

32nd Annual Report 2006-2007



ASHIM INVESTMENT COMPANY LIMITED

BOARD OF DIRECTORS : Lajpat Rai Puri
Sitab Chand Jain
Ashok Kumar Kinra
Pramod Kumar Jain
Deepak Kumar Rajgarhia

BANKERS : Central Bank of India
Axis Bank Ltd.

AUDITORS : G.P. Agrawal & Company
Chartered Accountants

**REGISTERED &
ADMINISTRATIVE OFFICE** : Link House,
3, Bahadur Shah Zafar Marg,
New Delhi - 110 002

**REGISTRAR &
SHARE TRANSFER AGENT** : MCS Limited
Shri Venkatesh Bhawan,
W-40, Okhla Industrial Area, Phase-II,
New Delhi - 110 020
Ph.: 011-41406149, 41406151-52
Fax : 011-41709881

COMPANY WEBSITE : www.ashiminvestco.com

COMPANY SECRETARY : Dillip Swain

ASHIM INVESTMENT COMPANY LIMITED**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the Financial Year ended 30th June 2007.

Financial Results

The financial results of the Company for the Year ended 30th June 2007 are as under:

	<u>Rs./Lacs</u>
Profit before Depreciation and Tax	<u>256.17</u>
Profit after Tax	228.76
Surplus brought forward	<u>213.78</u>
Amount available for appropriation	<u>442.54</u>
Appropriations:	
Transfer to Reserve	45.75
Dividend including Dividend Tax	70.35
Surplus carried to Balance Sheet	<u>326.44</u>
	<u>442.54</u>

Dividend

Your Directors are pleased to recommend a dividend of 10% on the Equity Shares (i.e. Re. 1.00 per share) in addition to the fixed preferential dividend @ 7% p.a. on the Cumulative Redeemable Preference Shares for the year ended 30th June 2007. If approved at the Annual General Meeting, the Dividend will absorb Rs. 70.35 lacs (inclusive of dividend tax of Rs. 10.22 lacs).

Scheme of Amalgamation

Your Board has approved in principle a proposal for amalgamation of your Company and its four wholly-owned subsidiary investment companies, with another group investment company, with the object of consolidation of investments. The economies arising out of the proposed consolidation of investments would enhance shareholders' value.

The Scheme after its approval by the Stock Exchanges will be filed in the Hon'ble High Court of Delhi and the said Court shall convene meeting of the shareholders of the Company for approval of the said Scheme. On the Scheme being sanctioned and becoming effective, the Equity Shares of the transferee Company including the shares allotted to the shareholders of this Company under the said Scheme will be listed on the Stock Exchanges on which the shares of the Company are listed.

Directors

Shri Deepak Kumar Rajgarhia, who was appointed on 15th May 2006, as Director in the casual vacancy caused by the resignation of Shri R.N. Saraf, holds the said office upto the date of this Annual General Meeting when Shri R.N. Saraf would have retired by rotation if he had not relinquished his office by resignation. The Company has received from a member notice pursuant to Section 257 of the Companies Act 1956 proposing the candidature of Shri Deepak Kumar Rajgarhia for appointment as a Director liable to retire by rotation. The Board commends approval to the said appointment.

Shri Sitab Chand Jain also retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Consolidated Accounts

Pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, consolidated financial statements are being presented by the Company for the Financial Year under report. In terms of approval granted by the Central Government under Section 212(8) of the Companies Act 1956, copies of the Balance Sheets, Profit & Loss Accounts, Reports of the Boards of Directors and of the Auditors, etc. of the subsidiary companies have not been attached to the Balance Sheet of the Company. The Company will make available these documents / details upon request by any member interested in obtaining the same.

Auditors

Messrs. G.P. Aggarwal & Co., Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The observations of the Auditors in their Report on Accounts read with the relevant notes are self-explanatory.

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act 1956, your Directors state that—

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- the accounting policies selected and applied are consistent and judgements and estimates made 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 and of the profit or loss of the Company for that year;
- proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts have been prepared on a going concern basis.

Corporate Governance Report

Your Company reaffirms its commitment to good corporate governance practices. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.

Particulars of Employees

During the year under review, the Company had no employee in the category specified under Section 217(2A) of the Companies Act 1956.

Information pursuant to Section 217 (1)(e) of the Companies Act 1956

The requirement of furnishing particulars of energy conservation, technology absorption, etc. is not applicable to the Company. There has been no foreign exchange earning or outgo during the year.

Fixed Deposits

The Company is a registered Non-Banking Finance Company and does not accept fixed deposits.

Acknowledgements

Your Directors wish to place on record and acknowledge their appreciation for the continued support and co-operation received from government agencies and the shareholders. Your Directors also record their appreciation for the total dedication of employees at all levels.

On behalf of the Board

New Delhi
21st February 2008

Sitab Chand Jain
Director

Lajpat Rai Puri
Director

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MANAGEMENT DISCUSSION AND ANALYSIS

Risks and Concerns

The Company is essentially an Investment Company. Its source of income is from dividends receivable on investments made and held by it in other Companies and the capital appreciation of the investments. Any adverse financial impact on the operation / businesses of the investee companies may impact the revenue of the Company and also result in diminution in the value of investments.

Management Perception

The investments of the company and its subsidiaries in the listed Companies are shown in the books at cost of acquisition. The listed investments should generally have a good capital appreciation looking to the capital market trends. However, the sudden and high volatility in the stock markets based on several factors including global factors may affect the market values of the Investments.

NBFC

The Company is a Non-Banking Financial Company (NBFC) governed by Chapter III-B of the Reserve Bank of India Act, 1934 (RBI) which, with its regulatory and supervisory framework, ensures strong and healthy functioning of NBFCs by limiting excessive risk taking practices and protecting the interest of deposit holders. The Company does not accept Fixed Deposits.

Adequacy of internal control system

The Company's internal control system and procedures are commensurate with the size of operation and are adequate to ensure –

- safeguarding its assets and resources against loss, unauthorized use or disposition,
- compliance with the statutes and regulatory policies and framework, and
- all transactions are authorized, recorded and reported correctly.

The Audit Committee of Directors continually reviews adequacy of internal controls.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:-

- Commitment to excellence and customer satisfaction.
- Maximising long term shareholders value.
- A Socially valued enterprise.
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long term shareholders' value and commitment to high standards of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practised by its entire management cadre.

2. BOARD OF DIRECTORS:

The Board of Directors presently consists of five Non-Executive Directors (NED) out of which two are Independent Directors (IND). The Board does not have a permanent Chairman. At each Board Meeting, Directors present elect one amongst themselves as Chairman of the meeting. Other details are as given hereunder:

Name of Director	Category	No. of Board Meetings attended during 2006-07	Whether attended last AGM	No. of other directorships and membership/ chairmanship of Committees		
				Other directorships*	Membership of other Committees**	Chairmanship of other Committees**
Shri L.R. Puri	NED	6	No	7	1	1
Shri S.C. Jain	NED	6	Yes	10	3	1
Shri A.K. Kinra	NED	6	No	8	5	-
Shri P.K. Jain	IND	6	Yes	5	1	2
Shri Deepak Kumar Rajgarhia	IND	6	No	-	-	-

* Excluding Directorships in Private Limited Companies, Foreign Companies, memberships of Managing Committees of Chambers of Commerce / bodies / and Section 25 companies.

** Only covers Membership / Chairmanship of Audit Committee and Shareholders / Investors' Grievance Committee

DATES AND NUMBER OF BOARD MEETINGS HELD:

During the financial year ended 30th June 2007, six meetings of the Board of Directors were held on 4th July 2006, 9th August 2006, 29th September 2006, 30th October 2006, 24th January 2007 and 30th April 2007.

The Board periodically reviews compliance reports of all laws applicable to the Company and has put in place procedures to review steps to be taken by the Company to rectify instances of non-compliance, if any.

In terms of the provisions of Clause 49 of the Listing Agreement and contemporary practices of good Corporate Governance, the Board has laid down a Code of Conduct for all Board members and senior management of the Company and the same is available on the website of the Company (www.ashiminvestco.com). All the Board members and senior management personnel have affirmed compliance with the said Code.

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3. AUDIT COMMITTEE:

The Terms of Reference of the Committee covers the matters specified for Audit Committee under Clause 49 of the Listing Agreement with Stock Exchange and Section 292A of the Companies Act 1956. The Committee presently consists of three Non-Executive Directors, namely Shri P.K. Jain (Chairman), Shri Deepak Kumar Rajgarhia (Independent) and Shri S.C. Jain. The Composition of the Committee is in conformity with Clause 49 II (A) of the Listing Agreement. The Company Secretary acts as the Secretary of the Committee.

During the financial year ended 30th June 2007, five meetings of the Audit Committee were held. Dates of the meetings (number of members attended): 04th July 2006 (3), 29th September 2006 (3), 30th October 2006 (3), 24th January 2007(3), 30th April 2007 (3). The Statutory Auditors attended all the aforesaid meetings.

4. REMUNERATION COMMITTEE:

The Company does not have any Executive Director. Accordingly, there is no Remuneration Committee. The Non-Executive Directors do not draw any remuneration from the Company except sitting fee for meetings of Board/COD attended. During the financial year ended 30.6.2007, the sitting fees paid was Rs.31,500.

Shri Sitab Chand Jain holds 11 Equity Shares in the Company. No other Directors hold any shares in the Company.

5. SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE:

The Company has Shareholders/Investors' Grievance Committee at the Board level, which consists of three non-executive Directors, namely, Shri L.R. Puri (Chairman), Shri S.C. Jain and Shri P.K. Jain. The composition of the Committee is in conformity with Clause 49 IV (G) (iii) of the Listing Agreement. Shri Dillip Swain, Company Secretary, is the Compliance officer.

During the year ended on 30th June 2007, 3 meetings of the said Committee were held on 29th September 2006, 24th January 2007 and 30th April 2007. The Company received 46 complaints which were promptly attended/ and resolved to the satisfaction of investors. In addition, the Company also has a Committee of Directors (COD), which approves registration of transfers, etc. of shares in physical mode on fortnightly basis. During this period, 20 meetings of COD were held. All valid requests for transfer of shares in physical form were processed in time and there are no pending transfer of shares.

6. GENERAL BODY MEETINGS:

(i) Location, date and time of the last three Annual General Meetings:

Year	Date & Time	Location
2003-04	29th September 2004 at 11.00 A.M.	Registered Office at 'Link House' (4th floor) 3, Bahadur Shah Zafar Marg, New Delhi - 110 002
2004-05	26th September 2005 at 12.30 P.M.	-do-
2005-06	27th November 2006 at 3.00 P.M.	Gandhi Memorial Auditorium, Pearey Lal Bhawan, 2, Bahadur Shah Zafar Marg, New Delhi - 110 002

(ii) Special Resolution in the matter of voluntary delisting of the Equity Shares and 7% Cumulative Redeemable Preference Shares of the Company from The Calcutta Stock Exchange Association Limited, Kolkata and The Uttar Pradesh Stock Exchange Association Limited, Kanpur was passed at the Annual General Meeting held on 27.11.2006.

(iii) No special resolutions were required to be put through postal ballot last year.

7. (a) *Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or Management, their relatives, etc. that may have potential conflict with the interests of the Company at large:*

Suitable disclosures as required by Accounting Standard (AS-18) on Related Party Transactions have been made in the Annual Report.

- (b) *Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital market, during the last three years:*

There were no cases of non-compliance of any matter related to capital markets during the last three years.

- (c) The Company has laid down procedures to inform Board members about risk assessment and risk minimization procedures. These procedures are being periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

8. MEANS OF COMMUNICATION:

Quarterly, half-yearly and annual results of the Company are normally published in leading English Dailies like Financial Express/Business Standard and Vir-Arjun having wide circulation and promptly furnished to the Stock Exchanges for display on their respective websites. As the results are published in newspapers having wide circulation and also displayed on the respective websites of the Stock Exchanges, quarterly and half-yearly results are not separately sent to the shareholders.

Management Discussion and Analysis Report forms part of the Annual Report.

9. (i) GENERAL SHAREHOLDERS' INFORMATION:

(a) Annual General Meeting:

Day & Date : Thursday, the 27th day of March 2008

Time : 11.00 A.M.

Venue : Sri Sathya Sai International Centre, Pragati Vihar, Lodi Road Institutional Area, Lodi Road, New Delhi-110003

- (b) As required under Clause 49 IV (G) (i), a brief resume and other particulars of Directors retiring by rotation and/or seeking re-appointment/appointment at the aforesaid AGM are given in the Notes/Explanatory Statement to the Notice convening the said meeting.

(ii) Financial Calendar (tentative):

Financial calendar is tentative and is subject to changes, if any, that may be caused as a result of the proposed Scheme of Amalgamation of the company with Bengal & Assam Company Ltd. being sanctioned and becoming effective.

Financial Reporting :

<u>Financial Reporting</u>	<u>By end</u>
• For the quarter ending 30.09.2007	: October 2007
• For the half- year ending 31.12.2007	: January 2008
• For the quarter ending 31.03.2008	: April 2008
• For the quarter ending 30.06.2008	
(If Unaudited)	: July 2008
(If Audited)	: September 2008
• Annual General Meeting for the Financial year 2007- 08	: November/December 2008

- (iii) **Book Closure** : From 17-03-2008 to 27-03-2008 (both days inclusive).

- (iv) **Dividend payment date** : Before 26th April 2008

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(v) **Listing on Stock Exchanges (including Security Code):**

The Company's Equity Shares (Scrip code 532753) and 7% Cumulative Redeemable Preference Shares (Scrip code 700111) are presently listed on the Bombay Stock Exchange and Calcutta Stock Exchange. The Listing Fees for the year 2006-07 has been paid to the Bombay Stock Exchange. As approved by the Shareholders at the last AGM, the Company had made necessary application for voluntary delisting of its securities from the Calcutta Stock Exchange and Kanpur Stock Exchange. The Company's securities have been delisted from the Kanpur Stock Exchange w.e.f. 15.03.2007.

(vi) **Stock Market price Data :**

No trading has been reported on the Stock Exchanges at Kolkata. Trading in the Equity Shares and CRPS of the Company commenced on BSE w.e.f. 8th August 2006. The market price data of Equity Shares on BSE is as under:

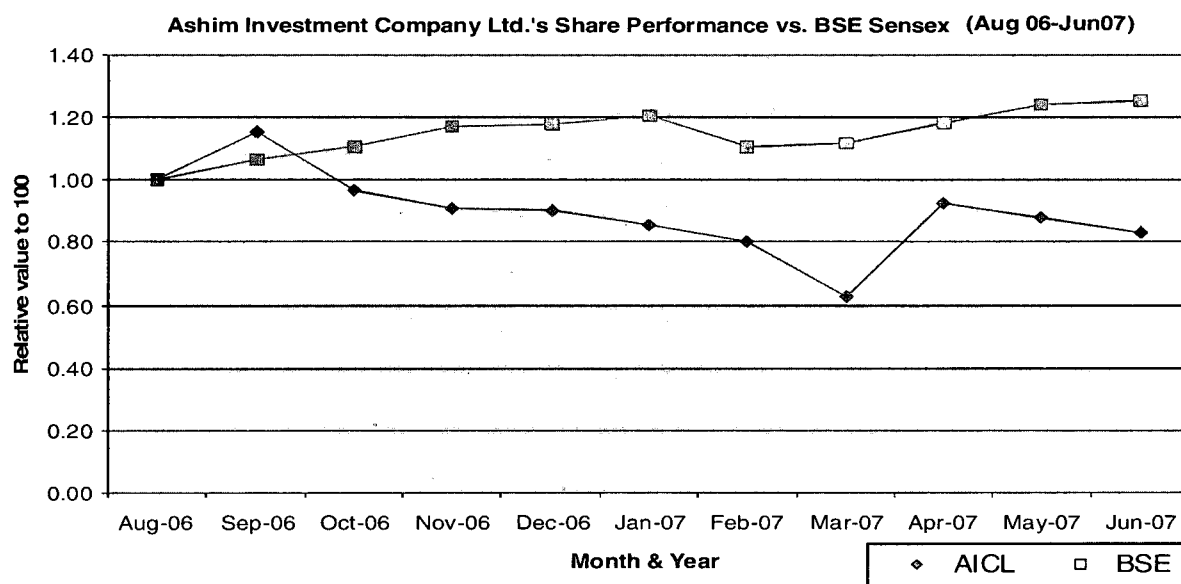
Months (2006-07)		High (Rs.)	Low (Rs.)
August	2006	89.95	46.65
September	2006	54.70	45.65
October	2006	52.60	45.20
November	2006	46.40	42.05
December	2006	50.25	40.70
January	2007	45.90	39.10
February	2007	41.60	37.20
March	2007	37.55	29.20
April	2007	43.20	29.70
May	2007	44.15	40.70
June	2007	40.85	37.60

The market price data of CRPS on BSE is as under :

Months (2006-07)		High (Rs.)	Low (Rs.)
26th September	2006	20.00	16.50

No other trading in CRPS has been reported on BSE.

(vii) **Ashim Investment Company Ltd's Equity Share Performance v/s BSE Sensex (August 06-June07):**



(viii) **Share Transfer System:**

All valid requests for transfer/transmission of Shares in physical form are processed within a period of 15 – 20 days from the date of receipt thereof and the Share certificates duly transferred are immediately

returned to the transferee/lodger. In the case of Shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.

(ix) **Dematerialisation of shares and liquidity:**

Trading in the Equity Shares and CRPS of the Company is permitted only in dematerialised form. Shareholders may dematerialize their holdings with one of the depositories, namely, NSDL and CDSL. The ISIN Nos. of the Company are INE511H01021 (Equity Shares) and INE511H04017 (CRPS). As on 30th June 2007, 53,24,140 (89.47%) Equity Shares and 65,288 (73.22%) CRPS stand dematerialised. The Equity Shares of the Company are actively traded on the Bombay Stock Exchange. In respect of shares held in demat form, all the requests for nomination, change of address and dematerialisation, etc. are to be made only to the Depository Participant with whom the shareholders have opened their Demat Accounts.

(x) **Distribution of Shareholding:**

The shareholding distribution of Equity Shares as on 30th June 2007 is given below:

Number of Equity Shares held	Shareholders		Shareholding	
	Numbers	%	No. of Shares	%
1 to 500	52,882	99.30	6,59,707	11.09
501 to 1000	137	0.25	1,02,418	1.72
1001 to 2000	89	0.17	1,29,811	2.18
2001 to 3000	35	0.07	88,669	1.49
3001 to 4000	25	0.05	88,461	1.49
4001 to 5000	15	0.03	70,745	1.19
5001 to 10000	26	0.05	1,87,763	3.15
10001 and above	45	0.08	46,22,934	77.69
Total:	53,254	100.00	59,50,508	100.00

(xi) **Outstanding GDRs / ADRs / Warrants / Options or any convertible Instruments, conversion date and likely impact on Equity:**

The Company has not issued any GDRs. Pursuant to the Scheme of Demerger of Investment Division of JK Lakshmi Cement Ltd. (JKLC) and transfer thereof to this Company, 57,008 fully paid Equity Shares were allotted by the Company on 19.6.2006 in respect of GDR underlying Shares held in JKLC as on the Record Date.

(xii) **Plant locations:**

The Company being an investment company, does not have any plant.

(xiii) **Address for correspondence for Share Transfer and Related Matters:**

1. Ashim Investment Company Ltd.
Attn.: Mr. Dillip Swain
Secretarial Deptt.
Gulab Bhawan (Rear Block), 3rd Floor
6A, Bahadur Shah Zafar Marg
New Delhi 110 002
Ph.: (011) 23311112-5 (Extn. 633)
Fax No. (011) 23739475
E-mail: dswain@jkmail.com

2. Registrar and Share Transfer Agent:
MCS Ltd. (Unit: Ashim Investment Company Ltd.)
Shri Venkatesh Bhawan
W-40, Okhla Industrial Area, Phase-II
New Delhi 110 020.
Ph.: (011) 41406149, 41406151-52, 41409885
Fax: (011) 41709881 E-mail: admn@mcsdel.com
Contact Person: Mr. Aniruddha Mitra,
(E – Mail: amitra@mcsdel.com).

Shareholders are requested to quote their Folio No. / DPID / Client Id No. and details of shares held in physical/demat mode, E-mail Ids and Telephone / Fax numbers for prompt reply to their communications.

(xiv) **Declaration:**

This is to confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management adopted by the Board.