bonus	4,526,836	3,889,661
- Staff Welfare Expenses	<u>158,681</u>	<u>228,974</u>
	4,685,517	4,118,635
b. Rent, Rates and Taxes	117,373	90,140
c. Electricity Expenses	140,388	117,527
d. Security & Recovery Expenses	411,370	325,285
e. Insurance	54,849	38,275
f. Repairs to		
(a) Building	158,605	561,563
(b) Plant & Machinery	Nil	Nil
(c) Others	<u>74,475</u>	<u>Nil</u>
	233,080	561,563
g. Printing, Stationery & Advertisement	457,292	689,298
h. Postage & Telephone Expenses	538,816	417,840
i. Travelling, Conveyance & Vehicle Maintenance (Including Director's Travelling Rs. 96,433/-) (Prev. Year Rs. 55,660/-)	325,546	258,649
j. Legal & Professional Expenses	2,285,664	1,296,522
k. Sales Incentive Exp.	2,273,146	628,223
l. Marketing Expenses	1,735,143	387,493
m. Remuneration to Auditors	113,719	105,336
n. Director's Sitting Fees	144,000	149,000
o. Loss on Sale of Fixed Assets	Nil	26,197
p. Loss on Sale of Investment	Nil	7,200
q. Bad Debts & Irrecoverables W/off (Net)	2,749,384	3,555,164
r. Provision for N.P.A. (Net)	8,049	144,836
s. Sundry Balance Written Off	931,513	1,243,211
t. General Expenses	149,727	505,087
Total...	<u>17,354,576</u>	<u>14,665,481</u>
SCHEDULE - 14		
INTEREST PAID		
Banks	12,557,386	10,524,487
Others	2,972,799	1,824,011
Total...	<u>15,530,185</u>	<u>12,348,498</u>
SCHEDULE - 15		
Notes Forming Part of The Accounts For The Year Ended 31st March, 2009.		
1. Significant Accounting Policies		
(a) Method of Accounting		
The Company follows accrual method of accounting.		
(b) Revenue Recognition		
(i) Interest on Loan against:		
Interest on Loan against hypothecation of vehicle is recognised in the year in which the installment falls due as per the terms of contract.		
(ii) Income is not recognised in respect of Non Performing Assets, as per the guidelines for prudential norms prescribed by the Reserve Bank of India.		
(c) Fixed Assets		
All the assets are stated at cost less depreciation, after taking into consideration Lease Adjustment Account and provision for NPA.		



(d) Depreciation

The depreciation on assets for own use is provided on straight line method at the rates Specified in Schedule XIV of the Companies Act, 1956 on Pro-rata Basis.

(e) Investments

Long Term Investments are stated at cost. Provision is made for any diminution in the market value of the Quoted Investments. The Company does not have any Current Investments.

(f) Stock In Trade

Stock in Trade is valued at Lower of Cost or Market Value. Cost is determined on FIFO basis.

(g) Retirement Benefits

- a) The Employee and Company make monthly fixed Contribution to Government of India Employee's Provident Fund equal to a specified percentage of the Covered employee's salary, Provision for the same is made in the year in which services are rendered by the employee.
- b) The Liability for Gratuity to employees, which is a defined benefit plan is determined on the basis of actuarial Valuation based on Projected Unit Credit method. Actuarial gain / loss in respect of the same is charged to the profit and loss account.

(h) Borrowing Cost

Borrowing costs are capitalized as part of qualifying fixed assets when it is possible that they will result in future economic benefits. Other borrowing costs are expensed.

(i) Provision for Taxation

Provision for taxation has been made in accordance with the tax laws and rules applicable to the relevant assessment year.

(k) Deferred Taxation

Deferred Tax resulting from timing differences between book and tax profit is accounted for under the liability method, at the current rates of tax, to the extent that the timing differences are expected to crystallise.

(l) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to the accounts. Contingent Assets are neither recognized nor disclosed in the financial statement.

(m) Transfer and recourse obligation under Debt Securitization.

The company assigns assets under securitization transactions. The assigned loans / assets are derecognized and gains / losses are recorded on assignment of loan contracts. Recourse obligation with respect to Debt Securitizations with other financiers is provided in books as per past track records of delinquency / servicing of the loans of the Company.

1. Contingent liabilities not provided for: -

(a) Disputed Demand of Income Tax Rs. 58.70 Lacs (Previous year Rs.51.53 Lacs) (Against which the Company has paid Rs. 11.00 Lacs [Previous year Rs.10.00 Lacs] under protest which are shown as advances)

2. The disclosure in respect of Employee Benefit as defined in the Accounting Standard 15 is given below :

A. The Amounts (In Rs.) Recognized In The Balance Sheet Are As Follows:		
Particulars	Gratuity Defined Benefit Obligation 31/03/2009	Gratuity Defined Benefit Obligation 31/03/2008
Present value of funded obligations	-	-
Fair value of plan assets -	-	-
Present value of unfunded obligations	95359	67026
Unrecognized past service cost	-	-
Net liability	95359	67026
Amounts in the balance sheet:		
Liabilities	95359	67026
Assets	-	-
Net liability	95359	67026



B. The Amounts (In Rs.) Recognized In The Statement Of Profit And Loss Are As Follows:		
Particulars	Gratuity Defined Benefit Obligation 31/03/2009	Gratuity Defined Benefit Obligation 31/03/2008
Current service cost	19806	10555
Interest on obligation	5295	4888
Expected return on plan assets	-	-
Net actuarial losses (gains) recognized in year	3232	(7668)
Past service cost	-	-
Losses (gains) on curtailments and settlement	-	-
Total, included in 'employee benefit expense'	28333	7775
Actual return on plan assets	-	-

C. Changes In The Present Value Of The Defined Benefit Obligation Representing Reconciliation Of Opening And Closing Balances Thereof Are As Follows:		
Particulars	Gratuity Defined Benefit Obligation 31/03/2009	Gratuity Defined Benefit Obligation 31/03/2008
Opening defined benefit obligation	67026	59251
Service cost	19806	10555
Interest cost	5295	4888
Actuarial losses (gains)	3232	(7668)
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlement	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing defined benefit obligation	95359	67026

D. Changes In The Fair Value Of Plan Assets Representing Reconciliation Of The Opening And Closing Balances Thereof Are As Follows:		
Particulars	Gratuity Defined Benefit Obligation 31/03/2009	Gratuity Defined Benefit Obligation 31/03/2008
Opening fair value of plan assets	-	-
Expected return	-	-
Actuarial gains and (losses)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
closing balance of fair value of plan assets	-	-

E. The Major Categories Of Plan Assets As A Percentage Of Total Plan Assets Are As Follows:		
Particulars	Gratuity Defined Benefit Obligation 31/03/2009	Gratuity Defined Benefit Obligation 31/03/2008
Government of India Securities	0.00%	0.00%
High quality corporate bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Insurance Company	0.00%	0.00%



F. Principal Actuarial Assumptions AtThe Balance Sheet Date (Expressed AsWeighted Averages):		
Particulars	Gratuity Defined Benefit Obligation 31/03/2009	Gratuity Defined Benefit Obligation 31/03/2008
Discount rate	7.90 %	8.25 %
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	5.00%	5 %
Future changes in maximum state health care benefits	-	-

G. Gratuity Benefit Amount for the current period are as follow		
Particulars	Gratuity Defined Benefit Obligation 31/03/2009	Gratuity Defined Benefit Obligation 31/03/2008
Defined benefit obligation	95359	67026
Plan assets	-	-
Surplus/(deficit)	(95359)	(67026)
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	-	-

H. Transitional Liability -Gratuity		
Particulars	Gratuity Defined Benefit Obligation 31/03/2009	Gratuity Defined Benefit Obligation 31/03/2008
D.B.O as on 01.04.2007	-	59251
Market Value of Investment as on 01.04.2007	-	-
Provision in books of account maintained under Indian Accounting Standard -15	-	(57623)
Transitional Liability	-	1628

3. Segment Reporting:

In the opinion of the management, the Company is mainly engaged in the business of providing commercial finance. All other activities of the Company revolve around the main business, and as such, there are no separate reportable segments.

4. Related Party Disclosures :

List of Related Parties with whom transactions have taken place during the year:

A) Key Management Personnel

Mr. Jayendrabhai Patel

Mr. Amitbhai Manakiwala

B) Relatives of Key Management Personnels

Name of Party	Related party Relationship
Mrs. Ritaben J. Patel	Relative of Key Management Personnel
Mr. Aakash J. Patel	Relative of Key Management Personnel
Mr. Alok J. Patel	Relative of Key Management Personnel
J.B.Patel HUF	Key Management personnel is Karta
Raj Enterprise	Key Management personnel is Proprietor
Himani Manakiwala	Relative of Key Management Personnel
Maulik Manakiwala	Relative of Key Management Personnel



Details of Transactions are as follows:

Sr. No.	Nature of Transactions	Key Management Personnels	Relatives of Key Management Personnel	Total
1	Expenses			
	Remuneration	913660 (733785)	Nil (Nil)	913660 (733785)
	Sitting Fees	Nil (Nil)	40000 (45000)	40000 (45000)
	Interest Paid	242682 (463358)	1319296 (1295651)	1561978 (1759009)
2	Unsecured Loan			
	Loan taken by company during the year	1691484 (3275000)	1950000 (7725000)	3641484 (11000000)
	Loan Repaid by the company during the year	2435692 (3036711)	7462407 (5226516)	9898099 (8263227)
	Balance out standing at 31/03/2009	830000 (1040255)	3005000 (7489382)	3835000 (8529637)

List of Transaction, out of the transaction reported in the above table, where the transaction entered in to with single party exceeds 10 % of the total related party transactions of similar nature are as under:

Unsecured Loan taken includes taken from Sh.Jayendra Patel Rs. 16,91,484 (P.Y. Rs. 31,00,000), from Smt. Himani A. Manakiwala Rs. 10,00,000 (P.Y. Rs. 25,00,000), from Smt. Ritaben J. Patel Rs. 2,00,000 (P.Y. Rs. 27,50,000), Unsecured Loan repayments includes paid to Sh.Jayendra Patel Rs. 24,35,692 (P.Y. Rs. 29,51,966), to Smt. Himani A. Manakiwala Rs. 16,53,245 (P.Y. Rs. 19,75,000), to Smt. Ritaben J. Patel Rs. 21,32,800 (P.Y. Rs. 16,01,966), to Aakash Patel Rs. 13,65,543 (P.Y. Rs. 9,01,966), to Aalok Patel Rs. 13,29,436 (P.Y. Rs. 9,01,966), Interest paid includes to Sh. Jayendra Patel Rs. 2,42,682 (P.Y. Rs. 4,62,840), to Sh. Aakash Patel Rs. 3,19,219 (P.Y. Rs. 2,48,858), To Sh. Aalok Patel Rs. 2,86,622 (P.Y. Rs. 2,32,614), to Smt. Ritaben J. Patel Rs. 3,54,304 (P.Y. Rs.4,70,969), to J B Patel (HUF) Rs. 1,75,501 (P.Y. Rs. 1,75,982), Balance Outstanding includes of Sh.Jayendra Patel Rs. 8,30,000 (P.Y. Rs. 13,31,526), of sh. Aakash Patel Rs. 9,60,000 (P.Y. Rs. 16,56,324), Sh.Aalok Patel Rs.6,20,000 (P.Y. Rs. 15,62,814), of Smt Ritaben Patel Rs. 4,50,000(P.Y. Rs. 20,28,496), of J B Patel (HUF) Rs. 9,75,000 (P.Y. Rs. 10,14,248), of Smt. Himaniben Manakiwala RS. Nil (P.Y. Rs. 5,46,133), Remuneration includes payment to Sh. Jayendra Patel Rs. 5,54,255 (P.Y. Rs. 4,89,916) and to Sh. Amit Manakiwala Rs. 3,10,409 (P.Y. Rs. 2,43,869), Sitting Fees included paid to Smt. Ritaben Patel Rs. 40000 (P.Y. Rs. 40000) and Sh.Aakash Patel Rs. Nil (P.Y.Rs.5000)

5. Major components of deferred tax assets and liabilities arising out of timing differences are as follows:

	2008-2009 Amount Rs.	2007-2008 Amount Rs.
1		
Deferred Tax Asset on account of		
Provision for NPAs that are allowable for Tax purpose in the year of actual loss	1,64,160	161,424
Provision for Investments that are allowable for Tax purpose in the year of actual Sale of Investments	Nil	7,418
Provision for Gratuity	32,413	22,782
Disallowance U/s 40 (a)(ia)	Nil	5,948
Total Deferred Tax Assets	1,96,572	1,97,572
Deferred Tax Liability on account of		
Additional Depreciation on Fixed Assets for Tax purpose due to higher tax depreciation rates.	11,26,851	11,19,397
Allowance U/s 40 (a)(ia)	6,798	Nil
Total Deferred Tax Liability	11,33,649	1,017,186
Net Deferred Tax Liability	9,37,075	9,20,974

6. Earning Per Share

	2008-2009 Amount Rs.	2007-2008 Amount Rs.
Numerator used for calculating Basic and Diluted Earning Per Share (Profit After Tax)	68,99,153	67,01,224
Weighted Average No. of Shares used as denominator for calculating Basic and Diluted Earning Per Share	40,76,600	40,76,600
Nominal Value per Share	10	10
Basic and Diluted earning per share	1.69	1.64



7. Balances are subject to confirmation.
8. In the opinion of the Board, Current assets and loans and advances, are approximately of the value stated, if realised in ordinary course of business.
9. Remuneration Paid to Directors is as under :

	For the Year Ended 31-3-2009	For the year Ended 31-3-2008
Salary & Bonus	821312	686190
Perquisites	43352	47595
PF	48996	Nil
Total...	913660	733785

10. Auditors' Remuneration includes :

	For the Year Ended 31-3-2009	For the year Ended 31-3-2008
Audit Fees	56180	56180
Tax Audit Fees	16854	16854
Taxation Matters	11236	11236
Certification & Others	29449	21066
Total...	113719	105336

11. As per the prudential norms of the Reserve Bank of India, provision has been made in the accounts for the Non Performing Assets. Income is not recognised in respect of Non Performing Assets.
12. Share Trading Income includes Rs. (1,22,271/-) (P.Y. Rs. 14,344/-) on account of (diminution)/ increase in the market value of closing stock.
13. Loans Secured by Hypothecation includes Rs. 14,29,202/- (P.Y. Rs. 10,76,603/—) out standing portfolio on which NPA provisions of Rs. 1,42,920/- (P.Y. Rs. 1,07,660/-) has been made.
14. Loans to Companies, Firms & Individual includes Rs. 9,63,907/- (P.Y. Rs. 7,69,325/-) out standing portfolio on which NPA provisions of Rs. 96,391/- (P.Y. Rs. 76,933/-) has been made.
15. Sundry Debtors includes Rs. 24,09,816/- (P.Y. Rs. 20,21,542/-) principal out standing on which NPA provisions of Rs. 2,43,654/- (P.Y. Rs. 2,02,154/-) has been made.
16. Bad debts & Irrecoverable W/off are shown net off bad debts recovery during the year amounting to Rs.1,31,524/- (P.Y. Rs. 1,79,641/-).
17. NPA Provision are shown net off NPA Provision written back during the year amounting to Rs. 353,131/- (P.Y. 2,42,138/-).
18. Current Account with Banks includes Rs. 74,590/- (Prev. Year Rs. 75,070/-) in Unpaid Dividend Account.
19. Loans secured by hypothecation of Assets (Vehicles) are secured by hypothecation of the Assets (Vehicles) under finance. In opinion of the Board, the market value of the hypothecated Assets (Vehicle) as on Balance Sheet date is more then the amount of Loan Outstanding.
20. To the extent of available information, at the year-end, there were no outstanding amounts due to S.S.I Units in excess of Rs. 1,00,000/-.
21. (a) Particulars in respect of Opening Stock, Purchases, Sales and Closing Stock of Shares (As Certified by Directors).

	As at 31-3-2009		As at 31-3-2008	
	Qty. (Nos.)	Value (Rs.)	Qty. (Nos.)	Value (Rs.)
Opening Stock	13511	1191687	6829	251803
Purchase*	19000	Nil	18127	10169574
Sales	9000	951140	11445	9602990
Closing Stock	23511	184716	13511	1191687

*Purchase includes 1000 Bonus shares received during the year (P.Y. 200) and 18000 shares received on sub-division of shares (P.Y. Nil.)



(b) Particular of Mutual Funds purchased and sold during the financial year 2008-09.

Sr. No.	Particular	Purchase during the year		Sold during the year	
		Units	Value (Rs.)	Units	Value (Rs.)
1	HDFC Cash Management Fund –SPP- Dividend Plan	1759471.17 (Nil)	1,80,50,180 (Nil)	1759471.17 (Nil)	1,80,50,180 (Nil)
2	Reliance Liquid Fund - Dividend Plan	1597514.68 (Nil)	3,50,67,000 (Nil)	1597514.68 (Nil)	3,50,67,000 (Nil)
	Total	3356985.85 (Nil)	531,17,180 (Nil)	3356985.85 (Nil)	531,17,180 (Nil)

22. As required in terms of Paragraph 13 of Non-Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, schedule to the Balance Sheet of a Non-Banking Financial Company are annexed hereto.

(Amount in Rs.)

23. Earning in foreign currency - Nil (Nil)
24. Expenditure in foreign Currency - Nil (Nil)
25. Previous years' figures have been regrouped / rearranged wherever necessary so as to make them comparable with those of the current year.

Signature to Schedules "1" to "15"
As per our report of even date attached.

For, J. T. SHAH & COMPANY
CHARTERED ACCOUNTANTS
(J. J. SHAH)
PARTNER
Place : Ahmedabad
Date : 21/07/2009

For & On behalf of Board of Directors

Jayendra Patel Amit Manakiwala
Vice Chairman & Whole Time Director
Managing Director



**ARMAN FINANCIAL SERVICES LIMITED
(FORMERLY KNOWN AS ARMAN LEASE AND FINANCE LIMITED)**

Schedule to the Balance Sheet of a Non-Banking Financial Company
[as required in terms of Paragraph 13 of Non-Banking Financial (Non Deposit or Holding)
Companies Prudential Norms (Reserve Bank) Directions, 2007]

(Rs. In lakhs)

Particulars			
(1)	Liabilities side :		
	Loan and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :	Amount Outstanding	Amount Overdue
(a)	Debentures: Secured	NIL	NIL
	Unsecured (other than falling within the meaning of public deposits*)	NIL	NIL
(b)	Deferred Credits	NIL	NIL
(c)	Term Loans	736.65	NIL
(d)	Inter-Corporate loans and borrowing		NIL
(e)	Commercial Paper	NIL	NIL
(f)	Public Deposits*	NIL	NIL
(g)	Other Loans (specify nature)	242.28	NIL
	* Please see Note 1 below		
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a)	In the form of Unsecured debentures	NIL	NIL
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	NIL	NIL
(c)	Other Public Deposits	NIL	NIL
	Assets Side:		
		Amount Outstanding	
(3)	Break-up of Loans and Advances including bills receivable [other than those included in (4) below]:		
(a)	Secured	NIL	NIL
(b)	Unsecured	221.73	26.19
(4)	Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
(i)	Lease assets including lease rentals under sundry debtors:		
(a)	Financial Lease	NIL	NIL
(b)	Operating lease	NIL	NIL
(ii)	Stock on hire including hire charges under sundry debtors:		
(a)	Assets on hire	NIL	NIL
(b)	Repossessed Assets	NIL	NIL
(iii)	Hypothecation loans counting towards EL/HP activities		
(a)	Loans where assets have been re-possessed	NIL	NIL
(b)	Loans other than (a) above	1232.32	43.35
(5)	Break-up of Investments:		
	Current Investments:		
1.	Quoted:		
(i)	Shares (a) Equity	1.85	NIL
	(b) Preference	NIL	NIL
(ii)	Debtures and Bonds	NIL	NIL
(iii)	Units of mutual funds	NIL	NIL
(iv)	Government Securities	NIL	NIL
(v)	Others (please specify)	NIL	NIL



	2. Unquoted:			
	(i) Shares	(a) Equity	NIL	NIL
		(b) Preference	NIL	NIL
	(ii) Debentures and Bonds		NIL	NIL
	(iii) Units of mutual funds		NIL	NIL
	(iv) Government Securities		NIL	NIL
	(v) Others (please specify) FDR		190.84	NIL
	Long-term investments:			
	1. Quoted:			
	(i) Shares	(a) Equity	NIL	NIL
		(b) Preference	NIL	NIL
	(ii) Debentures and Bonds		NIL	NIL
	(iii) Units of mutual funds		NIL	NIL
	(iv) Government Securities		NIL	NIL
	(v) Others (please specify)		NIL	NIL
	2. Unquoted:			
	(i) Shares	(a) Equity	NIL	NIL
		(b) Preference	NIL	NIL
	(ii) Debentures and Bonds		NIL	NIL
	(iii) Units of mutual funds		NIL	NIL
	(iv) Government Securities		NIL	NIL
	(v) Others (please specify)		NIL	NIL
(6)	Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances Please see Note 2 below			
	Category	Amount net of provision		
		Secured	Unsecured	Total
	1. Related Parties**	NIL	NIL	NIL
	'(a) Subsidiaries	NIL	NIL	NIL
	'(b) Companies in the same group	NIL	NIL	NIL
	'(c) Other related parties	NIL	NIL	NIL
	2. Other than related parties	1232.32	221.73	1454.05
	Total	1232.32	221.73	1454.05
(7)	Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted): Please see note 3 below			
	Category	Market value/ Break-up or fair value or NAV	Book Value (Net of Provisions)	
	1. Related Parties**	NIL	NIL	
	'(a) Subsidiaries	NIL	NIL	
	'(b) Companies in the same group	NIL	NIL	
	'(c) Other related parties	NIL	NIL	
	2. Other than related parties	1.85	NIL	
	Total	1.85	NIL	

** As per Accounting Standard of ICAI (Please see Note 3)



(8) Other information

		Particulars	Amount
	(i)	Gross Non-performing Assets	NIL
		'(a) Related Parties	NIL
		'(b) Other than related parties	48.03
	(ii)	Net Non-Performing Assets	
		'(a) Related Parties	NIL
		'(b) Other than related parties	43.20
	(iii)	Assets acquired in satisfaction of debts	NIL

- As defined in paragraph 2(1) (xii) of the Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning Norms shall be applicable as prescribed in the Non-Banking Financial Companies Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of Investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break-up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in column (5) above

**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI
TO THE COMPANIES ACT, 1956.**

Balance sheet abstract and company's General business Profile

(a) **Registration Details**

Registration No. : 18623 State Code : 04
Balance Sheet Date : 31st March 2009

(b) **Capital Raised during the year (Amount in Rs.lacs.)**

Public Issue : Not Applicable Right Issue : Not applicable
Bonus Issue : Not applicable Private Issue : Not applicable

(c) **Position of Mobilisation and Development Funds (Amount in Rs.lacs)**

Total Liabilities : 1721.38 Total assets : 1721.38

SOURCES OF FUNDS

Paid-up Capital : 407.66 Reserve and Surplus : 325.43
Secured Loans : 938.57 Unsecured Loans : 40.35
Deferred tax Liability : 9.37

APPLICATION OF FUND

Net Fixed Assets : 81.46 Investments : 0.00
Net Current Assets : 1639.92 Misc.Expenditure : Nil
Accumulated loss : Not applicable

(d) **Performance of company (Amount in Rs.lacs)**

Total Turnover : 439.98 Total Expenditure : 335.00
Profit Before tax : 104.98 Profit After tax : 68.99
Earning per Share : 1.69 Dividend Rate : Nil

(Annulised)

(e) **Generic Names of three Product/Services of Company
(As per Monetary terms)**

The Company undertakes the financial service activities like Two Wheeler, Three Wheeler Financing, ICD, Micro Financing and Personal Financing.

For & On behalf of Board of Directors

Date : 21/07/2009
Place : Ahmedabad

Jayendra Patel Amit Manakiwala
Vice Chairman & Whole Time Director
Managing Director



ARMAN FINANCIAL SERVICES LIMITED
(Erstwhile Arman Lease & Finance Limited)

REGISTERED OFFICE : 502-503, SAKAR III, OPP. OLD HIGH COURT, OFF ASHRAM ROAD, AHMEDABAD - 380 014

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
Joint Shareholders may obtain additional Slip on request.

ATTENDANCE SLIP

Dp Id*	
Client Id*	

Master Folio No.	
------------------	--

NAME AND ADDRESS OF THE SHAREHOLDER
No. of Shares held

I hereby record my presence at the **17TH ANNUAL GENERAL MEETING** of the Company held on Friday the 25th September, 2009 at 1.30 P.M. at "The Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad 380 009.

SIGNATURE OF THE SHAREHOLDER OR PROXY **
*Application for Investors holding shares in electronic form.
**Strike out whichever is not applicable.

----- TEAR HERE -----



ARMAN FINANCIAL SERVICES LIMITED
(Erstwhile Arman Lease & Finance Limited)

REGISTERED OFFICE : 502-503, SAKAR III, OPP. OLD HIGH COURT, OFF ASHRAM ROAD, AHMEDABAD - 380 014

PROXY FORM

Dp Id*	
Client Id*	

Master Folio No.	
------------------	--

I/WE _____
of _____ being a member/
members of ARMAN FINANCIAL SERVICES LIMITED hereby appoint _____
of _____
of failing him _____ of _____
as my/our proxy to vote for me/us and on my/our behalf at the **17TH ANNUAL GENERAL MEETING**
to be held on Friday the 25th September, 2009 at 1.30 P.M. or at any adjournment thereof.

Signed this _____ day of _____ 2009.

*Application for Investors holding shares in electronic form.

NOTE : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

Affix a 30 paise Revenue Stamp
