

A new force – A new thrust



21st
Annual Report
2006



ASHIRWAD
CAPITAL LIMITED

Solid, Consistent Growth. By Design



The arrow is symbolic of the trajectory of our growth. Positive and looking forward. It also signifies our ambition to achieve our stated goals swiftly and satisfy our stakeholders.

It's been a good year at Ashirwad. While we celebrate the past, we look forward with renewed enthusiasm to the future. Because complacency is not in our blood. We compete with ourselves.



BOARD OF DIRECTORS:**Ramprasad Poddar***Chairman***Dinesh Poddar***Managing Director***Shilpa Poddar****Rajesh Poddar****Sanjiv Rungta****Harshvardhan Agarwal***Directors***REGISTERED OFFICE:**

303, Tantia Jogani Industrial Estate,

J. R. Boricha Marg, Lower Parel,

MUMBAI - 400 011.

BANKERS:

Centurion Bank of Punjab Ltd.

Citibank N.A.

AUDITORS:**C. M. Gabhawala & Co.***Chartered Accountants***21st ANNUAL REPORT 2006:**

Date : 17th March, 2007

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, Sakinaka, Andheri (E),

MUMBAI - 400 072.

Tel. No. : 2857 3034 / 2857 3108

Fax No. : 2847 5207

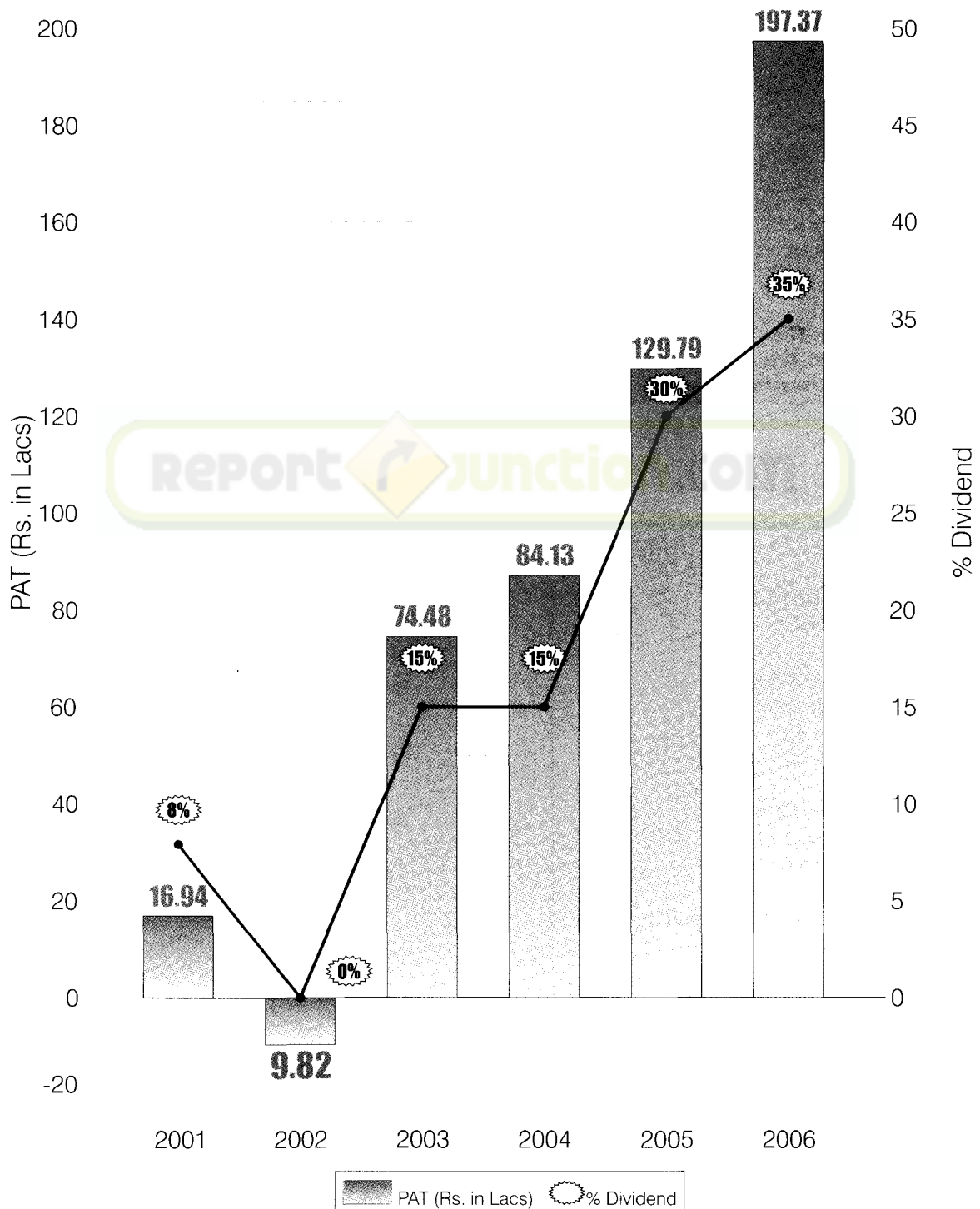
E-Mail : bigshare@bom7.vsnl.net.in



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PAT & Dividend Payout



NOTICE

- NOTICE is hereby given that the 21st Annual General Meeting of the Company will be held on Saturday, the 17th March, 2007 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 2006 and the Profit and Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri. Rajesh Poddar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Banshi Jain & Associates, Chartered Accountants, Mumbai Statutory Auditors of the Company for the financial year 2007 and who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and in respect to whose appointment a special notice from a member under section 225 of the Companies Act, 1956, is received by the Company to fill the vacancy caused due to unwillingness of M/s. C. M. Gabhawala & Co., Chartered Accountants, Mumbai to be re-appointed as Statutory Auditors of the Company.

■ **SPECIAL BUSINESS:**

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

“RESOLVED THAT Shri. Harshvardhan Agarwal, who was appointed an additional Director of the Company and who holds office upto date of this Annual General Meeting pursuant to the provisions of section 260 of the Companies Act, 1956 and being eligible for re-appointment and in respect of whom the Company has received notice in accordance with provisions of section 257 of the Companies Act, 1956 from a member of the Company proposing his candidature for appointment as Director of the Company be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT Shri. Sanjiv Rungta, who was appointed an additional Director of the Company and who holds office upto date of this Annual General Meeting pursuant to the provisions of section 260 of the Companies Act, 1956 and

being eligible for re-appointment and in respect of whom the Company has received notice in accordance with provisions of section 257 of the Companies Act, 1956 from a member of the Company proposing his candidature for appointment as Director of the Company be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT, pursuant to the provisions of Section 81, 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of Memorandum and Articles of Association of the Company and listing agreement entered into by the Company with the Bombay Stock Exchange Ltd. (BSE) and subject to the guidelines and approvals of the Securities and Exchange Board of India (SEBI) and the approval of the Reserve Bank of India (RBI), if necessary, and also subject to such terms and conditions, alterations/deletions and modifications as may be required or prescribed under the requisite approvals, consents and guidelines which may be agreed to by the Board of Directors of the Company (hereinafter called the “Board” which term shall be deemed to include any Committee constituted / to be constituted by the Board to exercise its power including the powers conferred by this Resolution) the consent of the Company be and is hereby accorded to the Board to offer, issue and allot up to or as near thereto 750,00,000 (Seven Crore Fifty Lakhs) Equity Shares of Re 1/- (Rupee One) each for cash at par or premium on Right Basis in the ratio of 3 (Three) Equity Shares for every 1(One) Equity Share held by these shareholders (ignoring fractional entitlements, if any) whose names appear on the Register of Members or on the list of depositories as beneficial owners at the end of the business hours on such date as may be fixed for the purpose by the Board (hereinafter referred to as the “Record Date”) or to such persons who may or may not be shareholders of the Company, may be renounces, and others in whose favour (in full or in part), the rights may be renounced by respective shareholders (ignoring fraction entitlements, if any) on such terms and conditions, as the Board may in its absolute discretion think fit, in consultation with the Lead Managers and/or such other persons as it may think fit.

RESOLVED FURTHER THAT, the offer shall be made by notice specifying the number of the shares, the amount payable thereon and the time limit from the date of the offer within which the offer has to be accepted failing which, it will be deemed to have been declined, if not, so accepted and the Board shall thereafter be at liberty to either extend

the time for acceptance as aforesaid from time to time, either generally or in respect of any particular applicants or dispose of the same in its absolute discretion in such manner as the Board may fit.

RESOLVED FURTHER THAT

- a) The new equity shares to be issued/allotted in pursuance of this resolution shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank pari-passu in all respects with the existing equity shares of the Company including the payment of Dividend for 2006, if any, which will be payable on new Equity Shares to be allotted and the existing Equity Shares.
- b) The Shareholders shall have rights to renounce any/all the shares to which he/she is entitled and also to apply for additional shares.
- c) The un-subscribed portion, if any, of the above issue of Equity Shares be issued allotted or otherwise disposed of by the Board in its absolute discretion in such manner as the Board may deem fit, but, however, subject to the terms of this Resolution and the Letter of offer.
- d) The shares proposed to be issued shall be made in dematerialized form and in respect of shareholders holding shares in physical form, shares certificates will be issued."

RESOLVED FURTHER THAT to give effect to these resolutions, the Board be and is hereby authorized interalia:

- i) To settle any question or difficulty including any fractional entitlement, if any, that may arise with regard to the issue and allotment of the aforesaid Equity Shares.
- ii) To finalize/prescribe the forms of Letter of Offer/Forms of Application including Renunciation Form.
- iii) To make requisite adjustment with regard to the issue and allotment of Equity shares.
- iv) To decide on the terms of payment for the Equity Shares including amount to be paid on application and allotment.
- v) To submit the requisite applications to various authorities for securing the necessary approvals which may be required from time to time.
- vi) To apply to the Central Listing Authority and/or Bombay Stock Exchange Ltd. (BSE) for permission to list the Equity Shares as the Board may deem fit and to do all such acts, deeds, matters and things and to sign all

such papers, documents and agreements, as may be necessary to seek the listing of such shares on BSE with power to sign and settle any query, difficulty or doubt that may arise in regard to the issue.

- vii) To appoint Lead Manager/Managers, Consultants, Advisors, Bankers, Auditor, Registrar, etc., and other agencies as may be required for the purpose and to give such directions and/or instructions as it may, from time to time deem necessary.
- viii) To appoint Compliance Officer in terms of SEBI requirements.
- ix) To do all such, acts, deeds, matters, and things, sign all such papers, documents and agreements and make all such application(s) and take all such actions as may be necessary or considered expedient or deemed fit by the Board for the purpose.

RESOLVED FURTHER THAT the Board be and is hereby specifically authorized to decide, accept, agree to any alteration in the size of the issue, the price of the shares to be issued, the amount of premium on shares or such other terms and conditions of the said issue as may be suggested by the SEBI or other concerned authorities or as per applicable guidelines from time to time, without requiring any further approval of the Members."

Regd. Office:
 303, Tantia Jogani Indl. Estate,
 J R Boricha Marg, Lower Parel,
 Mumbai – 400 011.

By Order of the Board
 For Ashirwad Capital Limited
Ramprasad Poddar
 Chairman

Date : 05th February, 2007
 Place : Mumbai

■ 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 10th March, 2007 to Saturday the 17th March, 2007. (Both days inclusive).
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect to the Special Business under Item No.4 to 6 to be transacted at the meeting is annexed to this notice.

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

Item No. 4

In a meeting of the Board of Directors held on 9th May, 2006, Shri. Harshvardhan Agarwal was appointed as an additional Director of the Company. Shri. Harshvardhan Agarwal holds office only upto the date of the forthcoming Annual General Meeting. A notice in writing has been received from the member of the Company under section 257 of the Companies Act, 1956, proposing candidature of Shri. Harshvardhan Agarwal for the office of Director.

Shri. Harshvardhan Agarwal, 58 years old is a Bachelor of Science (B. Sc.) by qualification. He is associated with the group companies in various capacities and has acquired knowledge and experience in management of the Company. His continuation on the Board will be beneficial and an asset to the Company.

Your Directors recommend passing of the ordinary resolution.

None of the Directors accept Shri. Harshvardhan Agarwal considered concerned or interested in the passing of the resolution.

right issue got delayed and Company had to re-schedule the right issue and ratio taking into account latest financials of the Company. For the purpose of forthcoming right issue, the Company is evaluating various financing options for its expansion and meeting the general corporate purposes, working capital and strategic investments. The Company needs to raise funds for investments such as setting up infrastructure, acquire property and augmentation of working capital.

It is also proposed to authorize the Board of Directors to make such issues at such time and on such terms and conditions as the Board may, in its discretion deem fit and appropriate at the time of issue, offer, allotment etc. Detailed terms and conditions will be determined by the Board of Directors of the Company in consultation with Lead Managers/Advisors/Consultants and on depending upon the then prevailing market conditions.

Such offer of further equity shares on Right issue basis will be subject to compliance with the provisions of Guidelines, Rules and Regulations issued by the Securities and Exchange Board of India, provisions of Listing Agreement with the stock Exchange Mumbai, Guidelines and Rules and Regulation under Foreign Exchange Management Act, 1999 (FEMA) and Reserve Bank Of India and other approvals that may be necessary.

Item No. 5

In a meeting of the Board of Directors held on 9th May, 2006, Shri Sanjiv Rungta was appointed as an additional Director of the Company. Shri Sanjiv Rungta holds office only upto the date of the forthcoming Annual General Meeting. A notice in writing has been received from the member of the Company under section 257 of the Companies Act, 1956, proposing candidature of Shri Sanjiv Rungta for the office of Director.

Shri Sanjiv Rungta, 44 years old is Bachelor of Commerce (B. Com.) by qualification. He is associated with the group companies in various capacities and has acquired knowledge and experience in management of the Company. His continuation on the Board will be beneficial and an asset to the Company.

Your Directors recommend passing of the ordinary resolution.

None of the Directors accept Shri Sanjiv Rungta considered concerned or interested in the passing of the resolution.

Your Directors recommend passing of the Special Resolution set out at item No. 6 of the accompanying Notice.

None of the Directors of the Company may be considered to be interested or concerned in the said Resolution, save and except to the extend of the securities, which may be issued and allotted to them and to their relatives and to the companies in which they are interested.

Regd. Office:
303, Tantia Jogani Indl. Estate,
J R Boricha Marg, Lower Parel,
Mumbai – 400 011.

By Order of the Board
For Ashirwad Capital Limited
Ramprasad Poddar
Chairman

Place : Mumbai
Date : 05th February, 2007

Item No. 6

At the Extra Ordinary General Meeting held on 17th April, 2006, a Special Resolution under section 81 (1A) was passed by the Members for the Right Issue of Equity Share Capital. However, due to unexpected development, the said

●●● DIRECTORS' REPORT

To
The Members,

The Directors have pleasure in presenting the 21st Annual Report and the Audited Statement of Accounts for the year ended 31st December 2006.

■ FINANCIAL RESULTS:

(Rs. in Lacs)

Sr.#	Particulars	31.12.2006	31.12.2005
1	Net Sales / Income	239.16	181.38
2	Total Expenditure	16.51	9.03
	i) Staff Cost	2.81	3.38
	ii) Other Expenditure	13.70	5.65
3	Interest	10.41	10.92
4	Provision (Reversal) for Diminution in value of Investments	(0.50)	4.50
5	Depreciation	1.37	0.38
6	Profit Before Tax	211.37	156.55
7	Provision for Taxation	14.00	26.76
	i) Current Tax	13.00	17.68
	ii) Deferred Tax	0.98	9.08
	iii) Fringe Benefit Tax	0.02	0.00
8	Profit After Tax	197.37	129.79
9	Proposed Dividend (Inclusive of Tax on Dividend)	99.77	85.52
10	Paid-up Eq. Share Capital (Face Value of Re. 1/- each)	250.00	250.00
11	Reserves & Surplus (excluding revaluation reserves)	224.75	127.16
12	Basic & Diluted EPS (Rs.)	0.79	0.52

■ OPERATIONS AND FUTURE PROSPECTS:

During the period under review the profit after tax (PAT) stood at Rs. 197.37 lacs, an increase of 52.07% as compared to last year. Enthused by the results and feeling confident of the current year's outlook the Board is encouraged to recommend a 35% dividend for the financial year ended 31st December, 2006.

As noted last year, India is now on the radar of all the big fund managers globally. The structure and scope of the Indian Economy is so alluring that it is difficult for these fund managers to ignore the Indian Stock Market. Funds are coming from all over the globe and both Hedge Funds

as well as long term Pension Funds are finding good investment opportunities in the Indian Stock Market. With so much investment coming India's way and a strong corporate performance, we seem to be well entrenched on the strong upward trajectory for the Sensex. The bullish trend started way back in 2003 seems to be in full momentum and is showing no signs of tiring. Hence, we feel that 2007 will again be a year where long term value investors will be richly rewarded.

Thank you shareholders for your continued support and trust in Ashirwad and its management team, which we cherish and value from the bottom of our hearts.

