

20TH ANNUAL REPORT: 2005



Philosopher's stone ?



**ASHIRWAD**
CAPITAL LIMITED

Solid, Consistent Growth. By Design



Since the beginning of time, man has tried to capitalize his wealth, one such mystery is the Parasmani or the Philosopher's stone, the mythical substance that can supposedly turn inexpensive metals into gold.

At Ashirwad our experience and expertise compares metaphorically to the Philosopher's stone. The ability to foster finances through accurate forecasts, favourable investments and astute management deriving overwhelming returns.

Report



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BOARD OF DIRECTORS:

Ramprasad Poddar
Chairman

Dinesh Poddar
Managing Director

Shilpa Poddar
Rajesh Poddar
Vishwanath Harlalka
Directors

REGISTERED OFFICE:

303, Tantia Jogani
Industrial Estate,
J.R.Boricha Marg,
Lower Parel,
Mumbai - 400 011.

BANKERS:

Citibank N.A.
Standard Chartered Bank
The Greater Bombay Co-op Bank Ltd.

AUDITORS:

C.M.Gabhawala & Co.
Chartered Accountants

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20th ANNUAL REPORT 2005:

Date : 11th March, 2006
Time : 10.30 a.m.
Venue: Seminar II 31st Floor,
World Trade Center 1,
Cuffe Parade,
Mumbai - 400 005.

REGISTRARS & TRANSFER AGENTS:

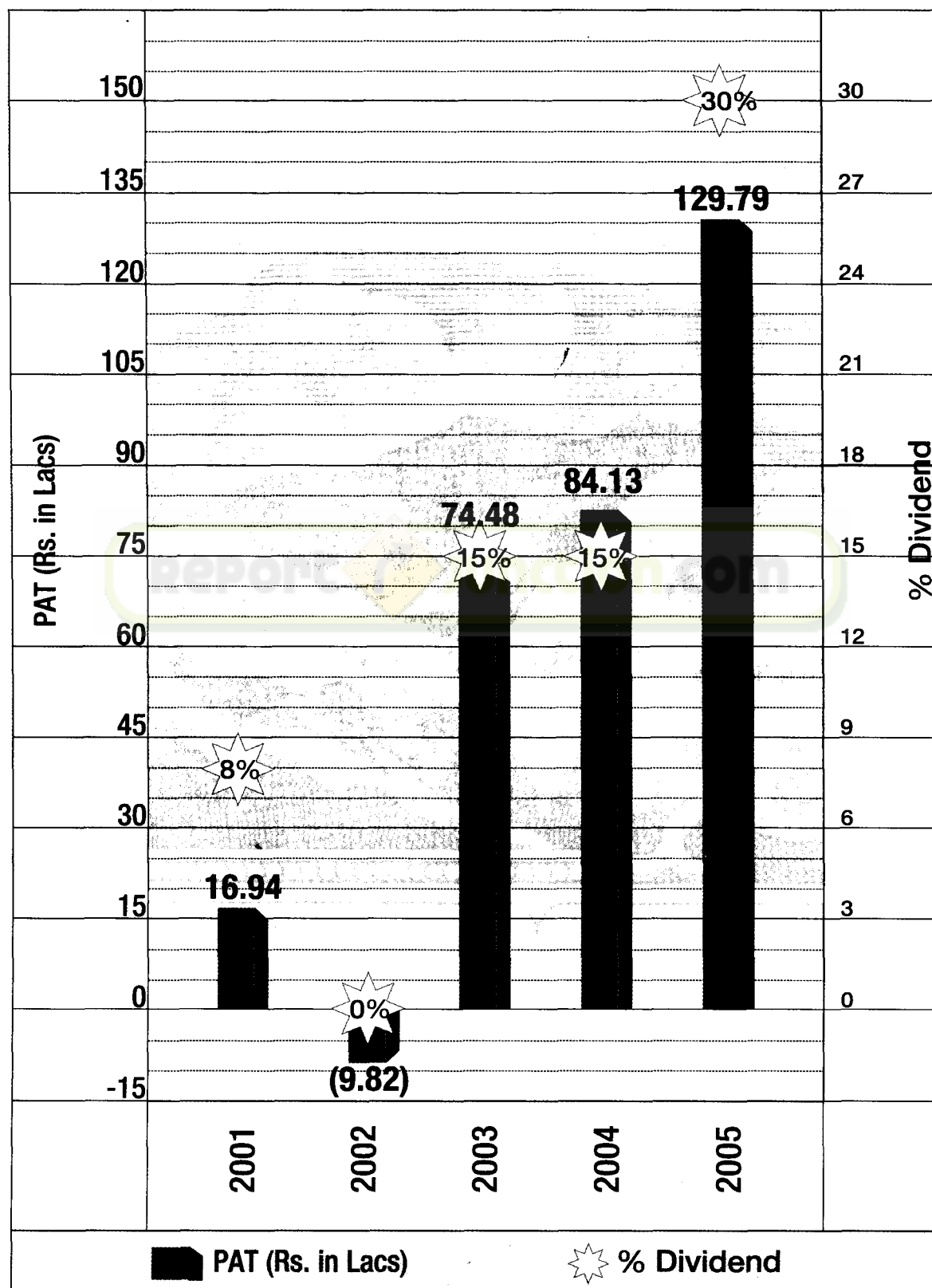
Bigshare Services Pvt. Ltd.,
E/2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E), Mumbai 400 072.
Tel. No.: 2847 0652 / 2847 3474
Fax No. : 28475207
E-Mail : bigshare@bom7.vsnl.net.in



ASHIRWAD
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PAT & DIVIDEND PAYOUT



**NOTICE**

NOTICE is hereby given that the 20th Annual General Meeting of the Company will be held on Saturday, the 11th March, 2006 at 10.30 a.m. at Seminar II, 31st Floor, World Trade Center 1, Cuffe Parade, Mumbai - 400 005 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 2005 and the Profit and Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri. Vishwanath Harilalka, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. Ramprasad Poddar, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended from time to time, the consent of the Members be and is hereby accorded to the appointment of Mr. Dinesh Poddar as Managing Director without remuneration for the period of Five years w.e.f. 1st January, 2006, on such terms and conditions as contained in the agreement to be entered between the Company and Mr. Dinesh Poddar, a draft whereof is placed before the meeting and for the purpose of identification is superscribed by the Chairman hereof.

RESOLVED FURTHER THAT Mr. Dinesh Poddar shall not be liable to retire by rotation during his tenure as Managing Director of the Company.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution."

7. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 94 and other applicable provisions if any, of the Companies Act, 1956 (including any amendment thereto or any re-enactment thereof), and pursuant to provisions of the Article of Association of the Company, the consent of the Company be and is hereby accorded to sub-divided each Equity Share of Company of the face value of Rs. 10/- each into 10 Equity shares of the face value of Re. 1 each and consequently Clause V of the Memorandum of Association of the Company be and is hereby altered and replaced with the following clause:

"The Authorised Share Capital of the Company is Rs. 2,50,00,000/- (Rupees Two Crore Fifty Lakh Only) divided into 25000000 (Two Crore Fifty Lakh) Equity Share of Re. 1/- (Rupees one) each, subject to be increased or decreased in accordance with the Company's regulations and legislative provisions for the time being in force in this behalf, and power to divide the Shares in the Capital for the time being into Equity Share Capital, Preference Share Capital with or without Voting Rights as may be permissible at law, and to attach thereto respectively, any preferential qualified or special rights, privileges or conditions as may be determined by or in accordance with the provisions of the Companies Act, 1956 and the regulations of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.

RESOLVED FURTHER THAT the Board of Directors (including any committee thereof) of the Company be and is hereby authorized to issue new shares (including new certificates where required) representing the sub-divided shares with new distinctive numbers in the aforesaid proportion subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960 with an option to either exchange the new share certificates in lieu of cancellation of the old share certificates or without physically exchanging the share certificates, by treating the old share certificates as deemed to be cancelled and also to inform to the depositories to take the necessary corporate action to give effect to the above and do all such acts, deeds, matters and things as may be necessary, required, desirable or expedient in connection with or incidental to the sub-division of the equity share of the Company.

RESOLVED FURTHER THAT the Board of Directors (including any committee thereof) of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may consider necessary expedient, usual or proper to give effect to this Resolution including but not limited to fixation of Record Date as per the requirement of the Listing Agreement, execution of all necessary documents with Stock Exchanges where company's equity shares are listed, National Securities Depository Limited and Central Depository Services (India) Limited, Reserve Bank of India and/or any other relevant statutory authority if any, appointment of Registrar, cancellation or rectification of the existing share certificates in lieu of the old certificates and to settle any question or difficulty that may arise in regard to the sub-division of Equity Shares as aforesaid.

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

"RESOLVED THAT pursuant to section 31 and all other applicable provisions if any, of the Companies Act 1956, (including any amendment thereto or any re-enactment thereof), the existing Article 94 of the Articles of Association of the Company be and is hereby deleted and substituted by the following:

"The Authorized Share Capital of the Company is Rs. 2,50,00,000/- (Rupees Two Crores Fifty Lakhs Only) divided into 25000000 (Two Crores Fifty Lakhs) Equity Shares of Re.1/- (Rupee One) each subject to be increased or decreased in accordance with the Company's regulations and legislative provisions for time being in force in this behalf, and with power to divide the Shares in the Capital for the time being into Equity Share Capital, Preference Share Capital with or without Voting Rights as may be permissible at law, and to attach thereto respectively, any preferential qualified or special rights, privileges or conditions as may be determined by or in accordance with the provisions of the Companies Act, 1956 and the regulations of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

RESOLVED FURTHER THAT the Board of Directors (including any committee thereof) of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be required, necessary, desirable or expedient in connection with or incidental for giving effect to this Resolution.

Regd. Office:
303, Tanti Jogani Indl. Estate,
J R Boricha Marg, Lower Parel,
Mumbai 400 011.
Date: 23rd January, 2006

By Order of the Board
For Ashirwad Capital Ltd.
Ramprasad Poddar
Chairman



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NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books will remain closed from Saturday, the 4th March 2006 to Saturday the 11th March, 2006. (Both days inclusive).
3. Dividend, if declared, shall be disbursed to the members:-
 - a) Whose name appear as Beneficial Owners as at the end of business hours on 3rd March, 2006 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Ltd. in respect of the shares held in electronic form.
 - b) Whose names appear as Members in the Register of Members of the Company after giving effect to valid transfers in physical form lodged with the Company or Registrar and Share Transfer Agents on or before 3rd March 2006.
4. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect to the Special Business under Item No.6 to 8 to be transacted at the meeting is annexed to this notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 6

The company has been operating without Managing / Whole time director for some time. However, it was realized by the Board that appointment of Managing / Whole time director would serve the company better as prompt attention to the needs of the company is likely to make operations more efficient. Accordingly, Board of Directors at their meeting held on 24th December, 2005 appointed Mr. Dinesh Poddar as Managing Director of the company for the period of five years drawing nil remuneration for the appointment as Managing Director of the company.

Mr. Ramprasad Poddar, Mrs. Shilpa Poddar and Mr. Rajesh Poddar, being relatives of Mr. Dinesh Poddar may be considered concerned or interested in the passing of the resolution.

Item No(s). 7 & 8

The current trend in the corporate world is to sub-divide the nominal value of the equity shares into smaller denominations. This helps investors in participating in the growth companies especially in the rising secondary market. To achieve this goal, your company is also proposing the sub-division of an equity share from face value of Rs. 10/- per share to 10 shares of Re. 1/-. As per Articles of Association of the Company, such a proposal requires a Ordinary Resolution to be passed at the General Meeting. It is also proposed that the Articles of Association be amended in order to reflect the alteration in the capital structure of the Company. Hence, the Board of Directors has proposed Special Resolution under item No.7 and 8.

The directors of the company may deemed to be interested or concerned in Resolutions under item No. 7 and 8 to the extent of their respective shareholdings in the company to the same extent as every other members of the company.

Regd. Office:
303, Tantia Jogani Indl. Estate
J R Boricha Marg, Lower Parel
Mumbai 400 011
Date : 23rd January, 2006

By Order of the Board
For Ashirwad Capital Ltd.
Ramprasad Poddar
Chairman



DIRECTORS' REPORT

To
The Members,
The Directors have pleasure in presenting the 20th Annual Report and the Audited Statement of Accounts for the year ended 31st December 2005.

FINANCIAL RESULTS:

(Rs. In Lacs)

Sr.#	Particulars	31-12-2005	31-12-2004
1	Net Sales/Income	181.38	84.76
2	Total Expenditure	9.03	6.06
	i) Staff Cost	3.38	3.09
	ii) Other Expenditure	5.65	2.97
3	Interest	10.92	1.32
4	Increase/(Decrease) in value of Investments	(4.50)	20.00
5	Depreciation	0.38	0.44
6	Profit Before Tax	156.55	96.94
7	Provision for Taxation	26.76	12.81
	i) Current Tax	17.68	9.00
	ii) Deferred Tax	9.08	3.81
8	Profit After Tax	129.79	84.13
9	Proposed Dividend (Inclusive of Tax on Dividend)	85.52	42.40
10	Paid-up Eq.Share Capital (Face Value of Rs.10/- each)	250.00	250.00
11	Reserves & Surplus (excluding revaluation reserve)	127.16	83.12
12	Basic & Diluted EPS (Rs.)	5.19	3.37

OPERATIONS AND FUTURE PROSPECTS:

During the period under the review the profit after tax (PAT) stood at Rs. 129.79 lacs, an increase of 54.27% as compared to last year. Enthused by the results and feeling confident of the current years outlook the Board is encouraged to recommend a 30% dividend for the financial year ended 31st December, 2005.

The Indian Economy is growing robustly since 2003 and now the global markets are finally noticing India and its vast economic potential. Indian Equity with its diversity and unique attributes offers to the global investor an opportunity to participate in India's growth, which is very much driven by its domestic consumption as also by its export and outsourcing capabilities. It is difficult to replicate the diversity in the Indian Economy's success story - we are an agriculture - rural economy as well as a high-tech software export and business outsourcing economy. We have our roots in the old economy and at the same time we achieve the highest levels of growth with our Information Technology and Pharmaceutical Industries.

We at Ashirwad believe that the Indian Economy is on a high growth trajectory since 2003. The momentum of this growth is only increasing as we enter 2006, and we feel that for at least another 2-3 years the momentum will gain further strength. All this translates to a healthy Equity Market which is increasingly broad based and offers opportunities to an investor in many sectors and industries of the economy.

We at Ashirwad continue to focus on the "A" group - large cap companies which are a good proxy to the Indian Economy. We select high growth sectors and then monitor the individual companies on a set of performance parameters designed internally by us at Ashirwad. These companies form our universe of companies in which we will invest in for the current year. After this procedure we use technical analysis, which we believe is our strength at Ashirwad, to enter and exit from our investments. The above methodology of investment is giving us good results and we intend to continue to operate on similar lines in the current year. We are confident that with your continued support we will continue to give reasonable returns in 2006 as well.


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Following is a list of the Top 20 scrips in our portfolio. These constitutes 99 % of our Invested Funds in the Equity Market.

SR #	SCRIP	FACE VALUE RS.	AS AT 31-12-2005		HOLDING %
			NO OF SHARES	VALUE RS.	
1	HINDUSTAN LEVER LTD.	1	48000	78,08,330	13
2	TATA MOTORS LTD.	10	11500	62,22,800	10
3	CASTROL INDIA LTD.	10	28000	59,19,027	10
4	HINDALCO LTD.	1	38000	52,28,995	9
5	COLGATE-PALMOLIVE (INDIA) LTD.	10	23500	49,91,825	8
6	PUNJAB TRACTORS LTD.	10	17000	32,94,994	5
7	ZEE TELEFILMS LTD.	1	21000	32,81,307	5
8	TATA CHEMICALS LTD.	10	16000	29,44,901	5
9	STATE BANK OF INDIA	10	3500	26,99,303	4
10	TCS LTD.	1	2000	26,76,064	4
11	ONGC LTD.	10	2500	24,52,254	4
12	MARUTI UDYOG LTD.	5	5000	23,12,992	4
13	INFOSYS TECHNOLOGIES LTD.	5	1200	21,55,881	4
14	SATYAM COMPUTERS LTD.	2	4000	19,83,244	3
15	WIPRO LTD.	2	6500	19,69,895	3
16	NTPC LTD.	10	20000	19,32,745	3
17	TVS MOTOR LTD.	1	21000	16,37,590	3
18	TAMILNADU NEWSPRINT & PAPERS LTD.	10	8000	6,82,555	1
19	STERLING HOLIDAY RESORTS (INDIA) LTD.	10	2300	3,26,525	1
20	ICNET LTD.	10	2500	1,77,625	0
	TOTAL			6,06,98,851	99
	TOTAL INVESTED FUND (QUOTED)			6,11,40,084	

DIVIDEND:

We are pleased to announce that the Board of Directors has recommended dividend of Rs.3.00 per equity shares of Rs. 10/- each (30%) aggregating Rs.75 Lacs for the year ended on 31st December, 2005.

DIRECTORS:

At the ensuing Annual General Meeting Shri. Vishwanath Harlalka and Shri. Ramprasad Poddar shall retire by rotation and being eligible, they have offered themselves for re-appointments.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors state that:-

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- The Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are 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 covered under this Report and of the profit or loss of the Company for the year.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.