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## **ASHIKA CREDIT CAPITAL LIMITED**



*Growing & Sharing with You*

**THIRTEENTH ANNUAL REPORT  
2005-2006**

### **BOARD OF DIRECTORS**

PAWAN JAIN – *Chairman Cum Managing Director & CEO*  
DAULAT JAIN – *Director*  
KASHI PRASAD KHANDELWAL – *Director*  
ASHOK KUMAR AGARWAL – *Director*  
SAGAR JAIN – *Director*  
R.S.AGARWAL – *Director*

### **CFO**

BABULAL BAFNA - *Manager Accounts*

### **COMPLIANCE OFFICER**

ANJU LOHIA - *Company Secretary*

### **AUDITORS**

SAH LODHA & ASSOCIATES  
Chartered Accountants  
58/D, Netaji Subhash Road,  
3rd Floor, Room No.314,  
Kolkata – 700 001

### **BANKERS**

CITI BANK  
ORIENTAL BANK OF COMMERCE  
TAMILNAD MERCANTILE BANK LTD.  
HDFC BANK LTD.

### **REGISTERED OFFICE**

'TRINITY'  
226/1 A. J. C. Bose Road,  
7th Floor,  
Kolkata – 700 020

### **REGISTRARS & SHARE TRANSFER AGENT**

Maheshwari Datamatics Pvt. Ltd.  
6, Mango Lane, 2nd Floor  
Kolkata 700 001



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Thirteenth Annual Report of the Company together with the audited Statement of Accounts for the year ended 31st March 2006.

### FINANCIAL PERFORMANCE:

(Amount in Rupees Lacs)

Financial Results For The Year Ended	31st March 2006	31st March 2005
Total Income	4518.95	1193.99
Profit before tax	79.83	27.26
Provision for taxation	5.78	9.63
Profit after taxation	74.05	17.63
<b>Add:</b> Balance brought forward from		
previous year	40.50	37.78
Profit available for appropriation	114.55	55.41
<b>Appropriations:</b>		
Proposed Dividend (Current)	–	–
Earlier year	–	9.99
Tax on Dividend	–	1.40
Transfer to statutory reserve	14.81	3.53
<b>Balance Transferred to Balance Sheet</b>	<b>99.74</b>	<b>40.50</b>

### DIVIDEND :

Your Board of Directors has decided that the funds of the company are required for the purpose of expansion plan of the company and so the profits of the company for the year ended 31st March 2006 may be deployed for the purpose. The Board decided not to recommend any dividend for the year ended 2006.

### REVIEW OF OPERATIONS :

Your Company witnessed a very competitive and challenging scenario in the year under review. New client engagements are being aggressively initiated, recruitment plans are being implemented and the physical infrastructure equipped with all modern techniques and amenities has been set up, with a view to be in a position to service anticipated growth in business.

### AUDITORS' REPORT :

The notes given in the Auditors' Report are self-explanatory and needs no further clarification.



**BUSINESS STRATEGY :**

The objective of your company is to ensure high quality services on Investment Banking related activities including inter-corporate deposits, stock broking and corporate consultancy.

**SUBSIDIARY COMPANIES :**

Your Company has one subsidiary company and two fellow subsidiary companies. As required under section 212 of the Companies Act, 1956, the audited statement of accounts, and Directors' and Auditors' Report thereon for the year ended 31st March 2006 are annexed herewith.

**STATUTORY AND OTHER INFORMATION :**

There are no employees falling within the purview of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

There was no expenditure or income in foreign currency during the year under review.

Since your Company does not own any manufacturing unit, the disclosure of information on the matter required to be disclosed in terms of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988, is not applicable and hence not given.

**CORPORATE GOVERNANCE :**

Pursuant to clause 49 of the listing agreement with the Calcutta Stock Exchange Association Limited, a Management Discussion and Analysis, Corporate Governance Report and Auditor's Certificate regarding compliance of conditions of corporate governance constitute integral part of the Annual Report.

**DIRECTORS :**

Pursuant to the provision of section 255 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company, Mr. K P Khandelwal, Director of the Company is liable to retire by rotation in the forthcoming Annual General Meeting of the Company and being eligible, offers himself for reappointment. Mr. R S Agarwal was appointed additional director of the company w.e.f. 25th January, 2006 and cease to be director at this Annual General Meeting. His candidature is proposed for directorship at the ensuing Annual General Meeting pursuant to section 257 of the Companies Act, 1956.

**AUDITORS :**

M/s. Sah Lodha & Associates, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting of the Company; and being eligible, offer themselves for re-appointment. The Company has received a Certificate from the Auditors that if reappointed, they are qualified under section 224(1B) of the Companies Act, 1956 to act as the Auditors of the Company.

**DIRECTORS RESPONSIBILITY STATEMENT :**

As per the relevant provisions of section 217(2AA) of the Companies Act, 1956, the Directors of your Company confirm that :



## ASHIKA CREDIT CAPITAL LIMITED

- i) In the preparation of the Annual accounts, the applicable accounting standards have been followed and there is no material departure from the above.
- ii) The directors have selected such accounting policies and applied them consistently and made judgement 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 and the profit of the Company for that period.
- iii) 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 fraud and other irregularities to the best of their knowledge and ability.
- iv) The directors have prepared the annual account on a going concern basis.

### **ACKNOWLEDGEMENTS :**

Lastly your Directors place on record their deep appreciation and acknowledge with gratitude for the support and co-operation extended to by the clients, bankers, investors, shareholders, and the media and look forward to their continued support. Your directors also offer their gratitude to the Government Officials and other statutory authorities for their continued co-operation. Your directors also wish to thank the employees at all levels, who through their sheer commitment, sense of involvement, utmost dedication and continued perseverance enabled the Company to achieve the overall development, growth and prosperity of the Company.

**For and on behalf of the Board of Directors**

**Place: Kolkata**  
**Date: 22nd June, 2006**

**(Pawan Jain)**  
**Chairman Cum Managing Director**



## REPORT ON CORPORATE GOVERNANCE

(Forming Part of The Directors' Report for the year ended 31st March 2006)

The Director's presents the company's report on Corporate Governance.

ACCL has adopted best global practices for corporate governance and their effective implementation underpin the commitment of the company to uphold highest principles of corporate governance consistent with the company's goal to enhance stakeholder value.

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

ACCL philosophy on corporate governance envisages attainment of the highest levels of trusteeship, transparency, empowerment, accountability, control and ethical corporate citizenship. For us it is not a legal binding rather it is a scope of improvement of the whole organizational structure and procedures. The company believes that all its operations and actions must serve the underline goal of enhancing overall shareholder value, over a sustained period of time. The company has initiated the necessary steps towards this goal.

A path towards compliances and good governance strategies is defined and any deviation from the same is strictly reviewed. Your organization believes that the growth is an ongoing process and not one-time phenomena.

### 2. THE BOARD OF DIRECTORS:

The Company has optimum combination of Executive and Non-Executive Directors with more than 50% of the Board comprising of Non-Executive Directors. The composition of the Board of Directors is as under: -

Name of Director	Designation	Type	Executive/ Non Executive	No. of other Directorships	No. of Committees Position
Mr. Pawan Jain	Chairman-cum- Managing director	Promoter	Executive	13	1
Mr. Daulat Jain	Director	Promoter	Non Executive	12	3
Mr. Kashi Prasad Khandelwal	Director	Independent Director	Non Executive	1	2
Mr. Ashok Agarwal	Director	Independent Director	Non Executive	5	2 (Chairman of one Committee)
Mr. Sagar Jain	Director	Independent Director	Non Executive	5	2 (Chairman of two Committees)
Mr. R. S. Agarwal*	Director	Independent Director	Non Executive	-	-

\* **appointed as Director w.e.f. 25.01.2006**

All the Directors duly attended the meetings of the Board of Directors of the Company, except those who were granted leave of absence for not attending any particular meeting of the Board of Directors of the Company.



## ASHIKA CREDIT CAPITAL LIMITED

The Board of Directors of the Company duly met five (5) times during the financial year ended on 31st March 2006 viz., on 27/04/2005, 27/06/2005, 27/07/2005, 22/10/2005 & 25/01/2006. The Annual general meeting was held on 31.08.2005. The particulars of attendance of Directors at the Board and General Meetings held during the year 2006 is as follows:

Name of Director	ATTENDANCE		
	Board Meetings held	Board Meetings attended	AGM held on 31.08.2005
Mr. Pawan Jain	5	5	Yes
Mr. Daulat Jain	5	4	No
Mr. Kashi Prasad Khandelwal	5	3	No
Mr. Ashok Agarwal	5	1	Yes
Mr. Sagar Jain	5	5	No
Mr. R.S. Agarwal	N.A.	N.A.	N.A.

### CODE OF CONDUCT :

The company has already adopted a Code of Conduct, which was made applicable to all its directors, whether executive, or non-executive and all Senior Management Personnel of the company. Board members and senior management personnel have affirmed compliance with the company's code of conduct during the period. A statement to this effect that all directors and senior management personnel have complied with the company's code of conduct during the period and the same duly certified by CEO of the company is attached herein below.

#### ***Declaration as under clause 49(I)(D) of the Listing Agreement.***

This is to certify that in pursuance of provision of above clause of Listing Agreement, a Code of Conduct for the Directors and Senior Management Personnel of the company has been approved by the board at its meeting held on 25th January, 2006. The code has been circulated to all the members of the Board and other senior management personnel.

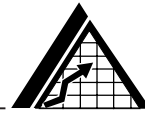
All Directors and senior management personnel of the company have affirmed having complied with the said Code of Conduct for the period 31st March, 2006.

PAWAN JAIN  
(CHIEF EXECUTIVE OFFICER)

### 3. THE AUDIT COMMITTEE:

The Company has set up an Audit Committee. The constitution of the Committee is as follows: -

Name	Designation	Executive /Non Executive / Independent	Profession
Mr. Sagar Jain	Chairman	Non Executive and Independent	Chartered Accountant
Mr. Kashi Prasad Khandelwal	Member	Non Executive and Independent	Chartered Accountant
Mr. Daulat Jain	Member	Non Executive	Chartered Accountant



During the year under review of the Audit Committee duly met five times on 27/04/2005, 27/06/2005, 27/07/2005, 22/10/2005 & 25/01/2006. The attendance at the meetings was as under:-

SI No.	Name	No. of Meetings held	No. of Meetings attended
1	Mr. Sagar Jain	5	5
2	Mr. Kashi Prasad Khandelwal	5	3
3	Mr. Daulat Jain	5	5

Minutes of the Audit committee meetings were duly noted by the Board at its meetings.

**Terms of Reference of the Audit Committee:**

- ❖ Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ❖ Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and fixation of the audit fees.
- ❖ Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- ❖ Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to: -
  - Matters required to be included in the Directors Responsibility Statement to be included in the Boards report in terms of the clause (2AA) of section 217 of the Companies Act, 1956.
  - Changes if any, in accounting policies and practices and reasons for the same.
  - Major Accounting entries involving estimates based on the exercise of judgment by management
  - Significant changes made in the financial statement arising out of the audit findings
  - By Compliance with Listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the Draft Audit Report
- ❖ Reviewing, with the management, the quarterly financial statements before submission to the Board for Approval.
- ❖ Reviewing, with the management, performance of Statutory and internal auditors, adequacy of the internal control systems.
- ❖ Reviewing the adequacy of internal audit functions, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- ❖ Discussions with the internal auditors any significant findings and follow up there on.





- ❖ Reviewing the findings of any internal investigation by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.
- ❖ Discussion with the Statutory Auditors before the Audit commences, about the nature and scope of audit as well as post audit discussions to ascertain any area of concern.
- ❖ To look into the reason of substantial default in the payment to depositors, debenture holders, shareholders (in case of non payment of declared dividend) and creditors.
- ❖ To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- ❖ Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee.

Following information is mandatory reviewed by the Committee: -

- Management discussion and analysis of financial condition and results of operation
- Statement of significant related party transactions (as defined by the audit committee), submitted by management.
- Management letters/ letters of internal control weaknesses issued by the statutory auditors
- Internal audit report relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditors shall be subject to review by the Audit Committee.

#### **4. SUSIDIARY COMPANY :**

Our company has a wholly owned unlisted subsidiary company - “**M/s. ASHIKA CAPITAL LIMITED**” carrying out Merchant banking activities. Its Board stands as follows:

- |                             |                        |
|-----------------------------|------------------------|
| a) Mr. Pawan Jain           | : Chairman             |
| b) Mr. Daulat Jain          | : Director             |
| c) Mr. Vijay Kumar Chandak* | : Managing Director    |
| d) Mr. K.P.Khandelwal       | : Independent Director |
| e) Mr. Sagar Jain           | : Independent Director |
| f) Mr. Ashok Agarwal        | : Independent Director |
| g) Mr. Vineet Jain*         | : Independent Director |

The Audit Committee of the holding company has reviewed the Financial results and Audit Report of its subsidiary for the year ended 31st March, 2006, the same was placed before the Board of Directors of the Holding Company for approval. From time to time all minutes of the Board meetings of subsidiary company were placed before the Board of the holding company for review. The management has periodically brought to the knowledge of the board of the holding company about the significant transactions and arrangements entered into by its unlisted subsidiary company.

\* **resigned after 31st March, 2006.**



## 5. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:

### (i) COMPOSITION:

The Company has constituted an Investors' Grievance Committee consisting of Mr. Ashok Agarwal (Chairman of the committee), Mr. Daulat Jain and Mr. Kashi Prasad Khandelwal (both members).

### (ii) COMPLIANCE OFFICER:

Ms. Sweta Gupta - Company Secretary was the compliance officer of the company for the year ended 31st March, 2006. However since 13th June 2006 Ms. Anju Lohiya – Company Secretary is the Compliance officer.

### (iii) INVESTOR COMPLAINTS:

The investors' grievance committee has evolved an expeditious mechanism to assess, review and then dispose off the grievances of the investors. The Committee usually meets as and when necessary, discusses investors' grievance elaborately and then dispose off the same in suitable and befitting manner to the satisfaction of the shareholders. The Company received **no investor complaints** during the year under review.

## 6. REMUNERATION COMMITTEE:

The Company has constituted a remuneration committee consisting of Mr. Daulat Jain, Mr. Sagar Jain and Mr. Ashok Agarwal, directors of the Company. Mr. Sagar Jain is the Chairman of the Committee.

The term of reference of remuneration committee, inter alia consisted of,

- Review the remuneration package, service agreement and other employment conditions of Managing / Whole time Director.
- Decide the Actual salary, allowances, perquisite, and increments of Managing/ Whole time Director.
- Periodically review and suggest revision of the total remuneration package of Managing/Whole time Director.

Company has a policy of remunerating Managing Director by way of monthly salary which has duly been approved by the Remuneration Committee. No remuneration except sitting fees for attending the Board Meeting is paid to other directors.

Sitting Fees paid to Non whole time Directors for the year ended 31.03.06

<u>Name of Director</u>	<u>Sitting Fees</u>
Mr. Daulat Jain	10,000.00
Mr. Sagar Jain	14,500.00
Mr. K.P.Khandelwal	8,000.00
Mr. Ashok Agarwal	2,000.00

**7. BOARD MEETING:**

It has always been the Company's policy and practice that apart from matters requiring the Boards approval by statute, all major decisions including quarterly results of the Company as a whole and divisions/business segments, financial restructuring, capital expenditure proposals, material investment proposals etc are regularly placed before the Board. This is in addition to information with regard to actual operation, major litigation, feedback reports, and minutes of all committee meetings.

**8. GENERAL BODY MEETING:**

The location and time of the Annual General Meetings held during the last three years is as follow: -

AGM	DATE	VENUE	TIME
AGM	August 31, 2005	"TRINITY", 226/1, A.J.C.Bose Road, 7th Floor, Kolkata – 700020	11.00 AM
AGM	August 30, 2004	7, B.B. Ganguly Street, 4th Floor, Kolkata-700 012	11.00 AM
AGM	September 9, 2003	7, B.B. Ganguly Street, 4th Floor, Kolkata-700 012	11.00 AM

Note: There being no special resolutions passed at the meeting, no postal ballots were used/ invited for voting at these meetings in respect of the same. The Company shall comply with the requirements of using postal ballot as and when required.

**9. DISCLOSURE:**

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 interest of the Company at large.	None
Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, or any matter related to capital markets, during the last three years.	None

***Management Discussion and Analysis Report forms part of this Annual Report.***

**10. MEANS OF COMMUNICATION AND SHARE TRANSFER SYSTEM:**

The un-audited financial results on quarterly basis and the half-yearly results subjected to limited review by the auditors in the prescribed form, are taken into record by the Board of Directors at its meeting within one month of the close of every quarter/half-year respectively and the same is furnished to the Calcutta Stock Exchange Association Limited where the shares of the Company are listed. The un-audited financial results on quarterly basis are also published in one English daily and one Bengali daily.

The applications for transfer and transmission are received by the Company at its Registered Office at "Trinity", 7th Floor, 226/1 A. J. C. Bose Road, Kolkata- 700 020 or by Maheshwari Datamatics Pvt. Ltd. (Registrar & Share Transfer Agent), at 6, Mango Lane, 2nd Floor, Kolkata- 700 001. As the Company's shares are currently traded in dematerialised form, the transfers are processed and approved in the electronics form



by NSDL/CDSL through their depository participants. The Company processes the physical transfers on a regular basis and the certificates are despatched by the registrar directly to the transferees within 10 to 15 days from the date of receipt.

**11. GENERAL SHAREHOLDER'S INFORMATION**

● **ANNUAL GENERAL MEETING**

Date : 31st Day of August, 2006  
 Time : 11.00 A.M  
 Venue : " TRINITY ", 226/1, A.J.C.Bose Road, 7th Floor, Kolkata – 700 020

● **FINANCIAL CALENDAR**

**April – March**

- a) Financial reporting for Quarter ending June 30, 2005 : Last week of July 2005
- b) Financial reporting for Quarter ending September 30, 2005 : Last week of October 2005
- c) Financial reporting for Quarter ending December 31, 2005 : Last week of January 2006
- d) Financial reporting for year ending March 31, 2006 : Last week of June 2006

- **DATE OF BOOK CLOSURE** : 25th August, 2006 to 31st August, 2006 (Both days inclusive)

- **DATE OF PAYMENT OF DIVIDEND** : Not Applicable

- **REGISTERED OFFICE** : "TRINITY", 226/1, A.J.C.Bose Road, 7th Floor, Kolkata – 700020.

- **LISTING ON STOCK EXCHANGE** : The Calcutta Stock Exchange Association Ltd 7, Lyons Range, Kolkata – 700 001

- **STOCK CODE** : ASHIKACR

● **STOCK MARKET DATA**

Month	High	Low	Monthly Volume
April, 2005	-	-	-
May, 2005	59.50	59.50	45000
June, 2005	59.50	59.50	8500
July, 2005	-	-	-
August, 2005	59.50	59.50	8400
September, 2005	59.50	59.00	5600
October, 2005	-	-	-
November, 2005	-	-	-
December, 2005	-	-	-
January, 2006	-	-	-
February, 2006	-	-	-
March, 2006	-	-	-



## ASHIKA CREDIT CAPITAL LIMITED

- **REGISTRAR & SHARE TRANSFER AGENT** : **Maheshwari Datamatics Private Limited**  
(Share Transfer & Communication regarding share certificates, dividends and change of Address)  
6, Mango Lane , 2nd Floor,  
Kolkata – 700001  
Tel no: 91-33-2243 5029/5809  
Fax no: 91-33-2248 4787
- **INVESTOR RELATION** : All complaints received by the company from its shareholders are cleared within 10-15 days from the date of lodgement of the complaint.
- **DISTRIBUTION OF SHAREHOLDING AS AT 31.03.06**

Slab of shareholding	No. of Shareholders	%	Number of Shares	%
1-500	38	18.6274	7591	0.1519
501-1000	31	15.1960	29405	0.5887
1001-2000	44	21.5686	77250	1.5466
2001-3000	15	7.3529	40500	0.8108
3001-4000	9	4.4117	33800	0.6767
4001-5000	7	3.4313	34500	0.6907
5001-10000	12	5.8823	104100	2.0841
10001 & above	48	23.5294	4667680	93.4503
<b>Total</b>	<b>204</b>	<b>100.00</b>	<b>4994826</b>	<b>100.00</b>

- **SHAREHOLDING PATTERN AS ON 31.03.2006**

Shareholding Pattern	Number of Shares	% of Shareholding
Indian Promoters & their Associates	1958700	39.2146
Mutual Funds & UTI	-	-
Banks, Financial Institutions, Insurance Companies (Central & State Govt. Institutions/ Non-Govt. Institutions)	-	-
Other Private Corporate Bodies	2461978	49.2906
Resident Individuals (Public)	574148	11.4950
Sub Total	3036126	60.7856
<b>Grand Total</b>	<b>4994826</b>	<b>100.00</b>

## ASHIKA CREDIT CAPITAL LIMITED

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- DEMATERIALISATION OF SHARES AND LIQUIDITY : The company's shares are available for trading in the depository systems of both NSDL & CDSL
- OUTSTANDINGS GDR/WARRANTS : None
- INVESTORS CORRESPONDENCE : M/s Maheshwari Datamatics Pvt. Ltd  
6, Mango Lane , 2nd Floor  
Kolkata – 700001  
Tel no: 91-33-2243 5029/5809  
Fax no: 91-33-2248 4787

**For Ashika Credit Capital Limited**

**(Pawan Jain)**  
Chairman & Managing Director



**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION :**

We, Pawan Jain, Chief Executive Officer, (Managing Director) and Babulal Bafna, Chief Financial Officer, (Manager Accounts) to the best of our knowledge and belief certify that:

1. We have reviewed the Balance sheet as at 31st March, 2006 and Profit & Loss Account for the year ended 31st March 2006, and all its schedules and notes on accounts as well as the Cash Flow statements and the Director's report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of material fact or omits to state a material fact or does not contain any statement that might be misleading;
3. Based on our knowledge and information the financial statements and other financial information included in this report present in all material respects a true and fair view of the company affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing Accounting Standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief no transactions entered into by the company during the aforesaid period are fraudulent, illegal or violative of the company's' code of conduct;
5. We are responsible for establishing and maintaining disclosure, controls and procedures and internal controls over financial reporting for the company and we have;
  - i. Evaluated the effectiveness of the company's disclosure, controls and procedures over financial reporting and
  - ii. Disclose in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's Auditor and the Audit Committee of the company's Board of Director's;
  - i. All Deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarise and report financial data and have identified for the company's Auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to deficiencies;
  - ii. Significant Changes in internal controls during the period covered by this report, if any;
  - iii. All significant changes in Accounting Policies during the year, if any, and the same have been disclosed in the notes to the financial statements;
  - iv. Instances of significant fraud of which we are aware that involves management or other employees who have a significant role in the company's internal control system;
7. We affirm that we have not denied any personnel, access to the audit committee of the company ( in respect of matters involving alleged misconduct).

**PAWAN JAIN**  
Chief Executive Officer  
Managing Director

**BABULAL BAFNA**  
Chief Financial Officer  
Manager Accounts

Date : 22nd June 2006



**AUDITORS' CERTIFICATE ON COMPLIANCE WITH CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

To

The Members,  
**Ashika Credit Capital Limited**

We have examined the compliance of conditions of Corporate Governance by Ashika Credit Capital Limited for the year ended 31<sup>st</sup> March, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 in the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors' Grievances Committee.

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

**For SAH LODHA & ASSOCIATES**  
***Chartered Accountants***

**Kolkata - 700 001**  
**Date: 22nd June, 2006**

**( P. K. SAH, FCA )**  
***Partner***

Mem. No. 56216





## **ANNEXURE TO THE DIRECTORS' REPORT**

### **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

#### **OVERVIEW :**

India- one of the world's fastest – growing economies has grown at a rate of 8.1% in 2005-2006 surpassing the high of 7.5% achieved in 2004- 2005. The economic scenario inspite of some ifs and buts, generally promises to be optimistic and is likely to lead to progressive reforms, reduction in tariffs, growing Foreign Direct Investment (FDI)and more importantly a much needed thrust in infrastructure, and if all these fall into place, then country's economy will be on sustained high. Governments focus on infrastructure creation, especially rural infrastructure, coupled with brilliant performance of the corporate sector have kept investor upbeat. This was reflected in the performance of the stock markets which continued to scale new heights throughout the year 2005-2006.

#### **INDUSTRY STRUCTURE AND DEVELOPMENT :**

The Indian financial sector- banking, insurance, capital markets, mutual funds, etc. has undergone a sea change, thanks to the various reforming measures adopted by our government in the nineties. These measures have helped it in emerging as a globally competitive sector. Also with the continuing improvements in information technology, there has been a sharp reduction in the cost of storing and processing information. The business of financial sector service companies has a direct bearing in the overall economic scenario and the government policies. Non Banking Financial Companies (NBFCs) do contribute a lot in the growth of the nation's economy.

In order to enable the NBFIs to gear up for future challenges , the RBI has taken a number of steps.. This is indeed a welcome trend . RBI is now keen on creating a facilitating environment for NBFIs rather just binding them under strict regulations.

#### **OPPORTUNITY AND THREATS :**

The Indian financial sector is expected to continue the momentum of growth achieved by it in the recent past few years. With the increased awareness among the general public about the capital market, the initial apprehensions in their minds are fast mitigating. This has paved the path for the financial sector companies to achieve greater degree of customer satisfaction. The Company is well positioned to take advantage of the various opportunities presented to it by the booming economic situation in the country. NBFCs in India have a very good prospect. They primarily create assets for the business. Their success rate depends largely on generation of fund at a lower rate and their profitable deployment. The overall macro-economic indicators such as low interest rate, good export performance, comfortable balance of payments position, adequate forex reserves, low core inflation, good monsoons are conducive to economic revival, which will lead to increase in demand of funds from the corporate sectors.



The recovery position for the NBFCs can be considered as a serious threat to the sector. Also the Banks and Financial Institutions with larger access to funds can generate them at a much lower rate. The entry of foreign NBFCs is also a potential threat to the sector.

**HUMAN RESOURCES :**

The human resources are the key assets of your company. In a fiercely competitive service-sector industry, it is the dedicated team of efficient and intelligent personnel's of the company who are instrumental in sustaining the competitive edge. Your company takes pride in its pool of talented and dynamic personnel who exhibits personal initiatives and entrepreneurial behaviour and the constant urge of serving the customers at its best.

Your company seeks regular feedback from its employees to ascertain their levels of satisfaction and to ensure that the employees' morale and motivation are constantly improved.

Industrial relations in the organisation continued to be cordial during the year.

No employee of the company was in receipt of remuneration above the limit specified under Section 217(2A) of the Companies Act, 1956.

**OUTLOOK :**

Stability and confidence was witnessed in the Indian financial markets in 2005-2006. Unlike in the past , presently NBFIs are very well regulated and supervised by the RBI. Stiff competition is also being encountered by the NBFC from Banks and other financial institutions , both domestic and foreign, in their traditional areas of retail lending. To remain in the market ACCL is planning to diversify its activities to provide other financial services such as marketing of financial instruments, short term financing, loan syndication activities etc. The Company has already instigated its expansion plan and is in the process of formation of branches equipped with the state of the art facilities at various places all across the Country.

**RISKS AND CONCERNS :**

Risk is an inherent factor, rather an indispensable part in our industry. The business of the Company is solely dependent on trust. The company provides various financial services, which includes providing short term & long-term financial assistance. In Banks the recovery of dues can be done through speedy mechanisms, whereas in case of NBFCs such procedure is not available. The company takes utmost care for safest and fastest recovery of dues. Internal control systems and process level checks and balances are duly analysed, reviewed and updated on a continuous basis.

**OPERATIONAL PERFORMANCE :**

The company is presently concentrating on its core business as an NBFC company. The strengthening of the management team and the improved operations through setting up of well established systems and procedure during the year have yielded significant results which has helped the company to achieve a faster growth.



**INTERNAL CONTROL SYSTEM :**

The Company has an adequate system of internal controls to ensure optimal use of Company's resources and protection thereof, accurate and speedy compilation of accounts and management information reports and to comply with laws and regulations for the time being in force. The Company has a well-defined organisational structure, authority levels and internal guidelines and rules for conducting business transactions.

The Company's internal audit department conducts audits to ensure adequacy of internal control system, adherence to management instructions and policies and compliance with laws and regulation of the country and to suggest improvement therein, audit plans, internal audit reports, significant risk areas. The company has built up a system of internal controls, audit trials and individual rating of branches based on different parameters such as business performance, operations, earnings and compliance. The Internal Audit System is supplemented by well – documented policies, guidelines and procedures. The adequacy of internal controls is also periodically presented to the Audit Committee for their review.

**For and on behalf of the Board of Directors**

**Place : Kolkata  
Date : 22nd June, 2006**

**(Pawan Jain)  
Chairman Cum Managing Director**



## **AUDITORS' REPORT**

**To The Members of  
ASHIKA CREDIT CAPITAL LIMITED**

We have audited the attached Balance Sheet of **Ashika Credit Capital Limited** as at 31st March, 2006 and the relative Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. 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 have conducted our audit in accordance with auditing standard 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 amount and disclosures in the financial statements. An audit also include assessing the accounting principles used and significant estimates made by the 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 (Auditor's Report) Order 2003, issued by the Central Government of India in accordance to section 227(4A) of the Companies Act 1956, as amended and on the basis of our checks as we considered appropriate and according to information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that :
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of the audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books of account of the Company;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) 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;
  - (e) On the basis of written representations received from the directors as on 31st March 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director in terms of sub section 1 (g) of section 274 of the Companies Act, 1956;



## ASHIKA CREDIT CAPITAL LIMITED

- (f) 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 schedules and notes thereon and attached thereto give the information required by the Companies Act, 1956 in conformity with the accounting principles generally accepted in India and give a true and fair view:-
- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2006
  - ii) In the case of Profit and Loss Account of the profit for the year ended on 31st March, 2006 and
  - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on 31st March, 2006.

**For SAH LODHA & ASSOCIATES**  
***Chartered Accountants***

**58D, Netaji Subhash Road,  
Kolkata - 700 001**

**Date: 22nd June, 2006**

**( P. K. SAH, FCA )**  
***Partner***

Mem. No. 56216



**ANNEXURE TO THE AUDITORS' REPORT -  
ASHIKA CREDIT CAPITAL LIMITED**

**[Referred to in paragraph (2) of our report of even date]**

- (i) (a) The Company, we have been informed, is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the said fixed asset have been physical verified by the management at reasonable intervals under a phased programme. We have been informed, no material discrepancies have been found on such physical verifications.
- (c) The Company has not disposed off any fixed asset during the year.
- (ii) (a) As per information furnished to us, inventories (shares etc.) have been physical verified by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and its nature of business.
- (c) On the basis of our examination of inventories record, we are the opinion that the Company is maintaining proper record of inventory. As explained to us, no material discrepancies have been noticed on physical verification of inventories as compared to book records.
- (iii) (a) The Company has not granted any loans, secured and unsecured to companies, firms or other parties covered in the Register maintained u/s.301 of the Companies Act, 1956 *except* granting of unsecured loans in the nature of inter-corporate deposit to one party of Rs.29,00,000/-, maximum outstanding at a time during the year Rs.19,00,000/-. (refer note no.B(7) in schedule 18) The principal has been fully repaid within the year and the closing balance is Rs.15,032/- being the interest receivable.
- (b) In our opinion, the rate of interest and other terms and conditions of such unsecured loans granted by the company as aforesaid, are prima-facie, not prejudicial to the interest of the Company;
- (c) In respect of such loans granted by the Company, the principal has been fully repaid within the year and received of interest is also regular;
- (d) There is no overdue amount in respect of loans granted by the Company;
- (e) The Company has not taken any loans, secured and unsecured from companies, firms or other parties covered in the Register maintained u/s.301 of the Companies Act, 1956 *except* unsecured loans taken in the nature of inter-corporate deposit of Rs.7,25,00,000, maximum outstanding at a time during the year Rs.4,80,00,000/, which has been fully repaid within the year alongwith interest;



- (f) In our opinion, the rate of interest and other terms and conditions of such unsecured loans taken by the company as aforesaid, are prima-facie, not prejudicial to the interest of the Company;
- (iv) According to the information and explanations given to us, there is an adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of Inventories and fixed assets and for sale of goods and services. We have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so recorded in the register.
- (b) In our opinion and according to the information and explanations given to us, were each such transaction in excess of Rs.5,00,000/- in respect of any party, the transaction made in pursuance of such contracts or arrangements have been made at prices which are, prima-facie, reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of the section 58A and hence directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the of the Companies Act, 1956 and rules framed thereunder are not applicable.
- (vii) We have informed, the company does not have any formal internal audit systems and the internal control is exercised departmentally.
- (viii) According to the information and explanations given to us, the maintenance of cost records prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the Company.
- (ix) (a) According to the records of the Company and explanations given to us, the Company has been regular in depositing undisputed dues payable in respect of Income Tax, Service Tax, Cess or any other statutory dues with appropriate authority. According to the information and explanations given to us, no material undisputed dues payable in respect of such statutory dues which have remained outstanding as at the Balance Sheet date for a period of more than six months from the date they became payable.
- (b) As per information provided there are no cases of disputed dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

## ASHIKA CREDIT CAPITAL LIMITED



- (xi) The Company has not borrowed from financial institutions or banks or by issue of debentures, as such clause (xi) of the said Order is not applicable.
- (xii) The Company has not granted any loan and/or advances on the basis of securities by way of pledge of shares, debentures or other securities.
- (xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a chit fund Company or nidhi / mutual benefit fund / society.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities etc. and timely entries have generally been made therein. As on the balance sheet date the company does not held any inventory. However, the shares, securities etc., being part of Investment, are held by the Company its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause (xv) of the said Order is not applicable.
- (xvi) The Company has not obtained any term loans. Accordingly, clause (xvi) of the said Order is not applicable.
- (xvii) On the basis of our review of utilization of funds, we are of the opinion that the funds raised by the Company on short term basis have not been used for long term investments the company has not raised long term funds during the year and hence, the use of such funds for short term investments does not arise.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained u/s.301 of the Companies Act 1956. Accordingly clause (xviii) of the said Order is not applicable.
- (xix) The Company has not issued any debentures. Accordingly clause (xviii) of the said Order is not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly clause (xviii) of the said Order is not applicable.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For SAH LODHA & ASSOCIATES**  
**Chartered Accountants**

**58D, Netaji Subhash Road,  
Kolkata - 700 001**

**Date: 22nd June, 2006**

**( P. K. SAH, FCA )**  
**Partner**  
Mem. No. 56216





## ASHIKA CREDIT CAPITAL LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2006

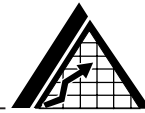
	SCHEDULES	As at 31st March, 2006 Rs.	As at 31st March, 2005 Rs.
<b><u>SOURCES OF FUNDS</u></b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	49,964,955.00	49,964,955.00
Reserves and Surplus	2	42,799,307.76	35,394,363.94
		<u>92,764,262.76</u>	<u>85,359,318.94</u>
<b>LOAN FUNDS</b>			
Unsecured Loans	3	6,046,536.00	33,330,566.00
<b>TOTAL</b>		<u><b>98,810,798.76</b></u>	<u><b>118,689,884.94</b></u>
<b><u>APPLICATIONS OF FUNDS</u></b>			
<b>FIXED ASSETS</b>			
Gross Block	4	10,215,278.61	9,702,707.03
Less: Depreciation		2,291,019.73	1,724,227.25
Net Block		7,924,258.88	7,978,479.78
<b>INVESTMENTS (At Cost)</b>	5	76,010,000.00	76,183,782.83
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Stock-in-Trade	6	-	13,841,259.90
Cash & Bank Balances	7	3,493,859.95	2,534,946.60
Sundry Debtors	8	64,902.00	15,570,385.13
Loans & Advances	9	15,855,527.11	28,370,238.25
		<u>19,414,289.06</u>	<u>60,316,829.88</u>
<b>LESS :- CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	10	2,730,841.09	23,421,165.66
Provisions	11	1,337,630.00	1,969,943.20
		<u>4,068,471.09</u>	<u>25,391,108.86</u>
<b>NET CURRENT ASSETS</b>		15,345,817.97	34,925,721.02
<b>DEFERRED TAX ASSETS /(LIABILITIES)</b>		(469,278.09)	(398,098.69)
<b>TOTAL</b>		<u><b>98,810,798.76</b></u>	<u><b>118,689,884.94</b></u>

ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS 18

SCHEDULES '1' TO '11' AND '18' REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE BALANCE SHEET

This is the Balance Sheet referred to in our report of even date

<p><b>Place : Kolkata</b> <b>Dated : 22nd June, 2006</b></p>	<p><b>P. K. SAH, FCA</b> <i>Partner</i> For and on behalf of <b>Sah Lodha &amp; Associates</b> Chartered Accountants</p>	<p><b>For and on behalf of the Board</b>  <b>Pawan Jain</b> <i>Managing Director</i> <b>Daulat Jain</b> <i>Director</i> <b>Anju Lohia</b> <i>Company Secretary</i></p>
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**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

	SCHEDULES	Year ended 31st March, 2006	Year ended 31st March, 2005
		Rs.	Rs.
<b>INCOME</b>			
Sale of Shares etc.		427,247,972.12	115,009,564.39
Interest Income	12	4,862,486.36	2,216,293.00
Profit on Sale of Investments		1,621,416.63	-
Other Income	13	18,163,099.39	2,172,671.71
		<u>451,894,974.50</u>	<u>119,398,529.10</u>
<b>EXPENDITURE</b>			
Purchase of Shares etc.		412,596,952.55	122,873,620.76
(Increase)/Decrease in Stocks	14	13,841,259.90	(11,723,849.90)
Other Direct Expenses	15	378,426.76	853,681.57
Administrative & Other Expenses	16	6,464,806.03	3,502,306.56
Auditors' Remuneration		54,814.00	37,895.00
Share Issue Expenses written off		-	120,474.40
		<u>433,336,259.24</u>	<u>115,664,128.39</u>
<b>PROFIT BEFORE INTEREST, DEPRECIATION &amp; TAXATION</b>		<b>18,558,715.26</b>	<b>3,734,400.71</b>
<b>LESS : Interest Paid</b>	17	<b>10,009,042.56</b>	<b>733,542.00</b>
<b>PROFIT BEFORE DEPRECIATION AND TAXATION</b>		<b>8,549,672.70</b>	<b>3,000,858.71</b>
<b>LESS : Depreciation</b>		<b>566,792.48</b>	<b>274,821.63</b>
<b>PROFIT BEFORE TAXATION</b>		<b>7,982,880.22</b>	<b>2,726,037.08</b>
<b>LESS : Provision for Taxation</b>			
- Current Tax (MAT)	434,688.00		830,873.00
- Deferred Tax Assets (Net)	71,179.40		132,126.69
- Fringe Benefit Tax	<u>72,069.00</u>	<b>577,936.40</b>	-
<b>PROFIT AFTER TAXATION</b>		<b>7,404,943.82</b>	<b>1,763,037.39</b>
<b>Add/(Less) : Balance brought forward from previous year</b>		<b>4,049,680.54</b>	<b>3,778,320.35</b>
<b>Profit Available for Appropriation</b>		<b>11,454,624.36</b>	<b>5,541,357.74</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		-	998,965.20
Tax on Dividend		-	140,105.00
Transfer to Statutory Reserves		1,480,989.00	352,607.00
Balance Carried to Balance Sheet		<u>9,973,635.36</u>	<u>4,049,680.54</u>
		<u>11,454,624.36</u>	<u>5,541,357.74</u>
<b>Earnings per Share (in Rs.)</b>		<b>1.48</b>	<b>0.35</b>

[Refer note no. B (14) in Schedule 18]

ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS **18**

SCHEDULES '12' TO '18' REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT

This is the Profit & Loss Account referred to in our report of even date

<p><b>Place : Kolkata</b> <b>Dated : 22nd June, 2006</b></p>	<p><b>P. K. SAH, FCA</b> <i>Partner</i> For and on behalf of <b>Sah Lodha &amp; Associates</b> Chartered Accountants</p>	<p><b>For and on behalf of the Board</b>  <b>Pawan Jain</b> <i>Managing Director</i> <b>Daulat Jain</b> <i>Director</i> <b>Anju Lohia</b> <i>Company Secretary</i></p>
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**ASHIKA CREDIT CAPITAL LIMITED****SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED  
ON 31ST MARCH, 2006**

	As at 31st March 2006 <u>Rs.</u>	As at 31st March 2005 <u>Rs.</u>
<b>SCHEDULE - 1</b>		
<b><u>SHARE CAPITAL</u></b>		
<b>Authorised</b>		
52,50,000 Equity Shares of Rs.10/- each	<u>52,500,000.00</u>	<u>52,500,000.00</u>
<b>Issued &amp; Subscribed</b>		
50,01,000 Equity Shares of Rs.10/- each	<u>50,010,000.00</u>	<u>50,010,000.00</u>
<b>Paid Up</b>		
Fully Called and paid up in cash		
49,94,826 Equity Shares of Rs.10/- each	<u>49,948,260.00</u>	49,948,260.00
Add: Forfeited shares	<u>16,695.00</u>	<u>16,695.00</u>
	<u>49,964,955.00</u>	<u>49,964,955.00</u>

<b>SCHEDULE - 2</b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
<b>Share Premium Account</b>		
Balance as per Last Account	Total (A) <u>29,187,000.00</u>	<u>29,187,000.00</u>
<b>Statutory Reserve</b>		
Balance as per Last Account	2,157,683.40	1,805,076.40
Add: Transferred during the year	<u>1,480,989.00</u>	<u>352,607.00</u>
	Total (B) <u>3,638,672.40</u>	2,157,683.40
<b>Profit &amp; Loss Account</b>		
Surplus Balance	Total (C) <u>9,973,635.36</u>	4,049,680.54
	TOTAL (A+B+C) <u>42,799,307.76</u>	<u>35,394,363.94</u>

<b>SCHEDULE - 3</b>		
<b><u>UNSECURED LOANS</u></b>		
(including Interest Accrued and due)		
From Bodies Corporate	<u>6,046,536.00</u>	<u>33,330,566.00</u>



**SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULE - 4  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at 1st April, 2005 (Rs.)	Additions/ Adjustments (Rs.)	Withdrawals/Adjustments (Rs.)	As at 31st Mar 2006 (Rs.)	As at 1st April 2005 (Rs.)	For the Year period (Rs.)	Deduct- ments/Adjus- tments (Rs.)	As at 31st Mar 2006 (Rs.)	As at 31st Mar 2005 (Rs.)
BUILDING	626,110.00	-	-	626,110.00	22,962.20	10,205.59	-	592,942.21	603,147.80
PLANT & MACHINERY									
FAX MACHINE	22,000.00	-	-	22,000.00	10,865.00	1,045.00	-	10,990.00	11,135.00
TYPE MACHINE	7,319.00	-	-	7,319.00	3,827.33	347.65	-	3,144.02	3,491.67
AIR CONDITIONER	748,248.00	-	-	748,248.00	85,840.38	35,541.80	-	626,865.82	662,407.62
CELLULAR PHONE	101,879.00	-	-	101,879.00	27,870.49	4,839.25	-	69,169.26	74,008.51
PAGER	32,429.40	-	-	32,429.40	12,652.76	1,540.40	-	18,236.24	19,776.64
TELEPHONE	54,082.00	-	-	54,082.00	26,082.82	2,568.90	-	25,430.28	27,999.18
XEROX MACHINE	59,324.32	-	-	59,324.32	20,312.14	2,817.91	-	36,194.27	39,012.18
CCTV SYSTEM	104,847.00	-	-	104,847.00	81.87	4,980.24	-	99,784.89	104,765.13
AUDIO SYSTEM	51,333.00	-	-	51,333.00	40.08	2,438.32	-	48,854.60	51,292.92
TIME ATTENDANING MACHINE	133,603.00	-	-	133,603.00	104.32	6,346.14	-	127,152.54	133,498.68
MOTOR CAR	577,615.00	-	-	577,615.00	284,257.06	54,873.43	-	238,484.51	293,357.94
COMPUTER & PRINTER	633,683.00	-	-	633,683.00	601,998.85	-	-	31,684.15	31,684.15
FURNITURE & FIXTURES									
FILING CABINET	44,131.60	-	-	44,131.60	25,878.71	2,793.53	-	15,459.36	18,252.89
FURNITURE	5,842,008.71	414,511.58	-	6,256,520.29	549,158.70	390,282.54	-	5,317,079.05	5,292,850.01
EPBX MACHINE	642,750.00	92,560.00	-	735,310.00	41,882.42	44,530.57	-	648,897.01	600,867.58
WATER COOLER	21,344.00	5,500.00	-	26,844.00	10,412.12	1,641.21	-	14,790.67	10,931.88
<b>TOTAL</b>	<b>9,702,707.03</b>	<b>512,571.58</b>	<b>-</b>	<b>10,215,278.61</b>	<b>1,724,227.25</b>	<b>566,792.48</b>	<b>-</b>	<b>7,924,258.88</b>	<b>7,978,479.78</b>
<b>TOTAL OF PREVIOUS YEAR</b>	<b>3,579,332.62</b>	<b>6,123,374.41</b>	<b>-</b>	<b>9,702,707.03</b>	<b>1,449,405.62</b>	<b>274,821.63</b>	<b>-</b>	<b>7,978,479.78</b>	<b>2,129,927.00</b>

Note: Depreciation has been provided on Straight Line Method at the rates specified in schedule -XIV to the Companies Act, 1956 on pro-rata basis.



**SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

	As at 31st March 2006 <u>Rs.</u>	As at 31st March 2005 <u>Rs.</u>
<b>SCHEDULE - 5</b>		
<b>INVESTMENTS</b>		
<b>Long Term - Non- Trade (at cost)</b>		
<b>Equity Shares - (Quoted) Fully Paid Up of Rs.10/- each</b>		
Nil (P.Y. 501 Shares ) Reliance Industries Ltd.# (A)	-	284,282.83
<b>Long Term - Trade (at cost)</b>		
<b>Equity Shares - (Unquoted) Fully Paid Up of Rs.10/- each</b>		
<i>In Subsidiary Companies</i>		
Nil (P.Y.994950 Shares) Ashika Global Securities Ltd. #	-	29,222,500.00
1050000 (P.Y. 567000 Shares) Ashika Capital Ltd. \$	<b>52,983,000.00</b>	28,350,000.00
47000 Shares Ashika Properties Ltd. @	<b>4,700,000.00</b>	-
	<b>57,683,000.00</b>	57,572,500.00
<i>In Associate Companies</i>		
1190600 Shares Ashika Stock Broking Ltd. (B/F)	<b>17,859,000.00</b>	17,859,000.00
<b>Aggregate book value of Unquoted Investments (B)</b>	<b>75,542,000.00</b>	75,431,500.00
<b>Government Securities</b>		
12.3% Government of India Stocks (B/F) (C)	<b>468,000.00</b>	468,000.00
(A+B+C)	<b>76,010,000.00</b>	76,183,782.83
<b>Aggregate Book Value Quoted Investments</b>	-	273,796.50
# Sold during the year		
\$ Includes 483000 Shares acquired during the year		
@ Acquired during the year. Subsidiary jointly with Ashika Insurance Broking & Risk Management Pvt. Ltd. a fellow subsidiary.		
<b>SCHEDULE - 6</b>		
<b>STOCK-IN-TRADE</b>		
(Valued at lower of cost or market value in case of Quoted shares/units and cost or break-up value in case of Unquoted shares)		
(As certified by the Management)		
In shares of Joint Stock Companies	-	13,841,259.90
(Refer note no. B (12)(b) in Schedule - 18)	-	13,841,259.90
<b>SCHEDULE - 7</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	<b>97,443.33</b>	201,608.83
(As certified by Management)		
Cheque in Hand	<b>1,586,306.45</b>	921,906.18
Balances with Scheduled Banks		
<i>In Fixed Deposit Accounts</i>	-	19,685.00
<i>In Current Accounts</i>	<b>1,810,110.17</b>	1,391,746.59
	<b>3,493,859.95</b>	2,534,946.60

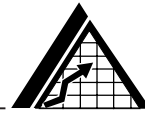


**SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED  
ON 31ST MARCH, 2006**

	As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
<b>SCHEDULE - 8</b>		
<b><u>SUNDRY DEBTORS</u></b>		
(Unsecured, considered good)		
Debts outstanding exceeding six months	-	-
Other Debts	<b>64,902.00</b>	15,570,385.13
	<b>64,902.00</b>	15,570,385.13
<b>SCHEDULE - 9</b>		
<b><u>LOANS AND ADVANCES</u></b>		
<b>Loans</b> (Unsecured Considered good)	<b>1,630,565.68</b>	5,360,883.00
<b>Advances recoverable in cash or in kind or for value to be received</b>		
Prepaid Expenses	<b>38,801.67</b>	46,326.76
Interest accrued but not due :		
<i>On Bank Fixed Deposits</i>	-	5,025.00
<i>On Govt. Securities</i>	<b>12,300.00</b>	12,300.00
Margin Money Deposits	<b>9,500,000.00</b>	20,657,015.00
Security Deposits	<b>1,044,163.00</b>	1,033,670.00
Other Advances	<b>775,097.33</b>	393,418.92
<b>Tax Payments :</b>		
Prepaid Income Tax	<b>2,854,599.43</b>	861,599.57
	<b>15,855,527.11</b>	28,370,238.25
<b>SCHEDULE -10</b>		
<b><u>CURRENT LIABILITIES</u></b>		
Margin from Clients	-	15,667,176.50
Sundry Creditors :		
- For Fixed Assets	<b>4,696.00</b>	465,429.00
- For Purchases	<b>183,134.96</b>	6,419,247.41
- For Expenses	<b>475,220.33</b>	576,998.95
- For Other Finance	<b>2,014,889.00</b>	239,413.00
Unclaimed Dividend	<b>52,900.80</b>	52,900.80
	<b>2,730,841.09</b>	23,421,165.66
<b>SCHEDULE -11</b>		
<b><u>PROVISIONS</u></b>		
For Income Tax:		
<i>Asst. Year 2006-07</i>	<b>434,688.00</b>	-
<i>Asst. Year 2005-06</i>	<b>830,873.00</b>	830,873.00
Fringe Benefit Tax:		
<i>Asst. Year 2006-07</i>	<b>72,069.00</b>	-
Tax on Dividend	-	140,105.00
Proposed Dividend	-	998,965.20
	<b>1,337,630.00</b>	1,969,943.20

**ASHIKA CREDIT CAPITAL LIMITED****SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

	As at 31st March 2006 <u>Rs.</u>	As at 31st March 2005 <u>Rs.</u>
<b>SCHEDULE -12</b>		
<b><u>INTEREST INCOME</u></b>		
Interest from Bank <i>(including TDS Rs.Nil P. Y. Rs.48,818/-,-)</i>	-	234,790.00
Interest on Income Tax Refunds	-	9,296.00
Interest on Margin Deposits <i>(including TDS Rs.1,43,488/- P. Y. Rs.1,74,462/-)</i>	<b>639,426.00</b>	831,477.00
Interest from Govt. Securities	<b>49,200.00</b>	49,200.00
Interest on Loans <i>(including TDS Rs.7,52,547/- P. Y. Nil)</i>	<b>4,087,276.33</b>	1,091,530.00
Other Interest <i>(including TDS Rs.19,429/- P. Y. Nil)</i>	<b>86,584.03</b>	-
	<b><u>4,862,486.36</u></b>	<b><u>2,216,293.00</u></b>
<b>SCHEDULE -13</b>		
<b><u>OTHER INCOME</u></b>		
Rent Received <i>(including TDS Rs.1,41,372/- P. Y. Nil)</i>	<b>900,000.00</b>	200,000.00
Dividend - on Investment	<b>3,757.50</b>	2,630.25
Dividend - on Stock-in-Trade	<b>2,813,479.90</b>	104,095.65
Profit /(Loss) on Speculation in Shares & Commodities	<b>14,445,861.99</b>	1,865,945.81
	<b><u>18,163,099.39</u></b>	<b><u>2,172,671.71</u></b>
<b>SCHEDULE -14</b>		
<b>(INCREASE)/DECREASE IN STOCKS OF SHARES ETC.</b>		
Opening Stock	<b>13,841,259.90</b>	2,117,410.00
Less: Closing Stock	-	<u>13,841,259.90</u>
	<b><u>13,841,259.90</u></b>	<b><u>(11,723,849.90)</u></b>
<b>SCHEDULE - 15</b>		
<b><u>OTHER DIRECT EXPENSES</u></b>		
Service Tax Paid	<b>91,488.47</b>	189,758.92
Stamp Charges	<b>219,123.00</b>	541,290.00
Transaction Charges	<b>62,287.59</b>	107,397.65
Demat Charges	<b>5,527.70</b>	15,235.00
	<b><u>378,426.76</u></b>	<b><u>853,681.57</u></b>



**SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED  
ON 31ST MARCH, 2006**

	As at 31st March 2006 <u>Rs.</u>	As at 31st March 2005 <u>Rs.</u>
<b>SCHEDULE - 16</b>		
<b><u>ADMINISTRATIVE AND OTHER EXPENSES</u></b>		
Salary ,Bonus and other allowances	1,617,971.00	842,509.00
Staff Welfare Expenses	145,645.43	13,926.00
Travelling and Conveyance	209,106.12	12,973.00
Printing and Stationary	67,829.50	21,564.00
Books and Periodicals	-	6,915.00
Postage and Courier	25,199.00	7,370.00
Telephone Expenses	169,715.00	198,204.00
Mobile Phone Charges	159,671.01	123,473.76
Electricity Charges	120,648.00	151,874.00
Internet Expenses	3,306.00	-
Car Maintenance Expenses	221,116.00	83,189.00
Computer Maintenance	1,000.00	7,322.00
Miscellaneous Expenditure	329,622.19	209,592.65
Business Promotion Expenses	137,746.29	-
Repairs & Maintenance	279,814.45	-
Donations	-	5,100.00
Professional /Consultancy Fees	12,421.00	16,566.00
Insurance Charges	10,623.59	13,141.61
Fees & Subscription	52,845.00	17,125.00
Advertisement	44,429.69	64,026.84
Directors' Meeting Fees	34,500.00	36,000.00
Bank Charges & Commission	3,476.69	10,224.70
Bad Debt Written off	120.07	398,210.00
Lease Rent	1,618,000.00	603,000.00
<b>Payment to Director</b>		
M.D.'s Remuneration (Minimum Remuneration)	1,200,000.00	660,000.00
	<u>6,464,806.03</u>	<u>3,502,306.56</u>
<b>SCHEDULE - 17</b>		
<b><u>INTEREST PAID</u></b>		
Interest on Bank Overdraft	-	61,302.00
Interest on Unsecured Loans	9,292,990.56	672,068.00
Other Interest	716,052.00	172.00
	<u>10,009,042.56</u>	<u>733,542.00</u>





**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES –18**

**NOTES ON ACCOUNTS**

**A) ACCOUNTING POLICIES :**

**1. Basis of Accounting**

**(a) General**

The financial statement have been prepared under the Historical Cost Convention on the basis of Going Concern Concept in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

**(b) Basis of Accounting**

Items of Income and Expenditure are accounted for on the Accrual Basis, unless otherwise specifically stated hereunder in the schedule.

**2. Revenue Recognition**

Sale of shares etc. are accounted for on the day on which transactions takes place.

**3. Fixed Assets**

Fixed Assets are stated at cost less depreciation. Cost comprises of purchase price, duties, taxes and incidental expenses.

**4. Depreciation**

Depreciation on Fixed Assets have been provided on Straight Line Method at the rates specified in the schedule XIV of the Companies Act, 1956.

**5. Impairment of Assets**

An asset is treated as impaired when carrying cost of asset exceeds it's recoverable amount. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period, if any is reversed if there has been a change in the estimate of the recoverable amount.

**6. Investments**

Long Term Investments are stated at cost. Provision is made for diminution in value, considering the nature and extent of temporary / permanent diminution .

**7. Stock-in-trade**

Closing Stock of Shares etc. is valued scriptwise at lower of cost or market value in case of quoted share etc. and at lower of cost or break-up value in case of unquoted share etc.

**8. Taxation**

Tax expense (tax saving) is the aggregate of current year tax and deferred tax charged (or credited) to the Profit & Loss Account for the year.

**a) Current Year Charge:**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.



## SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006

### SCHEDULES –18 : NOTES ON ACCOUNTS (Contd.)

#### b) Deferred Tax :

Deferred Income Taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in statement of Profit & Loss using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### 9. Prudential norms

The Company follows the directions prescribed by the Reserve Bank of India for Non Banking Financial Companies.

#### 10. Retirement Benefits

Retirement benefits including gratuity, if any are accounted for on payment basis.

#### 11. Contingent Liabilities

Contingent Liabilities, if any not provided for, are disclosed by way notes to the account.

### B) NOTES ON ACCOUNTS :

- The Company, as informed, has no contingent liabilities as on the Balance Sheet date.
- In the opinion of the Board and to the best of their knowledge and belief the realisable value of Current Assets in the ordinary course of business, would not be less than the amount at which they are stated at the Balance Sheet.
- During the year the Company has made provision for Income Tax u/s.115JB (MAT) of the Income Tax Act, 1961, as the Company's tax liability under the normal provision is lesser. Such tax under MAT may be carried forward and to be adjusted against company's normal tax liabilities of subsequent years upto five years from the year of provision.
- As per management the carrying cost of assets does not exceed the recoverable amount of such assets and accordingly there is no impairment loss.
- The major components of deferred tax assets/(liabilities) are:

	Amount (Rs.)		
	Deferred Tax Assets / (Liabilities) as at 01/04/2005	Current Year Charge/(Credit)	Deferred Tax Assets / (Liabilities) as at 01/04/2006
Difference between book and tax depreciation	<b>(398098.69)</b>	<b>71179.40</b>	<b>(469278.09)</b>

Note: Deferred Tax Assets on carried forward capital gains not recognised in view of the uncertainty of availing the benefit in future.



**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES –18 : NOTES ON ACCOUNTS (Contd.)**

6. Auditor's Remuneration includes Audit Fees Rs.32,000/- ( previous year Rs.25,000/-), Tax Audit Fees Rs.8,000/- (previous year: Rs.6,000/-), Certification fees Rs.9,000/- ( previous year Rs. 3,500/-), and Service Tax Rs.5,814/- (previous year Rs.3,395/-).
7. Loans includes -  
Rs.15,032/- receivable from M/s Ashika Forex Services Pvt Ltd towards interest, being a company in which the directors are interested. Amount of loan granted Rs.29,00,000/- (Maximum outstanding at any time during the year is Rs.19,00,000/-) at a rate of interest below the PLR of Bank. Principal repaid within the year.
8. Advances includes –
  - (a) Margin Money Rs.95,00,000/- receivable from M/s Ashika Stock Broking Limited, Company's Broker and an associate company. Maximum amount outstanding at a time during the year Rs.5,52,07,015/-
  - (b) Advances to Managing Director Rs.51,187.33 (being audit reversals, since realised). Maximum outstanding at any time during the year is Rs.2,51,418.92.
  - (c) Receivable from M/s Ashika Stock Broking Limited, an associate Company a sum of Rs.1,28,950/-. Maximum outstanding at any time during the year is Rs.8,20,663.96.
9. Sundry Debtors includes –
  - (a) Rs.49,902/- receivable from Ashika Commodities & Derivatives (P) Limited, a company in which the directors are interested.
  - (b) Rs.15,000/- receivable from Ashika Capital Limited, a company in which the directors are interested.
10. Advances includes a sum of Rs.3,50,960/-, being expenses incurred towards application money etc. for membership with Dubai Gold & Commodities Exchange, pending approval from respective authorities.
11. During the year the Company has sold 300 shares each in Ashika Global Securities Ltd. (being part of Investments) to Mr. Pawan Jain, Managing Director and Mr. Daulat Jain, Director respectively at a price above cost.
12. Additional information as required under Schedule VI to the Companies Act, 1956 :
  - (a) Particulars in respect of Opening Stock, Purchases and Closing Stock of Shares & Units etc :

	Face Value	As at		As at	
		31st March, 2006	31st March, 2006	31st March, 2005	31st March, 2005
		Qty.	Amount	Qty.	Amount
<b>Opening Stock</b>					
(a) Units of Mutual Funds (Quoted)	10/-	NIL	NIL	NIL	NIL
(b) Ordinary Shares (Quoted )	10/-	514575	9463601	270990	2117410
(c) Ordinary Shares (Quoted )	5/-	NIL	NIL	NIL	NIL
(d) Ordinary Shares (Quoted )	2.50/-	NIL	NIL	NIL	NIL
(e) Ordinary Shares (Quoted )	2/-	118728	1130324	NIL	NIL
(f) Ordinary Shares (Quoted )	1/-	515450	3247335	NIL	NIL



## SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006

### SCHEDULES –18 : NOTES ON ACCOUNTS (Contd.)

	Face Value	As at		As at	
		31st March, 2006	31st March, 2005	31st March, 2005	31st March, 2005
		Qty.	Amount	Qty.	Amount
<b>Purchases :</b>					
(a) Units of Mutual Funds (Quoted)	10/-	NIL	NIL	48875	500000
(b) Ordinary Shares (Quoted )	10/-	3073605	362306171	3932391	99615168
(c) Ordinary Shares (Quoted )	5/-	NIL	NIL	24678	935783
(d) Ordinary Shares (Quoted )	2.50/-	NIL	NIL	50000	527785
(e) Ordinary Shares (Quoted)	2/-	184600	48393747	630728	5382161
(f) Ordinary Shares (Quoted )	1/-	30000	1897034	925450	15912724
<b>Sales :</b>					
(a) Units of Mutual Funds (Quoted)					
(b) Ordinary Shares (Quoted )	10/-	NIL	NIL	48875	515355
(c) Ordinary Shares (Quoted )	10/-	3584180	371436640	368880610	1185712
(d) Ordinary Shares (Quoted )	5/-	1000	90752	24678	1004487
(e) Ordinary Shares (Quoted )	2.50/-	NIL	NIL	50000	747000
(f) Ordinary Shares (Quoted )	2/-	306328	44350249	512000	4239486
	1/-	545450	11370331	410000	7317524
<b>Closing Stock :</b>					
(a) Units of Mutual Funds (Quoted)	10/-				
(b) Ordinary Shares (Quoted )	10/-	NIL	NIL	NIL	NIL
(c) Ordinary Shares (Quoted )	5/-	NIL	NIL	514575	9463601
(d) Ordinary Shares (Quoted )	2.50/-	NIL	NIL	NIL	NIL
(e) Ordinary Shares (Quoted )	2/-	NIL	NIL	NIL	NIL
(f) Ordinary Shares (Quoted )	1/-	NIL	NIL	118728	1130324
		NIL	NIL	515450	3247335

- Note: 1) Previous years figures both of quantity & amount has been re-grouped to make the presentations comparable to that of current year.  
 2) Units in fraction under this clause are ignored for presentation purposes.  
 3) Amount under this clause are rounded to nearest rupee for presentation purposes.

**(b) Particulars of Stock in Trade shown under Current Assets**  
**Quoted**

**In Shares, Debentures and units of Mutual Funds** – Fully paid up, except otherwise stated

NAME OF THE SCRIPT	Face Value	CLOSING STOCK AS ON 31/03/2006		CLOSING STOCK AS ON 31/03/2005	
		Qty (Nos.)	Amount (Rs.)	Qty. (Nos.)	Amount (Rs.)
Advent Computers Ltd.	10/-	-	-	10000	43687
Alpha Drugs Ltd.	10/-	-	-	25000	392500
Andhra Petro Ltd.	10/-	-	-	20000	314000
Aptech India Ltd.	10/-	-	-	10000	357000
Ashima Syntex Ltd.	10/-	-	-	25000	560000
Asian Electric Ltd.	10/-	-	-	3000	216450



**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES -18 : NOTES ON ACCOUNTS (Contd.)**

NAME OF THE SCRIPT	Face Value	CLOSING STOCK AS ON 31/03/2006		CLOSING STOCK AS ON 31/03/2005	
		Qty (Nos.)	Amount (Rs.)	Qty. (Nos.)	Amount (Rs.)
SHARES - ORDINARY (FULLY PAID)					
BPL Ltd.	10/-	-	-	25000	883750
Best & Crompton Ltd.	10/-	-	-	30500	183915
Carol Infotech Ltd.	10/-	-	-	20000	686000
Datatech Ltd.	10/-	-	-	1000	97500
Ganesh Benzoplast Ltd.	10/-	-	-	50000	353000
Jagson Airlines Ltd.	10/-	-	-	1	24
Kale Consultants Ltd.	10/-	-	-	25	1743
Kopran Ltd.	10/-	-	-	10000	675000
Maikal Fibre Ltd.	10/-	-	-	112246	392861
Prisim Cement Ltd.	10/-	-	-	20000	422000
Power Trading Corpn. Ltd.	10/-	-	-	20000	969000
Sri Adhikari Television Network Ltd.	10/-	-	-	3000	247500
Tata Teleservices (Maharashtra) Ltd.	10/-	-	-	1	25
Tata Vashist Ltd.	10/-	-	-	60000	720000
Venus Remedies Ltd.	10/-	-	-	9802	809645
Videocon International Ltd.	10/-	-	-	10000	530500
West India Ltd.	10/-	-	-	50000	607500
Bag Films Ltd.	2/-	-	-	10000	100500
Jenson & Nicholson Ltd.	2/-	-	-	8728	69824
Morepan Lab Ltd.	2/-	-	-	100000	960000
Kirti Finvest Ltd.	1/-	-	-	515450	3247335
	<b>Total</b>	-	-	1148753	13841259

Note: There is no stock in trade as on the Balance Sheet Date.

13. The Income Tax Department while allowing refund of TDS in earlier year for Assessment Year 2000-2001 and 2001-2002 has disallowed Rs.50,030.33 and Rs.16,500.49 respectively. However, the company has preferred rectification petition and positive about the realisation and accordingly kept as refundable.

14. Earning Per Share (EPS)

(a) Basic Earnings Per Share

		2005-2006 Rs.	2004-2005 Rs.
Profit considered for calculating EPS (Net Profit after tax)	(A)	<b>74,04,943.82</b>	17,63,037.39
Weighted average number of Ordinary Shares	(B)	<b>4,994,826</b>	4,994,826
Nominal value of Ordinary Shares		<b>10.00</b>	10.00
Earning per Share	(A/B)	<b>1.48</b>	0.35



## SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006

### SCHEDULES –18 : NOTES ON ACCOUNTS (Contd.)

- (b) Diluted Earnings Per Share :  
None of the potential equity shares are dilutive.

15. Related Party Disclosures under Accounting Standard (AS-18) issued by the ICAI;

#### List of related parties

- a) Subsidiaries : (i) Ashika Capital Limited  
(ii) Ashika Global Securities Limited (upto 21st March, 2006)
- b) Associates :  
- Ashika Stock Broking Limited, a company in which the Company is having substantial controlling authority and substantial interest in equity and the Managing Director and his relatives have substantial controlling authority and substantial interest in equity.
- c) Key Management Personnel –  
Mr. Pawan Jain - Managing Director  
Relatives of Key Management Personnel - Relationship  
Mr. Puranmal Jain - Father of Mr. Pawan Jain  
M/s. Pawan Jain (HUF) - Mr. Pawan Jain is Karta  
Mr. Daulat Jain - Brother of Mr. Pawan Jain, also a Director
- d) Companies in which the key management personnel or his relatives have substantial interest / significant influence.  
Ashika Commodities & Derivatives Pvt. Ltd.  
Ashika Venture Capital Pvt. Ltd.  
Ashika Stock Broking Ltd.  
Ashika Forex Services Pvt. Ltd.  
Ashika Agro Projects Pvt. Ltd.  
Puja Sales Promotions Pvt. Ltd.

e) Transactions during the year with Related parties

	Subsidiaries	Associates	Key Management Personnel and their relatives	Company in which the key management personnel or his relatives have substantial interest/ significant influence	TOTAL
<b>Loans taken</b>					
a) Taken during the year	-	-	-	72500000	72500000
b) Returned during the year	-	-	-	72500000	72500000
c) Balance as at 31st March, 2006	-	-	-	-	-
<b>Margin Money taken</b>					
a) Taken during the year	-	-	-	-	-
b) Returned during the year	-	-	-	14002397	14002397
c) Balance as at 31st March, 2006	-	-	-	217205	217205



**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES –18 : NOTES ON ACCOUNTS (Contd.)**

	Subsidiaries	Associates	Key Management Personnel and their relatives	Company in which the key management personnel or his relatives have substantial interest/ significant influence	TOTAL
<b>Loan Granted</b>					
a) Given during the year	-	-	-	2900000	2900000
b) Returned during the year	-	-	-	2900000	2900000
c) Balance as at 31st March,2006	-	-	-	15032	15032
<b>Margin Money Granted</b>					
a) Given during the year	-	235087000	-	-	235087000
b) Returned during the year	-	225587000	-	-	225587000
c) Balance as at 31st March,2006	-	9500000	-	-	9500000
<b>Advances recoverable in cash or in kind</b>					
a) Given during the year	-	1054615	145966	-	1200581
b) Returned during the year	-	925665	346198	-	1271863
c) Balance as at 31st March,2006	-	128950	51187	-	180137
<b>Sundry Creditors</b>					
a) Stock Market Transaction	-	183135	-	-	183135
<b>Sundry Debtors</b>					
Rent Receivable	15000	-	-	49902	64902
<b>Stock / Commodities Market Transaction / Purchase of Investments</b>					
<i>Capital Market Segment :</i>					
a) Purchased during the year	-	370971720	-	40556000	411527720
b) Sold during the year	-	412022986	-	-	412022986
<i>Future &amp; Derivatives Segment :</i>					
a) Received during the year (Net)	-	16658060	-	-	16658060
<i>Commodities Market Segment :</i>					
a) Received during the year (Net)	-	-	-	15	15
<i>Purchase/Sale of Investments :</i>					
a) Purchase during the year (Net)	-	-	-	24633000	24633000
b) Sold during the year	-	-	18600	-	18600
<b>Income</b>					
a) Interest on Margin Deposit	-	639426	-	-	639426
b) Rent received	60000	600000	-	240000	900000
<b>Expenditure</b>					
a) Lease Rent	-	-	1608000	10000	1618000
b) Managerial Remuneration	-	-	1200000	-	1200000
c) Interest on Loan / others	-	-	-	3309226	3309226
d) Depository Charges	-	5197	-	-	5197

Note : In the opinion of the Company, non-executive directors are not Key Management Personnel for AS- 18. Hence, transactions with non-executive directors are not considered for the above disclosure.



## SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006

### SCHEDULES –18 : NOTES ON ACCOUNTS (Contd.)

16. In the opinion of the management, during the year the company is mainly engaged in the business of Finance Company. All other activities of the Company revolves around the main business. As such, there are no separate reportable segments.
17. Disclosure of details as required by para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

Amount (Rs.)

Particulars	Amount Outstanding	Amount Overdue
i) Loans and advances availed by NBFC inclusive of interest thereon but not paid		
a) Debentures	—	—
1) Secured	—	—
b) Inter-corporate loans and borrowings	6046536/-	—
c) Other Public Deposits	—	—
d) Security Deposit – Lease	—	—
e) Assigned Liabilities	—	—
ii) Break up of Loans and advances including bills receivable (other than those included in (iii) below)		
a) Secured	—	—
b) Unsecured	11130566/-	—
iii) Break up Leased Assets and stock on hire and hypothecation loans towards Equipment Leasing / Hire Purchase activities		
a) Lease assets (including Receivables for Assets on Lease) Including lease rentals under sundry debtors		
1) Financial Lease (Net of depreciation and lease adjustment)	—	—
2) Operating Lease	—	—
iv) Break up of Investments		
a) Current Investments		
1) Quoted		
• Shares		
– Equity	—	—
• Debentures and Bonds	—	—
• PSU Bonds	—	—
2) Unquoted		
• Shares		
– Equity	—	—
• Debentures and Bonds	—	—
b) Long Term Investments		
1) Quoted		
• Shares		
– Equity	—	—





**ASHIKA CREDIT CAPITAL LIMITED**

**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES –18 : NOTES ON ACCOUNTS (Contd.)**

Particulars	Amount (Rs.)	
	Amount Outstanding	Amount Overdue
b) 2) Unquoted <ul style="list-style-type: none"> <li>• Shares               <ul style="list-style-type: none"> <li>– Equity 75542000/-</li> <li>– Preference 468000/-</li> </ul> </li> <li>• Debentures and Bonds —</li> <li>• PSU Bonds —</li> </ul>		
v) Borrower group-wise classification of all leased assets (including Receivables for Assets on Lease), stock on hire and loans and advances	Amount Net of Provisions	
	Secured	Unsecured
a) Related Parties		
1) Subsidiaries	—	—
2) Companies in the same group	—	9515032/-
3) Other related parties	—	—
b) Other than related parties	—	1615534/-
Total	—	11130566/-
vi) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)	Market Value/ Break up value or fair value or NAV	Book Value (Net of provisions)
a) Related Parties		
1) Subsidiaries	# 53739000/-	52983000/-
2) Companies in the same group	# 22559000/-	22559000/-
3) Other related parties	—	—
b) Other than related parties	468000/-	468000/-
Total	76766000/-	76010000/-
vii) Other Information		
a) Gross Non Performing Assets		
1) Related parties	—	—
2) Other than related parties	—	—
b) Net Non Performing Assets		
1) Related parties	—	—
2) Other than related parties	—	—
c) Assets acquired in satisfaction of debt	—	—

# based on the break up value as on 31/03/2005

Note: Companies in the same group means companies under the same management as per Sec 370(1B) of the Companies Act, 1956

18. Previous year's figures have been rearranged or regrouped wherever deemed necessary to conform with Current years presentation.

**SIGNATURE TO SCHEDULES 1 TO 18**

<p>Place : Kolkata Dated : 22nd June, 2006</p>	<p>As per our report of even date <b>P. K. SAH, FCA</b> Partner For and on behalf of <b>Sah Lodha &amp; Associates</b> Chartered Accountants</p>	<p><b>For and on behalf of the Board</b> <b>Pawan Jain</b> <i>Managing Director</i> <b>Daulat Jain</b> <i>Director</i> <b>Anju Lohia</b> <i>Company Secretary</i></p>
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**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006**

	Year ended 31st March <u>2006</u> Rs.	Year ended 31st March <u>2005</u> RS.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit Before Tax as per P &amp; L Account</b>	<b>7,982,880.22</b>	2,726,037.08
<i>Add / (Less):</i>		
Extraordinary items	-	-
<b>Net Profit Before Tax And Extraordinary Items</b>	<b>7,982,880.22</b>	2,726,037.08
<i>Add / (Less):</i>		
Depreciation on Fixed Assets	<b>566,792.48</b>	274,821.63
Share Issue Expenses Written Off	-	120,474.40
(Profit) / Loss on sale of Investments	<b>(1,621,416.63)</b>	-
Interest / Dividend Income on Investments	<b>(52,957.50)</b>	(51,830.25)
Interest Expenses	<b>10,009,042.56</b>	733,542.00
<b>Operating Profit Before Working Capital Changes</b>	<b>16,884,341.13</b>	3,803,044.86
<i>Add / (Less):</i>		
(Increase) / Decrease in Stock in Trade	<b>13,841,259.90</b>	(11,723,849.90)
(Increase) / Decrease in Trade Receivables	<b>15,505,483.13</b>	(14,752,960.13)
(Increase) / Decrease in Loans and Advances	<b>14,507,711.00</b>	(11,070,748.30)
Increase / (Decrease) in Trade Payables	<b>(20,690,324.57)</b>	23,264,604.66
<b>Cash Generated From Operations</b>	<b>40,048,470.59</b>	(10,479,908.81)
<i>Add / (Less):</i>		
Interest Paid	<b>(10,009,042.56)</b>	(733,542.00)
Direct Tax Refunds / (Paid)	<b>(2,133,104.86)</b>	(597,763.75)
<b>Cash Flow Before Extraordinary Items</b>	<b>27,906,323.17</b>	(11,811,214.56)
<i>Add / (Less):</i>		
Extraordinary Items	-	-
<b>Net Cash From Operating Activities</b>	<b>27,906,323.17</b>	(11,811,214.56)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
<i>Add / (Less):</i>		
Purchase of Fixed Assets	<b>(512,571.58)</b>	(6,123,374.41)
Sale of Fixed Assets	-	-
Purchase of Investments	<b>(29,333,000.00)</b>	(18,143,282.83)
Sale of Investments	<b>31,128,199.46</b>	-
Interest / Dividend Income on Investments	<b>52,957.50</b>	51,830.25
<b>Net Cash from Investing Activities</b>	<b>1,335,585.38</b>	(24,214,826.99)

## ASHIKA CREDIT CAPITAL LIMITED



### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

#### C. CASH FLOW FROM FINANCING ACTIVITIES:

*Add / (Less):*

Short Term Borrowings / (Repaid)	<b>(27,284,030.00)</b>	33,061,608.21
Dividend Paid	<b>(998,965.20)</b>	(499,482.60)
<b>Net Cash Used In Financing Activities</b>	<b>(28,282,995.20)</b>	32,562,125.61
<b>Net Increase In Cash And Cash Equivalents (A+B+C)</b>	<b>958,913.35</b>	(3,463,915.94)
<b>Cash And Cash Equivalents As At The Beginning Of The Year</b>	<b>2,534,946.60</b>	5,998,862.54
<b>Cash And Cash Equivalents As At The Close Of The Year</b>	<b>3,493,859.95</b>	2,534,946.60

Note : Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

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As per our report of even date

Place : Kolkata  
Dated : 22nd June, 2006

**P. K. SAH, FCA**  
*Partner*  
For and on behalf of  
**Sah Lodha & Associates**  
Chartered Accountants

**For and on behalf of the Board**  
**Pawan Jain** *Managing Director*  
**Daulat Jain** *Director*  
**Anju Lohia** *Company Secretary*

**ASHIKA CREDIT CAPITAL LIMITED****STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES**

<b>NAME OF THE SUBSIDIARY COMPANY</b>	<b>ASHIKA CAPITAL LIMITED</b>
1 Financial Year of the Subsidiary ended on	March 31, 2006
2. Share of subsidiary Company held on the above date and extent of holding i) Equity Shares ii) Extent of holding (%)	1050000 Equity shares of Rs.10/- each 100%
3. Net aggregate amount of Profit / Loss of Subsidiary for the above financial year so far as they concern members of Ashika Credit Capital Limited i) Dealt with in the accounts of Ashika Credit Capital Limited ii) Not dealt with in the accounts of Ashika Credit Capital Limited	NIL Profit of Rs.10.61 Lacs
4. Net aggregate amount Profit / Losses for previous financial year of the subsidiary as far as it concern members of Ashika Credit Capital Limited i) Dealt with in the accounts of Ashika Credit Capital Limited. ii) Not dealt with in the accounts of Ashika Credit Capital Limited	NIL Profit of Rs.2.77 Lacs
5. a) Changes in the holding Company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the holding Company's financial year.  b) Material changes which have occurred between the end of the aforesaid Financial year of the subsidiary and the end of the holding Company's Financial year in respect of :	As the Closing of the Financial year of the subsidiary Company coincides with the closing of the Financial year of the holding Company i.e. M/s. Ashika Credit Capital Limited, Section 212 (5) of the Act is not applicable.  - do -

**ASHIKA CREDIT CAPITAL LIMITED**



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES**

<b>NAME OF THE SUBSIDIARY COMPANY</b>	<b>ASHIKA CAPITAL LIMITED</b>
i) The subsidiary's fixed assets ii) Its Investments iii) Moneys lent by the subsidiary company iv) The moneys borrowed by it for any purpose other than that of meeting current liabilities	

**For and on behalf Of the Board**

**Pawan Jain  
(Managing Director)**

**Daulat Jain  
(Director)**

**Place: Kolkata  
Date: 22nd day of June, 2006**

**Anju Lohia  
( Company Secretary )**





**BOARD OF DIRECTORS**

PAWAN JAIN - *Chairman*

DAULAT JAIN - *Director*

KASHI PRASAD KHANDELWAL - *Director*

SAGAR JAIN - *Director*

ASHOK AGARWAL - *Director*

**ASHIKA CAPITAL  
LIMITED**



*Growing & Sharing with You*

**SIXTH ANNUAL REPORT  
2005-2006**

**AUDITORS**

SAH LODHA & ASSOCIATES

Chartered Accountants

58/D, Netaji Subhash Road

3rd Floor, Room No. 314

Kolkata-700 001

**BANKERS**

CITI BANK

ORIENTAL BANK OF COMMERCE

TAMILNAD MERCANTILE BANK LTD.

HDFC BANK LTD.

**REGISTERED OFFICE**

'Trinity'

226/1, A.J.C. Bose Road

Kolkata-700 020





## DIRECTORS' REPORT

Dear Shareholders,

Your Directors feel great pleasure in presenting the Sixth Annual Report of the Company along with the audited Statement of Accounts for the year ended 31st March 2006.

### FINANCIAL PERFORMANCE :

Financial Performance of the Company for the year ended 31st March, 2006 is as follows:

Particulars	Amount (In Rupees)
Total Income	26,534,164.31
Profit/ (Loss) before tax	1,732,803.19
Provision for taxation	6,70,961.92
Profit after taxation	1,061,841.27
<b>Add : Balance Brought forward from the previous year</b>	<b>1,276,063.76</b>
<b>Balance transferred to Balance Sheet</b>	<b>2,337,905.03</b>

### DIVIDEND :

Your directors convey their inability to recommend dividend due to inadequacy of profit of the Company for the year under review.

### DIRECTORS :

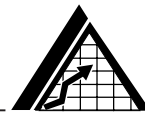
Pursuant to the provisions of sections 255 and 256 of the Companies Act, 1956, Mr. Ashok Agarwal and Mr. Daulat Jain, directors of the Company are liable to retire by rotation in the forthcoming Annual General Meeting of the Company and being eligible, offers themselves for reappointment.

### AUDITORS' REPORT :

The auditors have given their report on the Annual Accounts of the Company and there is no reservation or qualification made by them .The notes given in the Auditors' Report are self-explanatory and needs no further clarification.

### AUDITORS :

M/s. Sah Lodha & Associates, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting of the Company; and being eligible, offer themselves for re-appointment. The Company has received a Certificate from the Auditors that if reappointed, they are qualified under section 224(1B) of the Companies Act, 1956 to act as the Auditors of the Company. Your directors recommend the aforesaid re-appointment.



**MATERIAL CHANGES AND COMMITMENTS :**

There have been no material changes and commitments affecting the financial position of the company, which have occurred since March 31, 2006, being the end of the Financial Year of the Company.

**STATUTORY AND OTHER INFORMATION :**

There are no employees falling within the purview of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and as such the required particulars under the same has not been furnished.

There was no foreign exchange earnings or outgoes during the period under review.

Since the Company does not own any manufacturing unit, the disclosure of information on the matter required to be disclosed in terms of section 217(1)(e) of the companies act 1956 read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules 1988, is not applicable and hence not given.

**COMPLIANCE CERTIFICATE :**

Your Company has received a Compliance Certificate pursuant to the provisions of section 383A of the Companies Act from V.Jain & Associates, Company Secretaries of 49, Nalini Seth Road, Ground Floor, Kolkata – 700007. The same forms part of this report.

**DIRECTORS RESPONSIBILITY STATEMENT :**

As per the relevant provisions of section 217(2AA) of the Companies Act, 1956, the Directors of your Company confirm that:

- I. In the preparation of the Annual accounts, the applicable accounting standards have been followed and there is no material departure from the same.
- II. The directors have selected such accounting policies and applied them consistently and made judgement 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.
- III. 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 fraud and other irregularities to the best of their knowledge and ability.
- IV. The directors have prepared the annual account on a going concern basis.

**ACKNOWLEDGEMENTS :**

Your Directors extends their heartiest thanks and sincere appreciation to the bankers, shareholders, employees and other business associates of the company for their continued co-operation received during the year.

**For and on behalf of the Board of Directors**

**Place : Kolkata**

**(Pawan Jain)**

**Date : 6th June, 2006**

**Chairman**



## AUDITORS' REPORT

### To The Members of ASHIKA CAPITAL LIMITED

We have audited the attached Balance Sheet of **Ashika Capital Limited** as at 31st March, 2006 and the relative Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 have conducted our audit in accordance with auditing standard 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 amount and disclosures in the financial statements. And audit also includes assessing the accounting principles used and significant estimates made by the 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 (Auditor's Report) Order 2003, issued by the Central Government in terms of sub section (4A) of Section 227 of the Companies Act 1956, and on the basis of our checks as we considered appropriate and according to information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable to the Company.
3. Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of the audit.
  - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of the books of account and proper returns adequate for the purposes of our audit have been received from its branch, not visited by us.
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) 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 3(C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representation received from the directors, as on 31st March 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

**ASHIKA CAPITAL LIMITED**



- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the schedules and notes thereon and attached thereto give the information required by the Companies Act, 1956 in conformity with the accounting principles generally accepted in India and give a true and fair view:-
- (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2006 and
  - (ii) In the case of Profit and Loss Account, of the Profit for the year ended on 31st March, 2006.
  - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on 31st March, 2006.

58D, Netaji Subhash Road,  
Kolkata - 700 001

Date: 6th June, 2006

**For SAH LODHA & ASSOCIATES**  
***Chartered Accountants***

**( P. K. SAH, FCA )**  
**Partner**  
Mem. No. 56216



## ANNEXURE TO THE AUDITORS' REPORT – ASHIKA CAPITAL LIMITED

### [Referred to in paragraph (2) of our report of even date]

- (i) (a) The Company, we have been informed, has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As explained to us, the said fixed asset have been physically verified by the management under a phased program, which in our opinion is reasonable considering the nature of business of the Company. No material discrepancies have been found on such physical verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal, has in our opinion, not affected the going concern status of the Company.
- (ii) (a) As per information furnished to us, the stock-in-trade of shares and securities have been physically verified by the management during the year at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedure of the physical verification of stock-in-trade followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company maintaining proper records of stock-in-trade and no material discrepancies were notice on physical verification thereof.
- (iii) The Company has not granted or taken any loans, secured or unsecured to / from companies, firms or other parties covered in the Register maintain u/s.301 of the Companies Act, 1956. Accordingly matters in (a) to (g) of clause (iii) to paragraph 4 of the said Order, do not apply to the Company.
- (iv) In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and shares & securities held as stock-in-trade and for sale of shares & securities held as stock-in-trade and services. Further, on the basis of our examination of books and records and according to the information and explanations provided to us, we have neither come across nor we have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) The particulars of contracts or arrangements referred to Section 301 of the Companies Act, 1956 that needed to be entered into the register, maintained under the said section have been so entered.



- (b) Where each of such transactions is in excess of Rs.5 Lakhs in respect of each party, the transactions have been made at prices which are prima-facie reasonable having regards to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under.
- (vii) The Company did not have formal internal audit system but the internal control is exercised departmentally.
- (viii) The maintenance of cost records prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the Company.
- (ix) (a) According to the records of the Company and explanations given to us, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess or any other dues, whatever applicable, with appropriate authority. There is no undisputed amount payable in respect of such statutory dues which have remained outstanding as at the Balance Sheet date for a period more than six months from the date become payable.  
  
(b) As per information provided there are no cases of disputed dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess.
- (x) The Company does not have any accumulated losses as at the end of the financial year and the Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) The Company has not borrowed from financial institutions or banks or by issue of debentures, as such clause (xi) of the said Order is not applicable.
- (xii) The Company has not granted any loan and/or advances on the basis of securities by way of pledge of shares, debentures or other securities.
- (xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a chit fund Company or nidhi / mutual benefit fund / society.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities etc. timely entries have generally been made therein. All shares, securities etc. are held by the Company its own name, except which are pending transfer in Company's account from respective broker.
- (xv) According to the records of the Company and the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
- (xvi) According to the records of the Company, the Company has neither obtained nor applied any term loans during the year.



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**ASHIKA CAPITAL LIMITED**

- (xvii) The Company has not raised any short term or long term loans during the year. Hence, the relevant clause is not applicable to the Company for the year under audit.
- (xviii) The Company has not made preferential allotment shares to parties and companies covered in the register maintain u/s.301 of the Act, accordingly clause 4(xviii) of the said Order are not applicable to the Company.
- (xix) The Company has not issued debenture during the year covered by our audit, accordingly clause 4(xix) of the said Order are not applicable to the Company.
- (xx) The Company has not raised any money through public issue during the financial year, accordingly clause 4(xx) of the said Order are not applicable to the Company.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For SAH LODHA & ASSOCIATES**  
***Chartered Accountants***

58D, Netaji Subhash Road,  
Kolkata - 700 001

**( P. K. SAH, FCA )**  
**Partner**

Date: 6th June, 2006

Mem. No. 56216

**BALANCE SHEET AS AT 31ST MARCH, 2006**

	SCHEDULES	As at 31st March, 2006 Rs.	As at 31st March, 2005 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	10,500,000.00	10,500,000.00
Reserves & Surplus	2	44,309,905.03	43,248,063.76
	<b>TOTAL</b>	<b>54,809,905.03</b>	<b>53,748,063.76</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	3	5,306,783.50	863,166.00
Less: Depreciation		240,610.81	149,052.27
		5,066,172.69	714,113.73
<b>INVESTMENTS (At Cost)</b>	4	<b>35,000,000.00</b>	<b>39,000,000.00</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Stock In Trade	5	1,954,660.70	4,800.00
Cash & Bank Balances	6	1,566,136.28	939,521.75
Sundry Debtors	7	332,080.00	3,641,904.00
Advances	8	24,116,358.00	10,183,407.50
		27,969,234.98	14,769,633.25
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	9	12,235,279.40	429,447.70
Provisions	10	906,041.60	258,604.00
		13,141,321.00	688,051.70
<b>NET CURRENT ASSETS</b>		<b>14,827,913.98</b>	<b>14,081,581.55</b>
<b>DEFERRED TAX LIABILITIES</b>		<b>(97,207.44)</b>	<b>(73,683.12)</b>
<b>MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted.)</b>			
Preliminary & Pre-Operative Expenses		13,025.80	26,051.60
	<b>TOTAL</b>	<b>54,809,905.03</b>	<b>53,748,063.76</b>

ACCOUNTING POLICIES &amp; NOTES TO THE ACCOUNTS 15

SCHEDULES '1' TO '10' AND '15' REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE BALANCE SHEET

This is the Balance Sheet referred to in our report of even date

	<b>P. K. SAH, FCA</b> <i>Partner</i>	<b>For and on behalf of the Board</b>
<b>Place : Kolkata</b>	For and on behalf of	<b>Pawan Jain Director</b>
<b>Dated : 6th June, 2006</b>	<b>Sah Lodha &amp; Associates</b> Chartered Accountants	<b>Daulat Jain Director</b>





**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

	SCHEDULES	Year ended 31st March, 2006	Year ended 31st March, 2005
		Rs.	Rs.
<b>INCOME</b>			
Sale of Shares etc.		18,354,556.31	16,676,453.84
Merchant Banking Operations (Subject to TDS Rs.191734.50, P.Y. Rs.80868/-)		8,080,954.00	2,717,867.00
Brokerage Income (Subject to TDS Rs.1602/- P.Y. Rs.3960/-)		82,487.00	75,501.00
Dividend on Shares - Stock-in-Trade		16,167.00	-
Dividend from Mutual Fund - Stock -in-Trade		-	29,404.32
Other Income	11	-	363,268.39
		<u>26,534,164.31</u>	<u>19,862,494.55</u>
<b>EXPENDITURE</b>			
Purchase of Shares etc.		21,213,018.49	7,169,054.00
Other Direct Expenses	12	54,255.60	145,586.78
(Increase)/Decrease in Stocks of Shares etc.	13	(1,949,860.70)	10,343,086.31
Administrative & Other Expenses	14	5,354,995.99	1,309,659.56
Loss on Sale of Fixed Assets		9,014.54	-
Auditors' Remuneration		13,999.40	13,753.00
Preliminary & Pre-Operative Expenses written off		13,025.80	13,025.80
		<u>24,708,449.12</u>	<u>18,994,165.45</u>
<b>PROFIT BEFORE DEPRECIATION AND TAXATION</b>		<b>1,825,715.19</b>	868,329.10
<b>LESS : Depreciation</b>		<b>92,912.00</b>	83,228.64
<b>PROFIT BEFORE TAXATION</b>		<b>1,732,803.19</b>	785,100.46
<b>LESS : Provision for Taxation :</b>			
- Current Tax	570,928.00		258,604.00
- Deferred Tax Liabilities	23,524.32		13,957.41
- Fringe Benefit Tax	76,509.60	<b>670,961.92</b>	-
<b>PROFIT AFTER TAXATION</b>		<b>1,061,841.27</b>	512,539.05
<b>ADD / (Less) : Balance brought forward from previous year</b>		<b>1,276,063.76</b>	763,524.71
Balance Carried to Balance Sheet		<u>2,337,905.03</u>	<u>1,276,063.76</u>
<b>Basic and Diluted Earnings per Share (in Rs.)</b>		<b>1.01</b>	0.49
[Refer note no. B(8) in Schedule 15]			

ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS 15

SCHEDULES '12' TO '14' AND '15' REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT

This is the Profit & Loss Account referred to in our report of even date

<p><b>Place : Kolkata</b> <b>Dated : 6th June, 2006</b></p>	<p><b>P. K. SAH, FCA</b> <i>Partner</i> For and on behalf of <b>Sah Lodha &amp; Associates</b> Chartered Accountants</p>	<p><b>For and on behalf of the Board</b>  <b>Pawan Jain</b> <i>Director</i> <b>Daulat Jain</b> <i>Director</i></p>
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## ASHIKA CAPITAL LIMITED

### SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006

	As at 31st March 2006 <u>Rs.</u>	As at 31st March 2005 <u>Rs.</u>
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
1,100,000 Equity Shares of Rs.10/- each	<u>11,000,000.00</u>	<u>11,000,000.00</u>
<b>Issued &amp; Subscribed</b>		
1,050,000 Equity Shares of Rs.10/- each	<u>10,500,000.00</u>	<u>10,500,000.00</u>
<b>Paid Up</b>		
1,050,000 Equity Shares of Rs.10/- each Fully Called and Paid Up in Cash [Out of above 10,49,400 equity shares of Rs.10/- each are held by Holding Company Ashika Credit Capital Limited and 600 shares are held by the Holding Company jointly with its nominees ]	<u>10,500,000.00</u>	<u>10,500,000.00</u>
 <b>SCHEDULE - 2</b>		
<b>RESERVE &amp; SURPLUS</b>		
<b>Share Premium Account</b>		
Balance as per last account	41,972,000.00	41,972,000.00
<b>Profit &amp; Loss Account</b>		
Surplus Balance	<u>2,337,905.03</u>	1,276,063.76
	<u>44,309,905.03</u>	<u>43,248,063.76</u>
 <b>SCHEDULE - 4</b>		
<b>INVESTMENTS</b>		
<b>Long Term - Trade (at cost)</b>		
<b>Equity Shares - (Unquoted) Fully Paid Up of Rs.10/- each</b>		
<u>In Subsidiary Company</u>		
Nil (P.Y 160,000 Shares) in Namokar Commercial Pvt. Ltd. \$	-	4,000,000.00
2,600,000 shares in Ashika Insurance Broking & Risk Management Pvt. Ltd. (B/F)	26,000,000.00	26,000,000.00
<u>In company under the same management</u>		
80,000 shares in Ashika Commodities & Derivatives Limited (B/F)	4,000,000.00	4,000,000.00
1,00,000 shares in Ashika Venture Capital Pvt. Limited (B/F)	<u>5,000,000.00</u>	5,000,000.00
<b>Aggregate Book Value of unquoted investment</b>	<u>35,000,000.00</u>	<u>39,000,000.00</u>
\$ Sold during the year		



**SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULE - 3  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1st April, 2005 (Rs.)	Additions/Adjustments (Rs.)	Withdrawals/Adjustments (Rs.)	As at 31st Mar 2006 (Rs.)	As at 1st April 2005 (Rs.)	For the Year period (Rs.)	Deduct-ns/Adjustments (Rs.)	As at 31st Mar 2006 (Rs.)	As at 31st Mar 2005 (Rs.)	
Air Conditioner	-	197,000.00	-	197,000.00	-	2,410.00	-	2,410.00	194,590.00	
Fax Machine	11,868.00	7,500.00	11,868.00	7,500.00	1,127.46	439.00	1,353.46	213.00	7,287.00	
Computer & Printers	267,850.00	-	-	267,850.00	52,820.77	43,419.00	-	96,239.77	171,610.23	
Telephone	7,671.00	-	-	7,671.00	728.74	364.00	-	1,092.74	6,578.26	
Furniture & Fixture	40,737.00	799,318.50	-	840,055.50	5,157.30	8,073.00	-	13,230.30	826,825.20	
Motor Car	365,000.00	-	-	365,000.00	87,590.00	34,675.00	-	122,265.00	242,735.00	
Xerox Machine	68,000.00	-	-	68,000.00	1,628.00	3,230.00	-	4,858.00	63,142.00	
EPABX	-	7,250.00	-	7,250.00	-	302.00	-	302.00	6,948.00	
<b>Sub Total</b>	<b>761,126.00</b>	<b>1,011,068.50</b>	<b>11,868.00</b>	<b>1,760,326.50</b>	<b>149,052.27</b>	<b>92,912.00</b>	<b>1,353.46</b>	<b>240,610.81</b>	<b>1,519,715.69</b>	
Capital Work In Progress (Including advances on capital account)	102,040.00	3,546,457.00	102,040.00	3,546,457.00	-	-	-	-	3,546,457.00	
<b>Total</b>	<b>863,166.00</b>	<b>4,557,525.50</b>	<b>113,908.00</b>	<b>5,306,783.50</b>	<b>149,052.27</b>	<b>92,912.00</b>	<b>1,353.46</b>	<b>240,610.81</b>	<b>5,066,172.69</b>	
<b>TOTAL OF PREVIOUS YEAR</b>	<b>693,126.00</b>	<b>170,040.00</b>	<b>-</b>	<b>863,166.00</b>	<b>65,823.63</b>	<b>83,228.64</b>	<b>-</b>	<b>149,052.27</b>	<b>714,113.73</b>	
									<b>627,302.37</b>	

Note: Depreciation has been provided on Straight Line Method at the rates specified in schedule -XIV to the Companies Act, 1956 on pro-rata basis.



**SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED  
ON 31ST MARCH, 2006**

	As at 31st March 2006 <u>Rs.</u>	As at 31st March 2005 <u>Rs.</u>
<b>SCHEDULE - 5</b>		
<b><u>STOCK-IN-TRADE</u></b>		
(Valued at lower of cost or market value)		
(As certified by the Management)		
In shares of Joint Stock Companies - Quoted		
[Refer note no. B (7)(b) in Schedule 15]		
	<b>1,954,660.70</b>	<b>4,800.00</b>
<b>SCHEDULE - 6</b>		
<b><u>CASH AND BANK BALANCES</u></b>		
<b>Cash in Hand</b>	<b>21,121.05</b>	93,007.60
<i>(As certified by Directors)</i>		
<b>Cheque in Hand</b>	<b>371,128.00</b>	479,373.85
<b>Balances with Scheduled Banks -</b>		
In Current Accounts with -		
<i>Citi Bank, N.A.</i>	<b>415,193.63</b>	253,974.04
<i>Oriental Bank of Commerce</i>	<b>49,463.38</b>	49,940.38
<i>Tamilnad Mercantile Bank Ltd.</i>	<b>16,437.17</b>	53,225.88
<i>HDFC Bank Ltd.</i>	<b>692,793.05</b>	10,000.00
	<b>1,566,136.28</b>	939,521.75
<b>SCHEDULE - 7</b>		
<b><u>SUNDRY DEBTORS</u></b>		
(Unsecured, considered good)		
Debt outstanding exceeding six months	-	353,904.00
Other Debts	<b>332,080.00</b>	3,288,000.00
	<b>332,080.00</b>	3,641,904.00
<b>SCHEDULE - 8</b>		
<b><u>ADVANCES</u></b>		
<b>Advances recoverable in cash or in kind or for value to be received</b>		
Advances to Suppliers	-	3,492.00
Margin Money Deposits	<b>23,131,626.00</b>	10,025,000.00
Security Deposits	<b>200,000.00</b>	-
Prepaid Expenses	<b>336,361.50</b>	46,284.50
Income Tax Payment	<b>448,370.50</b>	108,631.00
	<b>24,116,358.00</b>	10,183,407.50

**SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED  
ON 31ST MARCH, 2006**

	As at 31st March 2006 <u>Rs.</u>	As at 31st March 2005 <u>Rs.</u>
<b>SCHEDULE - 9</b>		
<b><u>CURRENT LIABILITIES</u></b>		
Sundry Creditors :		
For Capital Goods	579,360.00	-
For Expenses	100,846.40	95,733.00
For Other Finance	601,369.00	199,643.70
Advances from Customers	51,000.00	134,071.00
Other Advances	10,902,704.00	-
	<u>12,235,279.40</u>	<u>429,447.70</u>
<b>SCHEDULE - 10</b>		
<b><u>PROVISIONS</u></b>		
For Income Tax (Ass Yr 2006-07)	570,928.00	-
For Income Tax (Ass Yr 2005-06)	258,604.00	258,604.00
For Fringe Benefit Tax (Ass Yr 2006-07)	76,509.60	-
	<u>906,041.60</u>	<u>258,604.00</u>
<b>SCHEDULE - 11</b>		
<b><u>OTHER INCOME</u></b>		
Interest on Fixed Deposits with Banks (Subject to TDS Nil, P. Y. Rs.2697/-)	-	2,056.00
Interest on TDS Refund	-	1,194.00
Profit on Speculation in Shares	-	360,018.39
	-	<u>363,268.39</u>
<b>SCHEDULE - 12</b>		
<b><u>OTHER DIRECT EXPENSES</u></b>		
Transaction Charges	1,390.09	16,289.78
Loss on Speculation in Shares	1,437.19	-
Stamp Charges	3,949.00	80,538.00
Service Tax	6,923.10	-
Securities Transaction Tax	39,162.32	47,193.00
Demat Expenses	1,393.90	1,566.00
	<u>54,255.60</u>	<u>145,586.78</u>
<b>SCHEDULE - 13</b>		
<b><u>(INCREASE)/DECREASE IN STOCKS OF SHARES ETC</u></b>		
Opening Stock	4,800.00	10,347,886.31
Less: Closing Stock	1,954,660.70	4,800.00
	<u>(1,949,860.70)</u>	<u>10,343,086.31</u>



**SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED  
ON 31ST MARCH, 2006**

	As at 31st March 2006	As at 31st March 2005
	Rs.	Rs.
<b>SCHEDULE - 14</b>		
<b><u>ADMINISTRATIVE AND OTHER EXPENSES</u></b>		
Salary, Bonus and other allowances	2,255,975.00	819,598.00
Stipend	57,322.00	78,476.00
Staff Welfare Expenses	30,558.50	6,950.10
Travelling and Conveyance	913,306.00	14,277.00
Printing and Stationary	68,721.05	11,929.00
Rent Paid	225,900.00	60,000.00
Office Maintenance	171,892.00	-
Computer Maintenance	2,086.00	2,535.00
Sundry Balances w/o	100.00	-
Books and Periodicals	1,720.00	10,959.00
Repair & Maintenance	101,022.00	-
Postage & Courier	2,872.50	6,769.00
Advertisement	173,353.14	-
Motor Car Expenses	90,539.00	44,491.00
Telephone Expenses	57,003.00	21,767.00
Mobile Phone Charges	11,138.00	21,440.81
Internet Charges	-	3,191.00
Insurance Charges	5,955.00	5,490.00
General Expenses	31,454.80	7,048.25
Electricity Expenses	60,439.00	21,854.00
Bank Charges & Commission	585.00	1,080.40
Rates & Taxes	2,500.00	4,131.00
Web Site Expenses	71,550.00	66,800.00
Sebi Registration Fees	83,418.00	83,333.00
Filing Fees	3,500.00	2,000.00
Professional Fees	193,651.00	1,102.00
Fees & Subscriptions	718,686.00	1,500.00
Interest Paid (Misc)	10,249.00	3,438.00
Payment to Directors :		
Director Meeting Fees	9,500.00	9,500.00
	<b><u>5,354,995.99</u></b>	<b><u>1,309,659.56</u></b>



**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES – 15**

**NOTES ON ACCOUNTS**

**A) ACCOUNTING POLICIES :**

**1. Basis of Accounting :**

**(a) General**

The Financial Statements have been prepared under the Historical Cost Convention on the basis of Going Concern Concept in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

**(b) Revenue Items**

Items of Incomes and Expenses are accounted for on the Accrual Basis, unless otherwise specifically stated hereunder in this Schedule.

**2. Purchase & Sales**

Purchase and Sale of Shares etc. are accounted for as and when the transaction takes place.

**3. Fixed Assets**

Fixed Assets are stated at cost less depreciation. Cost comprises of purchase price, duties, taxes and incidental expenses.

**4. Depreciation**

Depreciation on Fixed Assets have been provided on Straight Line Method at the rates specified in the schedule XIV of the Companies Act, 1956.

**5. Impairment of Assets**

An asset is treated as impaired when carrying cost of asset exceeds it's recoverable amount. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period, if any is reversed if there has been a change in the estimate of the recoverable amount.

**6. Investments**

Long Term Investments are stated at cost. Provision for diminution, if any, is made to recognise a decline other than temporary in value of investments.

**7. Stock-in-Trade**

Closing Stock of Shares and Securities are valued script wise at lower of cost or realisable value in case of quoted shares etc. and at lower of cost or break up value in case of unquoted shares.

**8. Taxation**

Tax expense (tax saving) is the aggregate of current year tax and deferred tax charged (or credited) to the Profit & Loss Account for the year.

**a) Current Year Charge :**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.



**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES –15 : NOTES ON ACCOUNTS (Contd.)**

**b) Deferred Tax:**

Deferred Income Taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in statement of Profit & Loss using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**9. Leave Encashment**

Leave encashment, if any, is accounted for at the time of payment.

**10. Retirement Benefits**

Retirement benefits if any, not provided for will be treated on payment basis.

**11. Miscellaneous Expenditure**

The Company amortises miscellaneous expenditure representing preliminary expenses and pre-operative expenses before the commencement of business in equal instalments over a period of five years beginning from the year in which the Company commences its business.

**12. Contingent Liabilities**

Contingent liabilities, if any not provided for, are disclosed by way of notes to the accounts.

**B) NOTES ON ACCOUNTS:**

1. The Company has no contingent liabilities as on the Balance Sheet date.
2. In the opinion of the Board and to the best of their knowledge and belief the realisable value of Current Assets in the ordinary course of business, would not be less than the amount at which they are stated at Balance Sheet. Provision for all known liabilities are provided in full in the books of accounts and the same are adequate and not in excess of the amount reasonably necessary.
3. The Company, during the year, has generated interest free Margin Money Deposits against trading exposure to M/s. Ashika Stock Broking Limited, company's broker and a company in which the directors are interested. Maximum amount outstanding at any during the year is Rs.2,35,00,000/- and balance receivable as on the balance sheet date is Rs.2,31,31,626/-.
4. The Company, during the year has accounted for deferred taxes in accordance with AS-22, 'Accounting for Taxes for Income'. The components of Net Deferred Tax Assets/ (Liabilities) are:





**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES –15 : NOTES ON ACCOUNTS (Contd.)**

Amount (Rs.)

	Deferred Tax Assets / (Liabilities) as at 01/04/2005	Current Year Charge/(Credit)	Deferred Tax Assets / (Liabilities) as at 31/03/2006
Difference between book and tax depreciation on Fixed Assets	<b>(73,683.12)</b>	<b>23,524.32</b>	<b>(97,207.44)</b>

5. Auditor's Remuneration includes Statutory Audit Fees Rs.8000/- (previous year Rs.8000/-), Tax Audit Fees Rs.3,000/- (Previous year Rs.3000/-) and Other Certification fees Rs.1500/- (previous year Rs.1500/-) and Service Tax Rs.1499.40 (Previous year Rs.1253/-).
6. In absence of availability of the break-up value of Investments in unquoted shares as on 31st March, 2006 fall in value, if any, is not commented.
7. Additional information as required under Schedule VI to the Companies Act, 1956:
  - a) Particulars in respect of Opening Stock, Purchases and Closing Stock of Shares & Units etc :

	Face Value	As at 31st March, 2006		As at 31st March, 2005	
		Qty.	Amount	Qty.	Amount
<b>Opening Stock</b>					
Units of Mutual Funds (Quoted)	10/-	NIL	NIL	9801	322454
Ordinary Shares (Quoted )	10/-	400	4800	125400	546400
Ordinary Shares (Quoted )	2/-	NIL	NIL	80000	6479032
<b>Purchases :</b>					
Units of Mutual Funds (Quoted)	10/-	NIL	NIL	1123	29404
Ordinary Shares (Quoted )	10/-	191995	21213018	379907	6643170
Ordinary Shares (Quoted )	2/-	NIL	NIL	35000	496480
<b>Sales :</b>					
Units of Mutual Funds (Quoted)	10/-	NIL	NIL	10924	275726
Ordinary Shares (Quoted )	10/-	172945	18354556	504907	9078403
Ordinary Shares (Quoted )	2/-	NIL	NIL	115000	7322325
<b>Closing Stock :</b>					
Units of Mutual Funds (Quoted)	10/-	NIL	NIL	NIL	NIL
Ordinary Shares (Quoted )	10/-	19450	1954661	400	4800
Ordinary Shares (Quoted )	2/-	NIL	NIL	NIL	NIL

Note: Figures and Amount of unit are rounded off to the nearest unit for presentation purpose.



**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES –15 : NOTES ON ACCOUNTS (Contd.)**

(b) Particulars of Stock in Trade shown under Current Assets

NAME OF THE SCRIPT	Face Value	CLOSING STOCK AS ON 31/03/2006		CLOSING STOCK AS ON 31/03/2005	
		Qty (Nos.)	Amount (Rs.)	Qty. (Nos.)	Amount (Rs.)
Shares - Ordinary (Fully Paid)					
JMT Auto Ltd.	10/-	19450	1954660.70	-	-
UCO Bank	10/-	-	-	400	4,800.00
<b>TOTAL</b>		<b>19450</b>	<b>1954660.70</b>	<b>400</b>	<b>4,800.00</b>

8. Basic and Diluted Earning Per Share

For the purpose of calculation of Basic and Diluted Earnings Per Share the following amounts are considered:

Particulars	Amount (Rs.)	
	2005-2006	2004-2005
Profit considered for calculating EPS (Net Profit after Tax)	<b>1061847.27</b>	512539.05
Weighted average number of Equity Shares (Nos.)	<b>1050000</b>	1050000
Nominal value of Equity Shares	<b>10.00</b>	10.00
Basic and Diluted Earnings per Share (Rs.)	<b>1.01</b>	0.49

9. Related Party Disclosures under Accounting Standard (AS-18) issued by the ICAI;

a) List of related parties

- i) Holding Companies : *Ashika Credit Capital Limited*
- ii) Subsidiary : *Ashika Insurance Broking & Risk Management Pvt. Ltd.*
- iii) Key Management Personnel –
  - Mr. Pawan Jain* - *Director*
  - Mr. Daulat Jain* - *Director*
- iv) Companies in which the key management personnel or his relatives have substantial interest / significant influence.
  - Ashika Stock Broking Ltd.*

**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006****SCHEDULES –15 : NOTES ON ACCOUNTS (Contd.)**

## b) Transactions during the year with Related parties

	Subsidiaries	Associates	Key Management Personnel and their relatives	Company in which the key management personnel or his relatives have substantial interest/ significant influence	TOTAL
<b>Margin Money Granted</b>					
a) Given during the year	-	-	-	44500000.00	44,500,000.00
b) Returned during the year	-	-	-	21368374.00	21,368,374.00
c) Balance as at 31st March,2006	-	-	-	23131626.00	23131626.00
<b>Current Liabilities</b>					
a) Expenses Payable (Rent)	15000.00	-	-	-	-
b) Other Advances	-	-	140120.00	3662584.00	3802704.00
<b>Stock Market Transaction</b>					
<i>Capital Market Segment :</i>					
a) Purchased during the year	-	-	-	21213018.49	21213018.49
b) Sold during the year	-	-	-	18354556.31	18354556.31
c) Difference Account (income)	-	-	-	1437.19	1437.19
<b>Expenditure</b>					
a) Rent	60000.00	-	-	-	60000.00
b) Depository Charges	-	-	-	1062.90	1062.90

Note : In the opinion of the Company, non-executive directors are not Key Management Personnel for AS- 18. Hence, transactions with non-executive directors are not considered for the above disclosure.

10. Previous year's figures have been rearranged or regrouped wherever deemed necessary to conform with current year's presentation.

**Signature to Schedule 1 to 15**

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As per our report of even date

**P. K. SAH, FCA**  
*Partner*

**For and on behalf of the Board**

**Place : Kolkata**  
**Dated : 6th June, 2006**

For and on behalf of  
**Sah Lodha & Associates**  
Chartered Accountants

**Pawan Jain** *Director*  
**Daulat Jain** *Director*

# ASHIKA CAPITAL LIMITED



## COMPANY'S GENERAL BUSINESS PROFILE AND BALANCE SHEET ABSTRACT (As required under Part IV, Schedule VI to the Companies Act, 1956)

(Figure in '000)

### I. Registration Details :

Registration No. :

- - - - 91674

State Code :

- - - - - 21

Balance Sheet Date :

31 03 2006

Date Month Year

### II. Capital Raised During the Year :

Public Issue

- - - - - NIL

Right Issue

- - - - - NIL

Bonus Issue

- - - - - NIL

Private Placement

- - - - - NIL

### III. Position of Mobilisation and Deployment of Funds :

Total Liabilities

- 67951226

Total Assets

- 67951226

Sources of Funds

Paid up Capital

- 10500000

Reserves & Surplus

- 44309905

Secured Loans

- - - - - NIL

Unsecured Loans

- - - - - NIL

Application of Funds

Net Fixed Assets

- - 5066173

Investments

Net Current Assets\*

- 14827914

Misc. Expenditure

- - - - 13026

Accumulated Losses

- - - - -

Deferred Tax Assets/(Liabilite)

- - - (-)97207

### IV. Performance of Company :

Turnover

Total Expenditure

- 24801361

+ Profit/Loss before Tax

- - 1732803

+ - Profit after Tax

- - 1061841

(Please Tick Appropriate Box + for Profit - for Loss)

Earning Per Share

- - - - - 1.01

Dividend Rate%

- - - - - NIL

### V. Generic Names of three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code A)

N.A.

Product Description

MERCHANT BANKING, SHARE DEALING

As per our report of even date

P. K. SAH, FCA  
Partner

For and on behalf of the Board

Place : Kolkata

Dated : 6th June, 2006

For and on behalf of  
Sah Lodha & Associates  
Chartered Accountants

Pawan Jain Director  
Daulat Jain Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006**

	<b>Year ended 31st March 2006</b>	<b>Year ended 31st March 2005</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit Before Tax as per P &amp; L Account</b>	<b>1,732,803.19</b>	785,100.46
<i>Add / (Less):</i>		
Extraordinary items	-	-
<b>Net Profit Before Tax And Extraordinary Items</b>	<b>1,732,803.19</b>	785,100.46
<i>Add / (Less):</i>		
Loss on sale of Fixed Assets	<b>9,014.54</b>	-
Depreciation on Fixed Assets	<b>92,912.00</b>	83,228.64
Preliminary & Pre-Operative Expenses Written Off	<b>13,025.80</b>	13,025.80
<b>Operating Profit Before Working Capital Changes</b>	<b>1,847,755.53</b>	881,354.90
<i>Add / (Less):</i>		
(Increase) / Decrease in Stock in Trade	<b>(1,949,860.70)</b>	10,343,086.31
(Increase) / Decrease in Trade Receivables	<b>3,309,824.00</b>	(3,169,869.27)
(Increase) / Decrease in Loans and Advances	<b>(13,593,211.00)</b>	(9,929,487.00)
Increase / (Decrease) in Trade Payables	<b>11,805,831.70</b>	(626,334.38)
<b>Cash Generated From Operations</b>	<b>1,420,339.53</b>	(2,501,249.44)
<i>Add / (Less):</i>		
Direct Tax Refunds / (Paid)	<b>(339,739.50)</b>	(92,178.00)
<b>Cash Flow Before Extraordinary Items</b>	<b>1,080,600.03</b>	(2,593,427.44)
<i>Add / (Less):</i>		
Extraordinary Items	-	-
<b>Net Cash From Operating Activities</b>	<b>1,080,600.03</b>	(2,593,427.44)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
<i>Add / (Less):</i>		
Purchase of Fixed Assets (incl. Capital WIP)	<b>(4,455,485.50)</b>	(170,040.00)
Sale of Fixed Assets	<b>1,500.00</b>	-
Purchase of Investments	-	(26,000,000.00)
Sale of Investments	<b>4,000,000.00</b>	17,859,000.00
<b>Net Cash from Investing Activities</b>	<b>(453,985.50)</b>	(8,311,040.00)


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006  
(Contd.)**

	Year ended 31st March 2006 Rs.	Year ended 31st March 2005 Rs.
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Net Cash Used In Financing Activities	-	-
<b>Net Increase In Cash And Cash Equivalents (A+B+C)</b>	<b>626,614.53</b>	<b>(10,904,467.44)</b>
<b>Cash And Cash Equivalents As At The Beginning Of The Year</b>	<b>939,521.75</b>	<b>11,843,989.19</b>
<b>Cash And Cash Equivalents As At The Close Of The Year</b>	<b>1,566,136.28</b>	<b>939,521.75</b>

Note : Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

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As per our attached report of even date

Place : Kolkata  
Dated : 6th June, 2006

**P. K. SAH, FCA**  
*Partner*  
For and on behalf of  
**Sah Lodha & Associates**  
Chartered Accountants

**For and on behalf of the Board**  
**Pawan Jain** *Director*  
**Daulat Jain** *Director*

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956  
RELATING TO SUBSIDIARY COMPANIES**

<b>NAME OF THE SUBSIDIARY COMPANY</b>	<b>ASHIKA INSURANCE BROKING AND RISK MANAGEMENT PVT. LTD.</b>
1 Financial Year of the Subsidiary ended on	March 31, 2006
2. Share of subsidiary Company held on the above date and extent of holding i) Equity Shares ii) Extent of holding (%)	2600000 Equity shares of Rs.10/- each 99.58%
3. Net aggregate amount of Profit / Loss of Subsidiary for the above financial year so far as they concern members of Ashika Capital Limited i) Dealt with in the accounts of Ashika Capital Limited ii) Not dealt with in the accounts of Ashika Capital Limited	NIL Loss of Rs. 5.03 Lacs
4. Net aggregate amount Profit / Losses for previous financial year of the subsidiary as far as it concern members of Ashika Capital Limited i) Dealt with in the accounts of Ashika Capital Limited. ii) Not dealt with in the accounts of Ashika Capital Limited	NIL Profit of Rs. 0.41 Lacs
5. a) Changes in the holding Company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the holding Company's financial year.  b) Material changes which have occurred between the end of the aforesaid Financial year of the subsidiary and the end of the holding Company's Financial year in respect of :	As the Closing of the Financial year of the subsidiary Company coincides with the closing of the Financial year of the holding Company i.e. M/s. Ashika Capital Limited, Section 212 (5) of the Act is not applicable.  – do –

**ASHIKA CAPITAL LIMITED**



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES**

<b>NAME OF THE SUBSIDIARY COMPANY</b>	<b>ASHIKA INSURANCE BROKING AND RISK MANAGEMENT PVT. LTD.</b>
i) The subsidiary's fixed assets ii) Its Investments iii) Moneys lent by the subsidiary company iv) The moneys borrowed by it for any purpose other than that of meeting current liabilities	

**For and on behalf Of the Board**

**Place: Kolkata  
Date: 6th day of June, 2006**

**Pawan Jain  
(Chairman)**





**ASHIKA  
INSURANCE  
BROKING & RISK  
MANAGEMENT  
PRIVATE LIMITED**

(Formerly, Ashika Insurance &  
Risk Management Private Limited)



*Growing & Sharing with You*

**THIRD ANNUAL REPORT  
2005-2006**

**BOARD OF DIRECTORS**

PAWAN JAIN – *Chairman*  
DAULAT JAIN – *Director*

**AUDITORS**

SAH LODHA & ASSOCIATES  
Chartered Accountants  
58/D, Netaji Subhash Road,  
3rd Floor, Room No.314,  
Kolkata – 700 001

**BANKERS**

CITI BANK  
TAMILNAD MERCANTILE BANK LTD.  
HDFC BANK LTD.

**REGISTERED OFFICE**

'TRINITY'  
226/1 A. J. C. Bose Road,  
Kolkata – 700 020



## **DIRECTORS' REPORT**

**Dear Shareholders,**

With great pleasure your Directors present the Third Annual Report of the Company together with the audited Statement of Accounts for the year ended 31st March 2006.

### **Financial Performance :**

A brief details of the financial performance of the Company for the year ended 31st March, 2006 is as follows:

<b>Particulars</b>	<b>Amount (In Rupees)</b>
Total Income	1,38,746.90
Profit/ (Loss) before tax	(4,99,318.52)
Provision for taxation	5,396.00
Profit / (Loss) after Tax	(5,04,714 .52)
Add : Balance Brought forward from the previous year	40,724.20
<b>Balance carried over to Balance Sheet</b>	<b>(4,63,990.32)</b>

### **DIVIDEND :**

Since the Company have incurred loss during the year, your directors regretfully convey their inability to recommend any dividend for the year under review.

### **DIRECTORS :**

As decided in the First Annual General meeting of the Company, the Directors are not liable to retire by rotation.

### **AUDITORS' REPORT :**

The auditors have not raised any qualification or reservation in their report on the Annual Accounts of the Company. The notes given in the Auditors' Report are self-explanatory and needs no further clarification.

### **COMPLIANCE CERTIFICATE :**

Pursuant to the provisions of section 383A of the Companies Act, 1956 read with Companies (issue of Compliance Certificate) Rules 2001, your Company has received a Compliance Certificate from V. Jain & Associates, Company Secretaries of 49, Nalini Seth Road, Ground Floor, Kolkata-700007. The same forms part of this report.

### **AUDITORS :**

M/s. Sah Lodha & Associates, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Company has received a Certificate from the Auditors that if reappointed, they are qualified under section 224(1B) of the Companies Act, 1956 to act as the Auditors of the Company. Your directors recommend the aforesaid re-appointment.



**MATERIAL CHANGES AND COMMITMENTS :**

There have been no material changes and commitments affecting the financial position of the company, which have occurred since March 31, 2006, being the end of the Financial Year of the Company.

**STATUTORY AND OTHER INFORMATION :**

No employee is falling under the disclosure requirement of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Hence the same is not furnished.

There was no foreign exchange earnings or outgoes during the period under review

As the Company does not own any manufacturing unit, the disclosure of information on the matter required to be disclosed in terms of section 217(1)(e) of the companies act 1956 read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules 1988, is not applicable and hence not given.

**DIRECTORS RESPONSIBILITY STATEMENT :**

As per the relevant provisions of section 217(2AA) of the Companies Act, 1956, the Directors of your Company confirm that:

- I. In the preparation of the Annual Accounts, the applicable accounting standards have been followed and there is no material departure from the same.
- II. The directors have selected such accounting policies and applied them consistently and made judgements 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 and of the profit or loss of the Company for that period.
- III. 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 fraud and other irregularities to the best of their knowledge and ability.
- IV. The directors have prepared the annual account on a going concern basis.

**ACKNOWLEDGEMENTS :**

Your Directors extends their heartiest thanks and sincere appreciation to the bankers, shareholders, employees and other business associates of the company for their continued co-operation received during the year.

**For and on behalf of the Board of Directors**

**Place: Kolkata**  
**Date: 2nd June, 2006**

**(Pawan Jain)**  
**Chairman**



## **AUDITORS' REPORT**

**To The Members of**

### **ASHIKA INSURANCE BROKING & RISK MANAGEMENT PRIVATE LIMITED**

We have audited the attached Balance Sheet of of **Ashika Insurance Broking & Risk Management Private Limited (Formerly, Ashika Insurance & Risk Management Private Limited)** as at 31st March, 2006 and the relative Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 have conducted our audit in accordance with auditing standard 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 amount and disclosures in the financial statements. And audit also includes assessing the accounting principles used and significant estimates made by the 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 (Auditor's Report) Order 2003, issued by the Central Government in terms of sub section (4A) of Section 227 of the Companies Act 1956, and on the basis of our checks as we considered appropriate and according to information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable to the Company.
3. Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of the audit.
  - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of the books of account and proper returns adequate for the purposes of our audit have been received from its branch, not visited by us.
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) 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 3(C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representation received from the directors, as on 31st March 2006, and taken on record by the Board of Directors, we report that none of the



directors is disqualified as on 31st March, 2006 from being appointed as a directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the schedules and notes thereon and attached thereto give the information required by the Companies Act, 1956 in conformity with the accounting principles generally accepted in India and give a true and fair view:-
- a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2006 and
  - b. In the case of Profit and Loss Account, of the Profit for the year ended on 31st March, 2006.
  - c. In the case of Cash Flow Statement, of the cash flows for the year ended on 31st March, 2006.

**For SAH LODHA & ASSOCIATES**  
***Chartered Accountants***

**58D, Netaji Subhash Road,  
Kolkata - 700 001**

**Date: 2nd June, 2006**

**( P. K. SAH, FCA )**  
***Partner***  
Mem. No. 56216



## **ANNEXURE TO THE AUDITORS' REPORT**

**[Referred to in paragraph (2) of our report of even date]**

- (i) The Company has no fixed assets and accordingly, matters specified in terms (a),(b) and (c) of clause 4(i) of the said Order, do not apply to the Company.
- (ii) The Company's nature of operations does not require it to hold inventories accordingly clause 4(ii) of the said Order is not applicable to the Company.
- (iii) The Company has not granted or taken any loans, secured or unsecured to / from companies, firms or other parties covered in the Register maintain u/s.301 of the Companies Act, 1956. Accordingly matters in (a) to (g) of clause (iii) to paragraph 4 of the said Order, do not apply to the Company.
- (iv) As there are no activities by the Company for purchase of inventories and fixed asset and for the sale of goods and services during the year, matter specified in clause 4 (iv) of the said Order is not applicable.
- (v) (a) The particulars of transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been recorded in the register.  
  
(b) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangement required to be entered in the register maintained u/s 301 of the Companies Act 1956 aggregating during the year to Rs. 5,00,000/- or more in respect of each party.
- (vi) The Company has not accepted any deposit from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed thereunder, accordingly clause 4(vi) of the said Order, do not apply to the Company.
- (vii) The Company did not have formal internal audit system.
- (viii) The maintenance of cost records prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the Company.
- (ix) (a) According to the records of the Company and explanations given to us the company is regular in depositing undisputed dues payable in respect of Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess or any other dues, whatever applicable, with appropriate authority. There is no undisputed amount payable in respect of such statutory dues which have remained outstanding as at the Balance Sheet date for a period more than six months from the date become payable.

## ASHIKA INSURANCE BROKING & RISK MANAGEMENT PRIVATE LIMITED

(Formerly, Ashika Insurance & Risk Management Private Limited)



- (b) As per information provided there are no cases of disputed dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess.
- (x) The Company has been registered for a period less than five years but it has incurred cash losses during the financial year as against profit in the immediately preceding financial year.
- (xi) The Company has not borrowed from financial institutions or banks or by issue of debentures, as such clause (xi) of the said Order is not applicable.
- (xii) The Company has not granted any loan and/or advances on the basis of securities by way of pledge of shares, debentures or other securities.
- (xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a chit fund Company or nidhi / mutual benefit fund / society.
- (xiv) The Company has not dealt in or trading in shares, securities, debentures or other investments. Therefore, the provisions of clause 4 (xiv) of the said Order are not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from Bank or Financial Institution.
- (xvi) The Company has not obtained term loans during the year.
- (xvii) The Company has not raised short-term / long term funds during the year.
- (xviii) The Company has not made preferential allotment shares to parties and companies covered in the register maintain u/s.301 of the Act, accordingly clause 4(xviii) of the said Order are not applicable to the Company.
- (xix) The Company has not issued debenture during the year covered by our audit, accordingly clause 4(xix) of the said Order are not applicable to the Company.
- (xx) The Company has not raised any money through public issue during the financial year, accordingly clause 4(xx) of the said Order are not applicable to the Company.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For SAH LODHA & ASSOCIATES**  
**Chartered Accountants**

58D, Netaji Subhash Road,  
Kolkata - 700 001

**( P. K. SAH, FCA )**  
**Partner**

Date: 2nd June, 2006

Mem. No. 56216





**ASHIKA INSURANCE BROKING & RISK MANAGEMENT PRIVATE LIMITED**  
(Formerly, Ashika Insurance & Risk Management Private Limited)

**BALANCE SHEET AS AT 31ST MARCH, 2006**

	SCHEDULES	As at 31st March, 2006 Rs.	As at 31st March, 2005 Rs.
<b><u>SOURCES OF FUNDS</u></b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	26,110,000.00	26,110,000.00
Reserves And Surplus	2	90,000.00	130,724.20
	<b>TOTAL</b>	<b>26,200,000.00</b>	<b>26,240,724.20</b>
<b><u>APPLICAITON OF FUNDS</u></b>			
<b>INVESTMENTS</b>			
	3	20,000,000.00	-
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Cash & Bank Balances	4	5,558,964.28	121,476.60
Sundry Debtors	5	-	524,862.00
Other Current Assets	6	65,573.80	25,776,138.00
		<b>5,624,538.08</b>	<b>26,422,476.60</b>
<b>LESS :- CURRENT LIABILITIES &amp; PROVISIONS</b>	7	<b>49,314.00</b>	<b>396,133.00</b>
<b>NET CURRENT ASSETS</b>		<b>5,575,224.08</b>	<b>26,026,343.60</b>
<b>MISCELLANEOUS EXPENDITURE</b> <b>(To the extent not written off or adjusted.)</b>			
Preliminary Expenses		67,860.00	90,480.00
Pre-Operative Expenses		92,925.60	123,900.60
Profit & Loss Account (Dr.)		463,990.32	-
	<b>TOTAL</b>	<b>26,200,000.00</b>	<b>26,240,724.20</b>
ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS	9		

SCHEDULES '1' TO '7' AND '9' REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE BALANCE SHEET

This is the Balance Sheet referred to in our report of even date

<b>Place : Kolkata</b>	<b>P. K. SAH, FCA</b>	<b>For and on behalf of the Board</b>
<b>Dated : 2nd June, 2006</b>	<i>Partner</i>	<b>Pawan Jain Director</b>
	For and on behalf of	<b>Daulat Jain Director</b>
	<b>Sah Lodha &amp; Associates</b>	
	Chartered Accountants	



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

SCHEDULES	Year ended	Year ended
	31st March, 2006	31st March, 2005
	Rs.	Rs.
<b>INCOME</b>		
Professional & Consultancy Charges	-	500,000.00
Interest on Fixed Deposit (Subject to TDS Rs 31,134.81)	<b>138,746.90</b>	-
	<b>138,746.90</b>	<b>500,000.00</b>
<b>EXPENDITURE</b>		
Administrative & Other Expenses <b>8</b>	<b>577,205.42</b>	359,343.80
Auditors' Remuneration	<b>7,265.00</b>	4,959.00
Preliminary Expenses written off	<b>22,620.00</b>	22,620.00
Pre-Operative Expenses written off	<b>30,975.00</b>	30,975.00
	<b>638,065.42</b>	<b>417,897.80</b>
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	<b>(499,318.52)</b>	82,102.20
<b>LESS :</b> Provision for Taxation		
- Current Tax	-	41,378.00
- Fringe Benefit Tax	<b>5,396.00</b>	-
<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>(504,714.52)</b>	40,724.20
Add: Brought Forward from Previous Year	<b>40,724.20</b>	-
<b>PROFIT / (LOSS) CARRIED OVER TO BALANCE SHEET</b>	<b>(463,990.32)</b>	<b>40,724.20</b>
<b>Earnings per Share (in Rs.)</b>	<b>(1.15)</b>	0.09
[Refer note no. B (5) in Schedule 9]		

ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS **9**

SCHEDULES '8' AND '9' REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT

This is the Profit & Loss Account referred to in our report of even date

	<b>P. K. SAH, FCA</b> <i>Partner</i>	<b>For and on behalf of the Board</b>
<b>Place : Kolkata</b>	For and on behalf of	<b>Pawan Jain</b> <i>Director</i>
<b>Dated : 2nd June, 2006</b>	<b>Sah Lodha &amp; Associates</b> Chartered Accountants	<b>Daulat Jain</b> <i>Director</i>



**ASHIKA INSURANCE BROKING & RISK MANAGEMENT PRIVATE LIMITED**  
(Formerly, Ashika Insurance & Risk Management Private Limited)

**SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED  
ON 31ST MARCH, 2006**

	As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
30,00,000 Equity Shares of Rs.10/- each	<b>30,000,000.00</b>	30,000,000.00
<b>Issued &amp; Subscribed</b>		
2611000 Equity Shares of Rs.10/- each	<b>26,110,000.00</b>	26,110,000.00
<b>Paid Up</b>		
2611000 Equity Shares of Rs.10/- each Called and Fully Paid Up in cash (Out of above 26,00,000 shares are held by the Holding Company Ashika Capital Limited)	<b>26,110,000.00</b>	26,110,000.00
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Share Premium Account :		
Balance as per last account	<b>90,000.00</b>	90,000.00
Profit & Loss Account :		
Surplus Balance	-	40,724.20
	<b>90,000.00</b>	130,724.20
<b>SCHEDULE - 3</b>		
<b>INVESTMENTS</b>		
<b>Long Term - Non-Trade (At Cost)</b>		
<b>Equity Shares - (Unquoted) Fully Paid Up of Rs.10/- each</b>		
<u>In Subsidiary Company</u>		
2,00,000 shares of Ashika Properties Pvt. Ltd #	<b>20,000,000.00</b>	-
# Accrued during the year	<b>20,000,000.00</b>	-
<b>SCHEDULE - 4</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand (As certified by Directors)	<b>478,094.00</b>	2,976.00
Balances with Scheduled Banks :		
<i>In Fixed Deposit Account</i>		
HDFC Bank Limited	<b>5,055,659.08</b>	-
<i>In Current Accounts -</i>		
Tamilnad Mercantile Bank Ltd.	<b>10,681.60</b>	6,204.60
HDFC Bank Limited	<b>9,158.52</b>	10,000.00
Citi Bank, N.A.	<b>5,371.08</b>	102,296.00
	<b>5,558,964.28</b>	121,476.60
<b>SCHEDULE - 5</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Debts outstanding exceeding six months	-	-
Other Debts	-	524,862.00
	-	524,862.00



**SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED  
ON 31ST MARCH, 2006**

	As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
<b>SCHEDULE - 6</b>		
<b><u>OTHER CURRENT ASSETS</u></b>		
Interest Accrued but not due	33,438.99	-
Margin Money Deposits : Ashika Stock Broking Limited	-	25,750,000.00
Security Deposits		
Telephone	1,000.00	-
Pre-paid Taxes :		
Tax Deducted at Sources (Ass Yr. 2006-07)	31,134.81	-
Tax Deducted at Sources (Ass Yr. 2005-06)	-	26,138.00
	<u>65,573.80</u>	<u>25,776,138.00</u>
<b>SCHEDULE - 7</b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b>Current Liabilities</b>		
Expenses Payable :		
Consultancy Charges Payable	-	285,265.00
Salary Payable	29,539.00	-
Auditor's Remuneration Payable	5,612.00	2,755.00
Others :		
Professional Tax on Employees Payable	1,170.00	-
TDS Payable	7,597.00	15,735.00
Service Tax Deposits	-	51,000.00
<b>Provisions</b>		
For Fringe Benefit Tax (Asst. Year 2006-07)	5,396.00	-
For Income Tax (Asst. Year 2005-06)	-	41,378.00
	<u>49,314.00</u>	<u>396,133.00</u>
<b>SCHEDULE - 8</b>		
<b><u>ADMINISTRATIVE &amp; OTHER EXPENSES</u></b>		
Consultancy Charges paid	-	301,000.00
Salary, Bonus & Allowances	304,903.00	17,140.00
Books & Periodicals	235.00	-
Bank Charges	798.50	419.80
Fees & Subscription	149,836.00	1,000.00
Filing Fees	2,000.00	500.00
Rates & Taxes (incl. prior period Rs.2,500/-)	5,000.00	2,500.00
Training Expenses	-	16,500.00
General Expenses	10,096.00	8,373.00
Brokerage Paid	9,000.00	-
Professional Fees	6,102.00	-
Printing & Stationary	5,742.00	6,120.00
Travelling & Conveyance	73,902.00	4,540.00
Telephone Charges	6,235.92	-
Postage & Courier	2,855.00	1,251.00
Interest Paid (Misc)	500.00	-
	<u>577,205.42</u>	<u>359,343.80</u>



**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR  
THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULE – 9**

**ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

**A) ACCOUNTING POLICIES :**

**1. Basis of Accounting :**

**a) General :**

The Financial Statements have been prepared under the Historical Cost Convention on the basis of Going Concern Concept in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently.

**b) Method of Accounting :**

The Company follows accrual method of accounting unless otherwise specifically stated hereunder in the schedules.

**2. Investments**

Long Term Investments are stated at cost. Provision for diminution, if any, is made to recognize a decline other than temporary in value of investments.

**3. Taxation**

Tax expense (tax saving) is the aggregate of current year tax and deferred tax charged (or credited) to the Profit & Loss Account for the year in accordance with the Accounting Standard – 22 'Accounting for Taxes on Income' and measured at the tax rate that have been enacted or substantially enacted by the Balance Sheet date.

**a) Current Year Charge:**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

**b) Deferred Tax:**

Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in statement of Profit & Loss using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**4. Miscellaneous Expenditure :**

**a) Preliminary Expenses**

Preliminary Expenses is to be amortised in equal installments over a period of five years beginning from the year in which the Company starts commercial activity.



**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES – 9 : NOTES ON ACCOUNTS (Contd.)**

**b) Pre-Operative Expenses**

Pre-Operative Expenses incurred till the date of commencement of commercial activities is to be amortised in equal installments over a period of five years beginning from the year in which the company starts commercial activity.

**5. Contingent Liabilities :**

Contingent Liabilities, if any not provided for, are disclosed by way of notes to the accounts.

**6. Retirement Benefits**

Retirement benefits if any not provided for will be treated on payment basis.

**B) NOTES TO THE ACCOUNTS:**

1. In the opinion of the Board and to the best of their knowledge and belief the realisable value of loans made in the ordinary course of business would not be less than the amount stated in the Balance Sheet. Provision for all known liabilities are provided in full in the books of accounts and the same are adequate and not in excess of the amount reasonably necessary.
2. The Company has no contingent liabilities as on Balance Sheet date.
3. The company has not recognized the net deferred tax assets, in respect of accumulated losses in view of the uncertainty of availing the benefit in future.
4. During the year the company has granted interest free margin money for trading exposure in securities to M/s. Ashika Stock Broking Limited, a company in which the directors are interested Rs.8.50 Lakhs (Maximum outstanding at a time during the year Rs.257.50 Lakhs) which has been fully returned within the year.
5. Earnings Per Share

**(a) Basic Earnings Per Share:**

For the purpose of calculation of Basic and Diluted Earnings Per Share the following amounts are considered

Particulars	Amount (Rs.)	
	2005-2006	2004-2005
Profit considered for calculating EPS (Net Profit after Tax)	<b>(504714.52)</b>	40724.20
Weighted average number of Equity Shares (Nos.)	<b>438397</b>	438397
Nominal value of Equity Shares	<b>10.00</b>	10.00
Earnings per Share (Rs.)	<b>(1.15)</b>	0.09



**ASHIKA INSURANCE BROKING & RISK MANAGEMENT PRIVATE LIMITED**  
(Formerly, Ashika Insurance & Risk Management Private Limited)

**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR  
THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES – 9 : NOTES ON ACCOUNTS (Contd.)**

- (b) Diluted Earnings Per Share :  
None of the potential Equity Shares are dilutive.

6. Related parties transactions :

The Company have the following related parties –

Ultimate Holding Company	Ashika Credit Capital Limited
Holding Company	Ashika Capital Limited
Subsidiary Company	Ashika Properties Private Limited
Key Management Personnel	Mr. Pawan Jain Mr. Daulat Jain

Companies in which the Key  
Management Personnel have  
Authority

Ashika Stock Broking Limited

Amount in Rs.

Particulars	Holding Company	Subsidiary Company	Key Management	Companies which the key Management Personnel have controlling authority
Equity Contribution	-	2,00,00,000/-	-	-
<u>Advance granted as Margin Money</u>				
Granted during the year	-	-	-	8,50,000/-
Outstanding at the end of the year	-	-	-	-

7. Auditors' Remuneration includes Statutory Audit Fees Rs.5,000/- (Previous Year Rs.2,500/-) and other certification Fees Rs.1,500/- (Previous Year Rs.2,000/-) and Service Tax Rs.765/- (Previous Year Rs.459/-)
8. Previous Year figures have been rearranged or re-grouped wherever necessary to conform with current year's presentations.

**SIGNATURE TO SCHEDULES 1 TO 9**

As per our report of even date

**P. K. SAH, FCA**  
*Partner*

**For and on behalf of the Board**

**Place : Kolkata**  
**Dated : 2nd June, 2006**

For and on behalf of  
**Sah Lodha & Associates**  
Chartered Accountants

**Pawan Jain** *Director*  
**Daulat Jain** *Director*







**ASHIKA INSURANCE BROKING & RISK MANAGEMENT PRIVATE LIMITED**  
(Formerly, Ashika Insurance & Risk Management Private Limited)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006**

	<b>Year ended 31st March 2006 Rs.</b>	<b>Year ended 31st March 2005 RS.</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit / (Loss) Before Tax as per P &amp; L Account</b>	<b>(499,318.52)</b>	82,102.20
<i>Add / (Less):</i>		
Extraordinary items	-	-
<b>Net Profit / (Loss) Before Tax And Extraordinary Items</b>	<b>(499,318.52)</b>	82,102.20
<i>Add / (Less):</i>		
Preliminary & Pre-Operative Expenses Written Off	<b>53,595.00</b>	53,595.0
<b>Operating Profit / (Loss) Before Working Capital Changes</b>	<b>(445,723.52)</b>	135,697.20
<i>Add / (Less):</i>		
(Increase) / Decrease in Trade Receivables	<b>524,862.00</b>	(524,862.00)
(Increase) / Decrease in Other Current Assets	<b>25,715,561.01</b>	(25,750,000.00)
Increase / (Decrease) in Trade Payables	<b>(310,837.00)</b>	353,675.00
<b>Cash Generated From Operations</b>	<b>25,483,862.49</b>	(25,785,489.80)
<i>Add / (Less):</i>		
Direct Tax Refunds / (Paid)	<b>(46,374.81)</b>	(26,138.00)
<b>Cash Flow Before Extraordinary Items</b>	<b>25,437,487.68</b>	(25,811,627.80)
<i>Add / (Less):</i>		
Extraordinary Items	-	-
<b>Net Cash From Operating Activities</b>	<b>25,437,487.68</b>	(25,811,627.80)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
<i>Add / (Less):</i>		
Purchase of Investments	<b>(20,000,000.00)</b>	-
<b>Net Cash from Investing Activities</b>	<b>(20,000,000.00)</b>	-



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006  
 (Contd.)**

	<b>Year ended 31st March 2006 Rs.</b>	<b>Year ended 31st March 2005 Rs.</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<i>Add / (Less):</i>		
Issue of Share Capital	-	26,000,000.00
Pre-Operative Expenses	-	(153,520.60)
<b>Net Cash Used In Financing Activities</b>	<b>-</b>	<b>25,846,479.40</b>
<b>Net Increase In Cash And Cash Equivalents (A+B+C)</b>	<b>5,437,487.68</b>	<b>34,851.60</b>
<b>Cash And Cash Equivalents As At The Beginning Of The Year</b>	<b>121,476.60</b>	<b>86,625.00</b>
<b>Cash And Cash Equivalents As At The Close Of The Year</b>	<b>5,558,964.28</b>	<b>121,476.60</b>

Note : Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

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As per our attached report of even date

<p><b>Place : Kolkata</b>  <b>Dated : 2nd June, 2006</b></p>	<p><b>P. K. SAH, FCA</b>  <i>Partner</i>                  For and on behalf of  <b>Sah Lodha &amp; Associates</b>                  Chartered Accountants</p>	<p><b>For and on behalf of the Board</b>   <b>Pawan Jain</b> <i>Director</i>  <b>Daulat Jain</b> <i>Director</i></p>
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**ASHIKA INSURANCE BROKING & RISK MANAGEMENT PRIVATE LIMITED**  
(Formerly, Ashika Insurance & Risk Management Private Limited)

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES**

NAME OF THE SUBSIDIARY COMPANY	ASHIKA PROPERTIES PRIVATE LIMITED
1. Financial Year of the Subsidiary ended on	March 31, 2006
2. Share of subsidiary Company held on the above date and extent of holding i) Equity Shares ii) Extent of holding (%)	200000 Equity shares of Rs.10/- each 77.76%
3. Net aggregate amount of Profit / Loss of Subsidiary for the above financial year so far as they concern members of Ashika Insurance Broking & Risk Management Pvt. Ltd. i) Dealt with in the accounts of Ashika Insurance Broking & Risk Management Pvt. Ltd. ii) Not dealt with in the accounts of Ashika Insurance Broking & Risk Management Pvt. Ltd.	NIL NIL
4. Net aggregate amount Profit / Losses for previous financial year of the subsidiary as far as it concern members of Ashika Insurance Broking & Risk Management Pvt. Ltd. i) Dealt with in the accounts of Ashika Insurance Broking & Risk Management Pvt. Ltd. ii) Not dealt with in the accounts of Ashika Insurance Broking & Risk Management Pvt. Ltd.	NIL NIL
5. a) Changes in the holding Company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the holding Company's financial year.  b) Material changes which have occurred between the end of the aforesaid Financial year of the subsidiary and the end of the holding Company's Financial year in respect of :	As the Closing of the Financial year of the subsidiary Company coincides with the closing of the Financial year of the holding Company i.e. M/s. Ashika Insurance Broking & Risk Management Pvt. Ltd., Section 212 (5) of the Act is not applicable.  – do –



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES**

<b>NAME OF THE SUBSIDIARY COMPANY</b>	<b>ASHIKA PROPERTIES PVT. LTD.</b>
i) The subsidiary's fixed assets ii) Its Investments iii) Moneys lent by the subsidiary company iv) The moneys borrowed by it for any purpose other than that of meeting current liabilities	

**For and on behalf Of the Board**

**Place: Kolkata**  
**Date: 2nd day of June, 2006**

**Pawan Jain**  
**(Chairman)**



**ASHIKA  
PROPERTIES  
PRIVATE LIMITED**



*Growing & Sharing with You*

**FIRST ANNUAL REPORT  
2005-2006**

**BOARD OF DIRECTORS**

PAWAN JAIN – *Chairman*  
DAULAT JAIN – *Director*

**AUDITORS**

SAH LODHA & ASSOCIATES  
Chartered Accountants  
58/D, Netaji Subhash Road,  
3rd Floor, Room No. 314  
Kolkata – 700 001

**BANKERS**

CITI BANK  
ORIENTAL BANK OF COMMERCE  
TAMILNAD MERCANTILE BANK LTD.  
HDFC BANK LTD.

**REGISTERED OFFICE**

'TRINITY'  
226/1 A. J. C. Bose Road,  
Kolkata – 700 020



## DIRECTORS' REPORT

Dear Shareholders,

With great pleasure your Directors present the First Annual Report of the Company together with the audited Statement of Accounts for the year ended 31st March 2006.

### **FINANCIAL PERFORMANCE :**

Since the company has not yet commenced its commercial activities, financial performance of the company could not be determined.

### **DIVIDEND :**

As the company has not started its operation during the year under review the directors express their inability to declare any dividend.

### **AUDITORS' REPORT :**

The auditors have not raised any qualification or reservation in their report on the Annual Accounts of the Company. The notes given in the Auditors' Report are self-explanatory and needs no further clarification.

### **COMPLIANCE CERTIFICATE :**

Pursuant to the provisions of section 383A of the Companies Act, 1956 read with Companies (issue of Compliance Certificate) Rules 2001, your Company has received a Compliance Certificate from V. Jain & Associates, Company Secretaries of 49, Nalini Seth Road, Ground Floor, Kolkata-700007. The same forms part of this report.

### **AUDITORS :**

M/s. Sah Lodha & Associates, Chartered Accountants, First Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Company has received a Certificate from the Auditors that if reappointed, they are qualified under section 224(1B) of the Companies Act, 1956 to act as the Auditors of the Company. Your directors recommend the aforesaid re-appointment.

### **MATERIAL CHANGES AND COMMITMENTS :**

There have been no material changes and commitments affecting the financial position of the company, which have occurred since March 31,2006, being the end of the Financial Year of the Company.

### **STATUTORY AND OTHER INFORMATION :**

No employee is falling under the disclosure requirement of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Hence the same is not furnished.

There was no foreign exchange earnings or outgoes during the period under review

As the Company does not own any manufacturing unit, the disclosure of information on the



matter required to be disclosed in terms of section 217(1)(e) of the companies act 1956 read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules 1988, is not applicable and hence not given.

**DIRECTORS RESPONSIBILITY STATEMENT :**

As per the relevant provisions of section 217(2AA) of the Companies Act, 1956, the Directors of your Company confirm that:

- I. In the preparation of the Annual Accounts, the applicable accounting standards have been followed and there is no material departure from the same.
- II. The directors have selected such accounting policies and applied them consistently and made judgements 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 and of the profit or loss of the Company for that period.
- III. 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 fraud and other irregularities to the best of their knowledge and ability.
- IV. The directors have prepared the annual account on a going concern basis.

**ACKNOWLEDGEMENTS :**

Your Directors extends their heartiest thanks and sincere appreciation to the bankers, shareholders, employees and other business associates of the company for their continued co-operation received during the year.

**For and on behalf of the Board of Directors**

**Place: Kolkata  
Date: 3rdJune '2006**

**(Pawan Jain)  
Chairman**





## **AUDITORS' REPORT**

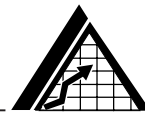
**To The Members of**

### **ASHIKA PROPERTIES PRIVATE LIMITED**

We have audited the attached Balance Sheet of **Ashika Properties Private Limited** as at 31st March, 2006 and the Cash Flow Statement for the period ended on that date. No Profit and Loss Account has been prepared as no commercial activities have started as on the date of Balance Sheet. 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 have 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 the 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 (Auditor's Report) Order 2003, issued by the Central Government of India in accordance to section 227(4A) of the Companies Act 1956, as amended and on the basis of our checks as we considered appropriate and according to information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments above, we report that :
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of the audit;
  - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of those books of account of the Company;
  - (c) The Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet 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;
  - (e) On the basis of written representations received from the directors as on 31st March 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director in terms of sub section 1 (g) of section 274 of the Companies Act, 1956;

**ASHIKA PROPERTIES PRIVATE LIMITED**



- (f) 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 schedules and notes thereon and attached thereto 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 case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
  - b) In the case of Cash Flow Statement, of the cash flows for the period ended on that date.

**For SAH LODHA & ASSOCIATES**  
***Chartered Accountants***

**58D, Netaji Subhash Road,  
Kolkata - 700 001**

**Date: 3rd June, 2006**

**( P. K. SAH, FCA )**  
***Partner***

Mem. No. 56216



## ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph (2) of our report of even date]

- (i)
  - a) The Company, we have been informed, has maintained proper records showing full particulars including details and situation of its office premises, being the only fixed asset of the Company as on the Balance Sheet date.
  - b) As explained to us, the said premises have been physically verified by the management at appropriate intervals during the year, which in our opinion is reasonable. No material discrepancies have been found on such physical verification.
  - c) As per the information and explanations given to us, during the year, the company has not disposed off any substantial part of fixed assets that would affect the going concern.
- (ii) Since the Company has not yet started its commercial activities as such does not hold any inventories. Accordingly clause 4 (ii) of the said Order, are not applicable to the Company.
- (iii) The Company has not granted or taken any loans, secured or unsecured to / from companies, firms or other parties covered in the Register maintain u/s.301 of the Companies Act, 1956. Accordingly matters in (a) to (g) of clause 4 (iii) of the said Order, do not apply to the Company.
- (iv) Since the Company has not yet started its commercial activities and accordingly there is no transaction for purchase of inventory and sale of goods & services nor the company has purchased / sold any fixed asset during the year the provisions of clause 4 (iv) of the said Order, do not apply to the Company.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Act that need to be entered in the register required to be maintained under that section.
- (vi) The Company has not accepted any deposit from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed thereunder.
- (vii) As this is the first year of the company, neither the company's paid up capital and reserve at the beginning of the financial year exceeds Rs.50 Lakhs nor the question arises as regard the average annual turnover of immediately preceding three consecutive financial year, the provision in clause (vii) as regard to internal audit system is not applicable.
- (viii) The maintenance of cost records prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the Company.
- (ix)
  - a) According to the records of the Company and explanations given to us the company is regular in depositing undisputed dues payable in respect of Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess or any other dues, whatever applicable, with appropriate authority. There is no undisputed amount



payable in respect of such statutory dues which have remained outstanding as at the Balance Sheet date for a period more than six months from the date become payable.

- (b) As per information provided there are no cases of disputed dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess.
- (x) Since the Company has not yet started its commercial activities the provisions as regard to accumulated losses / cash losses as enumerated in clause 4(x) of the said Order, do not apply to the Company.
- (xi) The Company has not borrowed from financial institutions or banks or by issue of debentures, as such clause (xi) of the said Order is not applicable.
- (xii) The Company has not granted any loan and/or advances on the basis of securities by way of pledge of shares, debentures or other securities.
- (xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a chit fund Company or nidhi / mutual benefit fund / society.
- (xiv) Since the Company has not yet started its commercial activities the provisions as regard to dealings or trading in shares etc. or other investments as enumerated in clause 4(xiv) of the said Order, do not apply to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from Bank or Financial Institution.
- (xvi) The Company has not obtained term loans during the year.
- (xvii) On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the Company as at 31st March, 2006, related information as made available to us and as represented to us by the management, the Company has not raised short-term funds during the year. The long term fund raised during the year has not been used for short term purposes.
- (xviii) The company during the year has allotted 247200 equity shares for cash at a premium to a party and two companies covered in the register maintain u/s.301 of the Act. The price at which the same have been issued are not prejudicial to the interest of the company.
- (xix) The Company has not issued debenture during the year covered by our audit, accordingly clause 4(xix) of the said Order are not applicable to the Company.
- (xx) The Company has not raised any money through public issue during the financial year, accordingly clause 4(xx) of the said Order are not applicable to the Company.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For SAH LODHA & ASSOCIATES**  
**Chartered Accountants**

**58D, Netaji Subhash Road,  
Kolkata - 700 001**

**( P. K. SAH, FCA )**  
**Partner**

**Date: 3rd June, 2006**

Mem. No. 56216

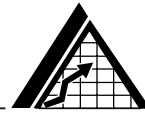
**ASHIKA PROPERTIES PRIVATE LIMITED****BALANCE SHEET AS AT 31ST MARCH, 2006**

	Schedules	As at 31st March, 2006 Rs.
<b><u>SOURCES OF FUNDS</u></b>		
<b>SHAREHOLDERS' FUNDS</b>		
Share Capital	1	2,572,000.00
Reserves & Surplus	2	22,248,000.00
	<b>TOTAL</b>	<b>24,820,000.00</b>
<b><u>APPLICATION OF FUNDS</u></b>		
<b>FIXED ASSETS</b>		
	3	24,130,725.00
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
Cash & Bank Balances	4	333,763.25
Loans & Advances	5	50,000.00
		383,763.25
<b>LESS :- Current Liabilities</b>	6	10,712.00
<b>NET CURRENT ASSETS</b>		<b>373,051.25</b>
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted.)		
Preliminary Expenses		117,830.00
Pre Operative Expenses		198,393.75
	<b>TOTAL</b>	<b>24,820,000.00</b>
ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS	7	

SCHEDULES '1' TO '6' AND '7' REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE BALANCE SHEET

This is the Balance Sheet referred to in our report of even date

<b>Place : Kolkata</b> <b>Dated : 3rd June, 2006</b>	<b>P. K. SAH, FCA</b> <i>Partner</i> For and on behalf of <b>Sah Lodha &amp; Associates</b> Chartered Accountants	<b>For and on behalf of the Board</b> <b>Pawan Jain</b> <i>Director</i> <b>Daulat Jain</b> <i>Director</i>
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## ASHIKA PROPERTIES PRIVATE LIMITED

### SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006

As at  
31st March, 2006  
Rs

#### SCHEDULE - 1

##### SHARE CAPITAL

###### Authorised

5,00,000 Equity Shares of Rs.10/- each 5,000,000.00

###### Issued & Subscribed

2,57,200 Equity Shares of Rs.10/- each 2,572,000.00

###### Called Up Paid Up

2,57,200 Equity Shares of Rs.10/- each

Fully paid up in cash - during the year

*(out of the above 2,00,000 Equity Shares of Rs.10/- each is held by it's Holding company Ashika Insurance Broking & Risk Management Pvt. Ltd. and 47,000 Equity shares of Rs.10/- each is held it's ultimate Holding company Ashika Credit Capital Limited)*

2,572,000.00

#### SCHEDULE - 2

##### RESERVE & SURPLUS

Share Premium Account - during the year 22,248,000.00

22,248,000.00

#### SCHEDULE - 4

##### CASH AND BANK BALANCES

Cash in Hand

*(As certified by Directors)*

309,471.00

Balances with Scheduled Banks

*In Current Account -*

CITI Bank

17,000.00

HDFC Bank Ltd

7,292.25

333,763.25

#### SCHEDULE - 5

##### LOANS & ADVANCES

*Advances recoverable in cash or kind*

*or for which value to be received*

Deposit with Raheja Centre Premises Co-Operative Society Ltd.

50,000.00

#### SCHEDULE - 6

##### CURRENT LIABILITIES

Auditors' Remuneration Payable

5,612.00

TDS Payable

5,100.00

10,712.00

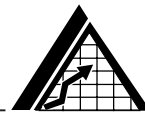


**SCHEDULES TO THE ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULE - 3  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK
	Additions/ Adjust- ments (Rs.)	Withdrawals/ Adjustments (Rs.)	As at 31st Mar 2006 (Rs.)	For the Year period (Rs.)	Deducti- ons/ Adjust- ments (Rs.)	As at 31st Mar 2006 (Rs.)	
Building Office Premises	24,130,725.00	—	24,130,725.00	—	—	—	24,130,725.00
<b>Total</b>	<b>24,130,725.00</b>	<b>—</b>	<b>24,130,725.00</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>24,130,725.00</b>

Note: No Depreciation has been provided on the Office Premises, being the only Fixed Asset as on the date of Balance Sheet, as the same is not put to use.



**SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR  
THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES – 7**

**ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

**A) ACCOUNTING POLICIES :**

**1. Basis of Accounting :**

a) **General :**

The Financial Statements have been prepared under the Historical Cost Convention on the basis of Going Concern Concept in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently.

b) **Method of Accounting :**

The Company follows accrual method of accounting unless otherwise specifically stated hereunder in the schedules.

**2. Miscellaneous Expenditure :**

a) **Preliminary Expenses**

Preliminary Expenses is to be amortised in equal installments over a period of five years beginning from the year in which the Company starts commercial activity.

b) **Pre-Operative Expenses**

All the pre-operative expenses until the beginning of the commercial activity are kept as such under the head Miscellaneous Expenditure and will be capitalised or written off, as appropriate, at the time when the commercial activity will begin.

**3. Contingent Liabilities :**

Contingent Liabilities, if any not provided for, are disclosed by way of notes to the accounts.

**B) NOTES TO THE ACCOUNTS:**

1. The Company has been incorporated on 31st March, 2005 vide certificate no. U/70101/WB/2005 /PTC/102582 issued by the Registrar of Companies and accorded by the Board on 2nd April, 2005.
2. Since there were no commercial activity during the year, no Profit & Loss Account has been prepared.
3. The account relates to the period from 2nd April, 2005 to 31st March, 2006 and being the first account, as decided by the Board, previous year's figures are not applicable.
4. In the absence of taxable income during the year, the Company has been advised that no provision for taxation is necessary.





## ASHIKA PROPERTIES PRIVATE LIMITED

### SCHEDULES TO AND FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006

#### SCHEDULES – 7 : NOTES ON ACCOUNTS (Contd.)

5. Break-up of Pre-Operative Expenses: -

<u>Particulars</u>	<u>As At 31st March, 2006 (Rs.)</u>
Auditors' Remuneration	5,612.00
Bank Charges	5,947.75
Fees & Subscriptions	120.00
Interest (Misc.)	3,387.00
Municipal Tax	22,596.00
Printing & Stationery	2,227.00
Rent & Maintenance	53,682.00
Repairs & Maintenance	1,04,350.00
Traveling & Conveyance	472.00
Total	<u>1,98,393.75</u>

6. Related parties transactions :

The Company have the following related parties –

Ultimate Holding Company	Ashika Credit Capital Limited
Holding Company	Ashika Insurance Broking & Risk Management Private Limited
Key Management Personnel	Mr. Pawan Jain Mr. Daulat Jain

Amount in Rs.

<b>Particulars</b>	<b>Holding Company</b>	<b>Key Management</b>
Advances Received		
Received during the year	-	30000/-
Outstanding at the end of the year		

7. Contingent Liabilities

(a) Claims against the Company not acknowledged as debts	-	NIL
(b) Guarantee given by the Company	-	NIL

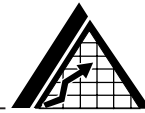
8. General Business Profile and Balance Sheet Abstract is annexed hereto.

#### SIGNATURE TO SCHEDULES 1 TO 7

As per our report of even date

	<b>P. K. SAH, FCA</b> <i>Partner</i>	<b>For and on behalf of the Board</b>
<b>Place : Kolkata</b>	For and on behalf of	<b>Pawan Jain</b> <i>Director</i>
<b>Dated : 3rd June, 2006</b>	<b>Sah Lodha &amp; Associates</b> Chartered Accountants	<b>Daulat Jain</b> <i>Director</i>

# ASHIKA PROPERTIES PRIVATE LIMITED



## COMPANY'S GENERAL BUSINESS PROFILE AND BALANCE SHEET ABSTRACT (As required under Part IV, Schedule VI to the Companies Act, 1956)

(Figure in '000)

### I. Registration Details :

Registration No. :

- - - 102582

State Code :

- - - - - 21

Balance Sheet Date :

31 03 2006

Date Month Year

### II. Capital Raised During the Year :

Public Issue

- - - - - NIL

Right Issue

- - - - - NIL

Bonus Issue

- - - - - NIL

Private Placement

24720000

### III. Position of Mobilisation and Deployment of Funds :

Total Liabilities

- 24820000

Total Assets

- 24820000

Sources of Funds

Paid up Capital

- - 25720000

Reserves & Surplus

Secured Loans

- - - - - NIL

Unsecured Loans

- - - - - NIL

Application of Funds

Net Fixed Assets

- 24130725

Investments

- - - - - NIL

Net Current Assets\*

- - - 373051

Misc. Expenditure

Accumulated Losses

- 22248000

### IV. Performance of Company :

Turnover

- - - - - NIL

Total Expenditure

- - - - - NIL

+ Profit/Loss before Tax

+ - - - - - NIL

+ - Profit after Tax

+ - - - - - NIL

(Please Tick Appropriate Box + for Profit – for Loss)

Earning Per Share

- - - - - NIL

Dividend Rate%

- - - - - NIL

### V. Generic Names of three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code A)

N. A.

Product Description

N. A.

As per our report of even date

**P. K. SAH, FCA**  
Partner

**For and on behalf of the Board**

Place : Kolkata  
Dated : 3rd June, 2006

For and on behalf of  
**Sah Lodha & Associates**  
Chartered Accountants

**Pawan Jain Director**  
**Daulat Jain Director**



## ASHIKA PROPERTIES PRIVATE LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

	<u>Year ended</u> <u>31st March, 2006</u> Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Preliminary & Pre-Operative Expenses	(316,223.75)
(Increase) in Loans & Advances	(50,000.00)
Increase in Trade Payables	10,712.00
<b>Cash Generated From Operations</b>	<b>(355,511.75)</b>
<i>Add / (Less):</i>	
Direct Tax Refunds / (Paid)	-
<b>Net Cash From Operating Activities</b>	<b>(355,511.75)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
<i>Add / (Less):</i>	
Purchase of Fixed Assets	(24,130,725.00)
<b>Net Cash from Investing Activities</b>	<b>(24,130,725.00)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>	
<i>Add / (Less):</i>	
Issue of Share Capital	24,820,000.00
<b>Net Cash Used In Financing Activities</b>	<b>24,820,000.00</b>
<b>Net Increase In Cash And Cash Equivalents (A+B+C)</b>	<b>333,763.25</b>
<b>Cash And Cash Equivalents As At The Beginning Of The Year</b>	<b>-</b>
<b>Cash And Cash Equivalents As At The Close Of The Year</b>	<b>333,763.25</b>

Note:

- 1) This is the first year of the Company, as such previous year's figure are not applicable.
- 2) As the Company has not yet commence it's commercial activities figures relating to the Profit & Loss Account are not applicable

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As per our attached report of even date

<b>Place : Kolkata</b> <b>Dated : 2nd June, 2006</b>	<b>P. K. SAH, FCA</b> <i>Partner</i>	<b>For and on behalf of the Board</b>
	For and on behalf of <b>Sah Lodha &amp; Associates</b> Chartered Accountants	<b>Pawan Jain</b> <i>Director</i> <b>Daulat Jain</b> <i>Director</i>

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**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS  
OF ASHIKA CREDIT CAPITAL LIMITED AND IT'S SUBSIDIARIES**

To  
The Members,  
**Ashika Credit Capital Limited**

We have audited the attached Consolidated Balance Sheet of **Ashika Credit Capital Limited** ('the Company') and its Subsidiaries as at 31<sup>st</sup> March 2006, and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. 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 the 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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
2. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, on Consolidated Financial Statements and Accounting Standard (AS) 23, on Accounting for Investment in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
3. Attention is invited to note no. B (3)(a) of the consolidated financial statements, where the share of profit / (loss) in associate for the year ended on 31<sup>st</sup> March, 2006 has not been considered in these consolidated accounts, having consequential effect (unascertainable) on consolidated profit and loss vis-à-vis carrying amount of investment in associate.
4. On the basis of information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, *subject to our comments in paragraph 3 above*, in our opinion:
  - (a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Company and its subsidiaries as on 31<sup>st</sup> March, 2006;
  - (b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
  - (c) The Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flows of the Company and its subsidiaries for the year ended on that date.

**For SAH LODHA & ASSOCIATES**  
**Chartered Accountants**

Kolkata - 700 001  
Date: 22nd June, 2006

( P. K. SAH, FCA )  
**Partner**

Mem. No. 56216



## ASHIKA CREDIT CAPITAL LIMITED

### CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006

	SCHEDULES	As at 31st March, 2006	As at 31st March, 2005
		Rs.	Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	49,964,955.00	49,964,955.00
Reserves and Surplus	2	46,084,532.54	67,792,958.24
		96,049,487.54	117,757,913.24
Minority Interest	3	1,093,445.24	2,833,876.91
<b>LOAN FUNDS</b>			
Unsecured Loans	4	6,046,536.00	33,330,566.00
<b>TOTAL</b>		<b>103,189,468.78</b>	<b>153,922,356.15</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>GOODWILL ON CONSOLIDATION (NET)</b>		1,286,394.00	24,974,166.17
<b>FIXED ASSETS</b>			
Gross Block	5	36,106,330.11	10,500,333.03
Less: Depreciation		2,531,630.54	1,904,589.52
Net Block		33,574,699.57	8,595,743.51
Capital Work in Progress		3,546,457.00	102,040.00
		37,121,156.57	8,697,783.51
<b>INVESTMENTS</b>	6	28,736,361.31	32,130,464.59
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Stock-in-Trade	7	1,954,660.70	14,320,071.90
Cash & Bank Balances	8	10,952,723.76	6,622,210.96
Sundry Debtors	9	396,982.00	20,137,151.13
Loans & Advances	10	40,072,458.91	75,090,565.75
		53,376,825.37	116,169,999.74
<b>LESS :- CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	11	15,005,750.49	25,657,144.04
Provisions	12	2,249,067.60	2,313,194.20
		17,254,818.09	27,970,338.24
<b>NET CURRENT ASSETS</b>		36,122,007.28	88,199,661.50
<b>DEFERRED TAX ASSETS /(LIABILITIES)</b>		(566,485.53)	(321,621.82)
<b>MISCELLANEOUS EXPENDITURE</b>			
<b>(To the extent not written off or adjusted.)</b>			
Preliminary & Pre-Operative Expenses		490,035.15	241,902.20
<b>TOTAL</b>		<b>103,189,468.78</b>	<b>153,922,356.15</b>
ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS	18		

SCHEDULES '1' TO '12' AND '18' REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE BALANCE SHEET

This is the Consolidated Balance Sheet referred to in our report of even date

	<b>P. K. SAH, FCA</b> <i>Partner</i>	<b>For and on behalf of the Board</b>
Place : Kolkata	For and on behalf of	<b>Pawan Jain</b> <i>Managing Director</i>
Dated : 22nd June, 2006	<b>Sah Lodha &amp; Associates</b>	<b>Daulat Jain</b> <i>Director</i>
	Chartered Accountants	<b>Anju Lohia</b> <i>Company Secretary</i>



## CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2006

	SCHEDULES	Yearended	Yearended
		31stMarch,2006	31stMarch,2005
		Rs.	Rs.
<b>INCOME</b>			
SaleofSharesetc.		445,602,528.43	131,686,018.23
Merchant Banking Operations		8,080,954.00	2,717,867.00
Brokerage & Incentives		82,487.00	75,501.00
Professional & Consultancy Charges		–	500,000.00
Intereston Loans		4,087,276.33	1,202,265.00
Profiton Disposal of Investment in Subsidiary		1,620,950.00	–
Profiton Sale of Investments		466.63	3,190,847.85
Other Income	13	19,031,786.13	4,774,622.42
		<b>478,506,448.52</b>	<b>144,147,121.50</b>
<b>EXPENDITURE</b>			
Purchase of Shares etc.		433,809,971.04	131,175,914.02
(Increase)/Decrease in Stocks	14	11,891,399.20	(1,854,775.59)
Other Direct Expenses	15	431,245.17	999,268.35
Administrative & Other Expenses	16	12,337,007.44	5,203,630.27
Auditors' Remuneration		76,078.40	69,280.00
Loss on sale of Fixed Asstes		9,014.54	3,076,235.00
Preliminary / Pre-Operative Expenses written off		66,620.80	68,090.80
Share Issue Expenses written off		–	120,474.40
		<b>458,621,336.59</b>	<b>138,858,117.25</b>
<b>PROFIT BEFORE INTEREST, DEPRECIATION &amp; TAXATION</b>		<b>19,885,111.93</b>	<b>5,289,004.25</b>
<b>LESS : Interest</b>	<b>17</b>	<b>10,009,042.56</b>	<b>737,458.00</b>
<b>PROFIT BEFORE DEPRECIATION AND TAXATION</b>		<b>9,876,069.37</b>	<b>4,551,546.25</b>
<b>LESS : Depreciation</b>		<b>659,704.48</b>	<b>363,966.27</b>
<b>PROFIT BEFORE TAXATION</b>		<b>9,216,364.89</b>	<b>4,187,579.98</b>
<b>LESS : Provision for Taxation</b>			
<i>Current Tax</i>	1,005,616.00		1,172,621.00
<i>Deferred Tax Liabilities</i>	94,703.72		155,371.68
<i>Fringe Benefit Tax</i>	153,974.60	<b>1,254,294.32</b>	–
<b>PROFIT AFTER TAXATION</b>		<b>7,962,070.57</b>	<b>2,859,587.30</b>
<b>ADD : Balance brought forward from previous year</b>		<b>6,192,795.79</b>	<b>3,703,840.31</b>
<b>LESS:Amount relating to erstwhile Subsidiaries</b>		<b>(1,440,664.48)</b>	–
<b>ADD : Minority Interest in (Profit)/Loss</b>		<b>2,119.80</b>	<b>136,440.47</b>
<b>ADD : Share in Profit in of Investment in Associate Company</b> (Refer note no. B(3)(b) in Schedule-18)		<b>2,023,527.46</b>	<b>1,258,122.85</b>
<b>Profit Available for Appropriation</b>		<b>14,739,849.14</b>	<b>7,685,109.99</b>

**ASHIKA CREDIT CAPITAL LIMITED****CONSOLIDATED PROFIT & LOSS ACCOUNT (Contd.)**  
FOR THE YEAR ENDED 31ST MARCH, 2006

SCHEDULES	Year ended	Year ended
	31st March, 2006	31st March, 2005
	Rs.	Rs.
<b>APPROPRIATIONS</b>		
Proposed Dividend	–	998,965.20
Taxon Dividend	–	140,105.00
Transfer to Statutory Reserves	<b>1,480,989.00</b>	353,244.00
Balance Carried to Balance Sheet	<b>13,258,860.14</b>	6,192,795.79
	<b>14,739,849.14</b>	<b>7,685,109.99</b>
<b>Basic and Diluted Earnings Per Share (in Rs.)</b>	<b>1.59</b>	0.53
[Refer note no. B(7) in Schedule 18]		

ACCOUNTING POLICIES &  
NOTES TO THE ACCOUNTS

18

**SCHEDULES '13' TO '18' REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE PROFIT & LOSS A/C**

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This is the Profit & Loss Account referred to in our report of even date

<b>Place : Kolkata</b>	<b>P. K. SAH, FCA</b>	<b>For and on behalf of the Board</b>
<b>Dated : 22nd June, 2006</b>	<i>Partner</i>	<b>Pawan Jain</b> <i>Managing Director</i>
	For and on behalf of	<b>Daulat Jain</b> <i>Director</i>
	<b>Sah Lodha &amp; Associates</b>	<b>Anju Lohia</b> <i>Company Secretary</i>
	Chartered Accountants	

**ASHIKA CREDIT CAPITAL LIMITED**

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

	As at 31st March 2006 <u>Rs.</u>	As at 31st March 2005 <u>Rs.</u>
<b>SCHEDULE - 1</b>		
<b><u>SHARE CAPITAL</u></b>		
<b>Authorised</b>		
52,50,000 Equity Shares of Rs.10/- each	<b>52,500,000.00</b>	52,500,000.00
<b>Issued &amp; Subscribed</b>		
50,01,000 Equity Shares of Rs.10/- each	<b>50,010,000.00</b>	50,010,000.00
<b>Paid Up</b>		
Fully Called and paid up in cash		
49,94,826 Equity Shares of Rs.10/- each	<b>49,948,260.00</b>	49,948,260.00
Add: Forfeited shares	<b>16,695.00</b>	16,695.00
	<b>49,964,955.00</b>	49,964,955.00
<b>SCHEDULE - 2</b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
<b>Share Premium Account</b>		
Balance as per Last Account	<b>59,184,500.00</b>	59,184,500.00
<b>Less</b> : Amount relating to erstwhile Subsidiaries	<b>29,997,500.00</b>	-
Total (A)	<b>29,187,000.00</b>	59,184,500.00
<b>Statutory Reserve</b>		
Balance as per Last Account	<b>2,415,662.45</b>	2,062,418.45
<b>Less</b> : Amount relating to erstwhile Subsidiaries	<b>257,979.05</b>	-
	<b>2,157,683.40</b>	2,062,418.45
Add: Transferred during the year	<b>1,480,989.00</b>	353,244.00
Total (B)	<b>3,638,672.40</b>	2,415,662.45
<b>Profit &amp; Loss Account</b>		
Surplus Balance	<b>13,258,860.14</b>	6,192,795.79
Total (C)	<b>13,258,860.14</b>	6,192,795.79
<b>TOTAL (A+B+C)</b>	<b>46,084,532.54</b>	<b>67,792,958.24</b>
<b>SCHEDULE - 3</b>		
<b><u>MINORITY INTEREST</u></b>		
Share Capital	<b>211,770.40</b>	<b>649,584.00</b>
Share Premium	<b>883,623.60</b>	<b>2,059,146.00</b>
Share in Profit & Loss Account	<b>(1,948.76)</b>	<b>125,146.91</b>
	<b>1,093,445.24</b>	<b>2,833,876.91</b>
<b>SCHEDULE - 4</b>		
<b><u>UNSECURED LOANS</u></b>		
From Bodies Corporates	<b>6,046,536.00</b>	<b>33,330,566.00</b>





**SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULE - 5  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at 1st April, 2005 (Rs.)	Additions/ Adjust- ments (Rs.)	Withdra- wals/Ad- justments (Rs.)	As at 31st Mar 2006 (Rs.)	As at 1st April 2005 (Rs.)	For the Year period (Rs.)	Deducti- ons/Adjus- tments (Rs.)	As at 31st Mar 2006 (Rs.)	As at 31st Mar 2005 (Rs.)
BUILDING	626,110.00	24,130,725.00	-	24,756,835.00	22,962.20	10,205.59	-	24,723,667.21	603,147.80
OFFICE PREMISES	-	-	-	-	-	-	-	-	-
FLAT PREMISES	-	-	-	-	-	-	-	-	-
PLANT & MACHINERY	33,868.00	7,500.00	11,868.00	29,500.00	11,992.46	1,484.00	1,353.46	17,377.00	21,875.54
FAX MACHINE	7,319.00	-	-	7,319.00	3,827.33	347.65	-	3,144.02	3,491.67
TYPE MACHINE	748,248.00	197,000.00	-	945,248.00	85,840.38	37,951.80	-	821,455.82	662,407.62
AIR CONDITIONER	101,879.00	-	-	101,879.00	27,870.49	4,839.25	-	69,169.26	74,008.51
CELLULAR PHONE	32,429.40	-	-	32,429.40	12,652.76	1,540.40	-	18,236.24	19,776.64
PAGER	61,753.00	-	-	61,753.00	26,811.56	2,932.90	-	32,008.54	34,941.44
TELEPHONE	59,324.32	-	-	59,324.32	21,940.14	6,047.91	-	31,336.27	37,384.18
XEROX MACHINE	172,847.00	-	-	172,847.00	81.87	4,980.24	-	167,784.89	172,765.13
CCTV SYSTEM	51,333.00	-	-	51,333.00	40.08	2,438.32	-	48,854.60	51,292.92
AUDIO SYSTEM	133,603.00	-	-	133,603.00	104.32	6,346.14	-	127,152.54	133,498.68
TIME ATTENDING MACHINE	942,615.00	-	-	942,615.00	371,847.06	89,548.43	-	481,219.51	570,767.94
MOTOR CAR	938,033.00	-	-	901,533.00	686,123.62	43,419.00	31,310.00	203,294.38	251,903.38
COMPUTER & PRINTER	-	-	#	-	-	-	-	-	-
FURNITURE & FIXTURES	44,131.60	-	-	44,131.60	25,878.71	2,793.53	-	15,459.36	18,252.89
FILING CABINET	5,882,745.71	1,213,830.08	-	7,096,575.79	554,316.00	398,355.54	-	6,143,904.25	5,328,429.71
FURNITURE	642,750.00	99,810.00	-	742,560.00	41,882.42	44,832.57	-	655,845.01	600,867.58
EPABX MACHINE	21,344.00	5,500.00	-	26,844.00	10,412.12	1,641.21	-	14,790.67	10,931.88
WATER COOLER	-	-	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>10,500,333.03</b>	<b>25,654,365.08</b>	<b>48,368.00</b>	<b>36,106,330.11</b>	<b>1,904,589.52</b>	<b>659,704.48</b>	<b>32,663.46</b>	<b>33,574,699.57</b>	<b>8,595,743.51</b>
Capital Work in Progress (Including Advances on Capital Account)	102,040.00	3,546,457.00	102,040.00	3,546,457.00	-	-	-	3,546,457.00	102,040.00
<b>GRAND TOTAL</b>	<b>10,602,373.03</b>	<b>29,200,822.08</b>	<b>150,408.00</b>	<b>39,652,787.11</b>	<b>1,904,589.52</b>	<b>659,704.48</b>	<b>32,663.46</b>	<b>37,121,156.57</b>	<b>8,697,783.51</b>
<b>TOTAL OF PREVIOUS YEAR</b>	<b>14,308,956.62</b>	<b>6,293,414.41</b>	<b>10,000,000.00</b>	<b>10,602,373.03</b>	<b>1,540,623.25</b>	<b>363,966.27</b>	<b>-</b>	<b>8,697,783.51</b>	<b>12,768,335.37</b>

Note: Depreciation has been provided on Straight Line Method at the rates specified in schedule -XIV to the Companies Act, 1956 on pro-rata basis.


**SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

	As at 31st March 2006 <u>Rs.</u>	As at 31st March 2005 <u>Rs.</u>
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS - Long Term Trade</b>		
<b>Equity Shares - fully paid up of Rs.10/- each</b>		
In Associate Company		
<i>Unquoted #</i>	<b>19,268,361.31</b>	17,244,833.85
In Others		
Quoted	-	5,417,630.74
<i>Unquoted</i>	<b>9,000,000.00</b>	9,000,000.00
<b>Government Securities</b>	<b>468,000.00</b>	468,000.00
	<b><u>28,736,361.31</u></b>	<b><u>32,130,464.59</u></b>

# carrying amount (Refer note no. B(3) in Schedule - 18)

**SCHEDULE - 7**
**STOCK-IN-TRADE**

(Valued at lower of cost or market value in case of Quoted shares/units and cost or break-up value in case of Unquoted shares)

In shares of Joint Stock Companies	<b>1,954,660.70</b>	14,320,071.90
	<b><u>1,954,660.70</u></b>	<b><u>14,320,071.90</u></b>

**SCHEDULE - 8**
**CASH AND BANK BALANCES**

Cash in Hand	<b>906,129.38</b>	1,343,934.38
<i>(As certified by Management)</i>		
Cheque in Hand		1,957,434.45
1,539,662.03		
Balances with Scheduled Banks		
<i>In Fixed Deposit Accounts</i>	<b>5,055,659.08</b>	19,685.00
<i>In Current Accounts</i>	<b>3,033,500.85</b>	3,718,929.55
	<b><u>10,952,723.76</u></b>	<b><u>6,622,210.96</u></b>



**SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

	As at 31st March 2006 <u>Rs.</u>	As at 31st March 2005 <u>Rs.</u>
<b>SCHEDULE - 9</b>		
<b><u>SUNDRY DEBTORS</u></b>		
(Unsecured, considered goods)		
Debts outstanding exceeding six months	–	353,904.00
Other Debts	<b>396,982.00</b>	19,783,247.13
	<b><u>396,982.00</u></b>	<b><u>20,137,151.13</u></b>
<b>SCHEDULE - 10</b>		
<b><u>LOANS AND ADVANCES</u></b>		
<b>Loans</b> (Unsecured Considered good) (Incl. Accrued Interest)	<b>1,630,565.68</b>	6,683,910.00
<b>Advances recoverable in cash or in kind or for value to be received</b>		
Prepaid Expenses	<b>375,163.17</b>	92,611.26
Interest accrued but not due		
<i>On Bank Fixed Deposits</i>	<b>33,438.99</b>	5,025.00
<i>On Govt. Securities</i>	<b>12,300.00</b>	12,300.00
Margin Money Deposits	<b>32,631,626.00</b>	65,620,966.00
Other Advances	<b>810,097.33</b>	396,910.92
Security Deposits	<b>1,245,163.00</b>	1,038,230.00
Tax Payments :		
Prepaid Income Tax	<b>3,334,104.74</b>	1,240,612.57
	<b><u>40,072,458.91</u></b>	<b><u>75,090,565.75</u></b>
<b>SCHEDULE -11</b>		
<b><u>CURRENT LIABILITIES</u></b>		
Margin from Clients	–	15,667,176.50
Sundry Creditors :		
- For Fixed Assets	<b>584,056.00</b>	465,429.00
- For Purchases	<b>183,134.96</b>	7,552,486.67
- For Expenses & Other Finance	<b>3,231,954.73</b>	1,785,080.07
Unclaimed Dividend	<b>52,900.80</b>	52,900.80
Advances from Customers	<b>51,000.00</b>	134,071.00
Others	<b>10,902,704.00</b>	–
	<b><u>15,005,750.49</u></b>	<b><u>25,657,144.04</u></b>


**SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

	As at 31st March 2006 <u>Rs.</u>	As at 31st March 2005 <u>Rs.</u>
<b>SCHEDULE -12</b>		
<b><u>PROVISIONS</u></b>		
For Income Tax	2,095,093.00	1,173,555.00
Proposed Dividend	-	998,965.20
Tax on Dividend	-	140,105.00
For Fringe Benefit Tax	153,974.60	-
For Interest Tax	-	569.00
	<u>2,249,067.60</u>	<u>2,313,194.20</u>
<b>SCHEDULE -13</b>		
<b><u>OTHER INCOME</u></b>		
Interest from Bank	138,746.90	236,846.00
Interest on Income Tax Refunds	-	10,873.00
Interest on Margin Deposits	639,426.00	1,575,609.00
Interest from Govt. Securities	49,200.00	49,200.00
Other Interest	86,584.03	-
Dividend - on Investments	3,757.50	402,630.25
Dividend - on Stock-in-Trade	2,829,646.90	133,499.97
Rent Received	840,000.00	140,000.00
Profit/(Loss) on Speculation in Shares & Commodities	14,444,424.80	2,225,964.20
	<u>19,031,786.13</u>	<u>4,774,622.42</u>
<b>SCHEDULE -14</b>		
<b><u>(INCREASE)/DECREASE IN STOCKS OF SHARES ETC.</u></b>		
Opening Stock	14,320,071.90	12,465,296.31
Less: Opening Stock of erstwhile subsidiary companies adjusted	474,012.00	-
	13,846,059.90	12,465,296.31
<b>Less: Closing Stock</b>	<b>1,954,660.70</b>	<b>14,320,071.90</b>
	<u>11,891,399.20</u>	<u>(1,854,775.59)</u>
<b>SCHEDULE - 15</b>		
<b><u>OTHER DIRECT EXPENSES</u></b>		
Service Tax Paid	98,411.57	189,758.92
Stamp Charges	223,072.00	621,828.00
Transaction Charges	63,677.68	123,687.43
Demat Charges	6,921.60	16,801.00
Securities Transactions Tax	39,162.32	47,193.00
	<u>431,245.17</u>	<u>999,268.35</u>

**ASHIKA CREDIT CAPITAL LIMITED****SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

	As at 31st March 2006	As at 31st March 2005
	Rs.	Rs.
<b>SCHEDULE - 16</b>		
<b><u>ADMINISTRATIVE AND OTHER EXPENSES</u></b>		
Salary ,Bonus and other allowances	4,236,171.00	1,799,723.00
Staff Welfare Expenses	198,703.93	22,281.10
Travelling and Conveyance	1,196,314.12	34,032.00
Printing and Stationary	142,292.55	41,345.00
Books and Periodicals	1,955.00	17,874.00
Postage and Courier	30,926.50	17,142.00
Telephone Expenses	232,953.92	371,348.57
Mobile Phone Charges	170,809.01	-
Accounting Charges	-	-
Rent & Electricity	346,987.00	173,728.00
Internet Expenses	3,306.00	-
Car Maintenance Expenses	311,655.00	127,680.00
Computer Maintenance	3,086.00	9,857.00
Miscellaneous Expenditure	404,021.99	281,630.05
Business Promotion Expenses	115,246.29	-
Repair & Maintenance	552,728.45	-
Donations	-	5,100.00
Professional / Consultancy Fees	212,174.00	321,821.00
Insurance Charges	16,578.59	18,631.61
Fees & Subscription	1,004,785.00	102,958.00
Web Site Expenses	71,550.00	66,800.00
Advertisement	217,782.83	64,026.84
Directors Meeting Fees	44,000.00	45,500.00
Bank Charges & Commission	4,860.19	16,811.10
Bad Debts written off	120.07	402,341.00
Lease Rent	1,618,000.00	603,000.00
<b>Payment to Director</b>		
M.D.'s Remuneration (Minimum Remuneration)	1,200,000.00	660,000.00
	<u>12,337,007.44</u>	<u>5,203,630.27</u>
<b>SCHEDULE - 17</b>		
<b><u>INTEREST PAID</u></b>		
Interest on Bank Overdraft	-	61,302.00
Interest on Unsecured Loans	9,292,990.56	672,068.00
Other Interest	716,052.00	4,088.00
	<u>10,009,042.56</u>	<u>737,458.00</u>



**SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES –18;**

**NOTES ON ACCOUNTS**

**A) ACCOUNTING POLICIES :**

**1. Principles Of Consolidation**

The Consolidated Financial Statements represents consolidation of financial statements of Ashika Credit Capital Limited ('the Company') and its subsidiaries and associate company ('the Group'). The Consolidated Financial Statements have been prepared on the following basis:

- a) The financial statements of Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and / or intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) –21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- b) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.
- c) The difference between the cost of investment in the subsidiary companies over the net assets is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- d) In the case of Investment in a subsidiary where the holding is less than 100%, minority interest in the net assets of consolidated subsidiary consists of :
  - i) The amount of equity attributable to minorities at the date on which investments in the subsidiary is made .
  - ii) The minorities' share of movement in equities since the date of the parent subsidiary relationship came into existence. Minorities interest's share of net profit for the year of consolidated subsidiary is identified and adjusted against profit after tax of the group.
- e) The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the parent Company i.e. 31<sup>st</sup> March, 2006.
- f) The financial statements of the company and its one associate has been combined on the basis of equity method in accordance with Accounting Standard (AS) 23, whereby the Investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for post acquisition changed in the company's share of net assets of the associate. Unrealised Profit and Losses resulting from transaction between the Company and the associate are eliminated to the extent of the Company's interest in the associate. Unrealised losses are not eliminated if and to the extent the cost of the transferred asset cannot be recovered. The consolidated statements of profit and loss reflex the Company's share of operations of the associate.



**SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES –18 (Contd.)**

**2. Other Accounting Policies**

The accounting policies are state out under “Accounting Policies” of the individual financial statements of the Company and its subsidiaries, unless otherwise stated.

**B) NOTES ON ACCOUNTS :**

a) The subsidiaries and associate company considered in the financial statement are

<b>Name of the Company</b>	<b>Percentage Holding (%) As at 31.03.2006</b>
Subsidiaries :	
Ashika Capital Limited (a 100 % subsidiary of the Company w.e.f. 23 <sup>rd</sup> March'2006 (before that 54% holding by the Company, 22% holding by Ashika Global Securities Ltd. and 24% holding by Ashika Agro Projects Ltd.)	100%
Ashika Insurance & Risk Management Private Limited. (a 99.58% subsidiary of Ashika Capital Ltd)	99.58%
Ashika Properties Private Limited (a 96.03% subsidiary of Ashika Capital Ltd. w.e.f. 31 <sup>st</sup> March, 2006)	96.03%
Ashika Global Securities Limited ceased to be subsidiary w.e.f. 22 <sup>nd</sup> March 2006	—
Ashika Agro Projects Limited ceased to be a fellow subsidiary (through Ashika Global Securities Ltd) w.e.f. 22 <sup>nd</sup> March'2006	—
Namokar Commercial Pvt. Ltd. ceased to be a fellow subsidiary (through Ashika Capital Ltd) w.e.f. 30 <sup>th</sup> March'2006	—
Associate :	
Ashika Stock Broking Limited [26.51% holding by Ashika Credit Capital Limited	26.51

b) The carrying amount of investment in associate, M/s Ashika Stock Broking Limited includes goodwill arising on acquisition of the associate of Rs. 9,14,187.45 (P.Y. Rs.1,96,058/-). The amount of goodwill has been re-stated on account of reduction of holding in associate from 47.80% to 26.51% on 16<sup>th</sup> February' 2005 which was not being considered in the earlier accounts in absence of availability of the accounts of the associate for the year ended on 31<sup>st</sup> March '2005.

1. The Company, as per management, has no contingent liabilities as on the Balance Sheet date.

2. a) The share in profit / loss in the associate for the year ended on 31<sup>st</sup> March, 2006 is not considered in this accounts in absence of availability of accounts and accordingly the carrying amount of investments in associates is stated as such.



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006

### SCHEDULES –18 (Contd.)

- b) The share in net profit of the associate for the year ended 31<sup>st</sup> March'2005 has been considered in these accounts, since the same was not considered in the previous year in absence of availability of accounts and the carrying amount of investment in associates is stated accordingly. The share in profit of the associate for the year ended 31<sup>st</sup> March'2005 is Rs. 20,23,527.46 .

3. The major components of deferred tax assets/(liabilities) are: :

	Amount (Rs.)		
	Deferred Tax Assets / (Liabilities) as at 01/04/2005	Current Year Charge/(Credit)	Deferred Tax Assets / (Liabilities) as at 31/03/2006
Difference between book and tax depreciation on Fixed Assets	<b>(4,71,781.81)</b>	<b>94,703.72</b>	<b>(5,66,485.53)</b>

4. Related Party Disclosures under Accounting Standard (AS-18) issued by the ICAI;

List of related parties

- a) Associates :

- *Ashika Stock Broking Limited, a company in which the company holds substantial interest in equity through its subsidiary and the Managing Director and his relatives have substantial controlling authority.*

- b) Key Management Personnel -

*Mr. Pawan Jain* - *Managing Director*

Relatives of Key Management Personnel - Relationship

*Mr. Purnamal Jain* - *Father of Mr. Pawan Jain*

*Mr. Daulat Jain* - *Brother of Mr. Pawan Jain  
(also a Non-Executive Director)*

*M/s Pawan Jain (Huf)* - *Mr.Pawan Jain is Karta*

- c) Companies in which the the Key Management Personnel or his relatives have substantial interest / significant influence -

- *Ashika Commodities & Derivatives Ltd.*

- *Ashika Venture Capital Pvt. Ltd.*

- *Ashika Forex Services Pvt .Ltd.*

- *Ashika Agro Projects Pvt Ltd.*

- *Puja Sales Promotion Pvt Ltd.*





**SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES –18 (Contd.)**

d) Transactions during the year with Related parties

	Associates	Key Management Personnel and their relatives	Company in which the key management personnel or his relatives have substantial interest/ significant influence	TOTAL
<b>Loans taken</b>				
a) Taken during the year	-	-	72500000	72500000
b) Returned during the year	-	-	72500000	72500000
c) Balance as at 31st March,2006	-	-	-	-
<b>Margin Money taken</b>				
a) Taken during the year	-	-	-	-
b) Returned during the year	-	-	14002397	14002397
c) Balance as at 31st March,2006	-	-	217205	217205
<b>Loan Granted</b>				
1. Given during the year	-	-	2900000	2900000
2. Returned during the year	-	-	2900000	2900000
3. Balance as at 31st March,2006	-	-	15032	15032
<b>Margin Money Granted</b>				
a) Given during the year	280437000	-	-	280437000
b) Returned during the year	247805374	-	-	247805374
c) Balance as at 31st March,2006	32631626	-	-	32631626
<b>Advances recoverable in cash or in kind</b>				
a) Given during the year	1054615	145966	-	1200581
b) Returned during the year	925665	346198	-	1271863
c) Balance as at 31st March,2006	128950	51187	-	180137
<b>Current Liabilities</b>				
a) Sundry Creditors for Stock Market Transaction	183135	-	-183135	
b) Others Advances	3662584	140120	-	3802704
<b>Sundry Debtors</b>				
Rent Receivable	-	-	49902	49902



**SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006**

**SCHEDULES –18 (Contd.)**

	Associates	Key Management Personnel and their relatives	Company in which the key management personnel or his relatives have substantial interest/ significant influence	TOTAL
<b>Stock / Commodities Market Transaction / Purchase of Investments</b>				
<i>Capital Market Segment :</i>				
a) Purchased during the year	392184738	-	40556000	432740738
b) Sold during the year	430377542	-	-	430377542
<i>Future &amp; Derivatives Segment :</i>				
a) Received during the year (Net)	16659497	-	-	16659497
<i>Commodities Market Segment :</i>				
a) Received during the year (Net)	-	-	15	15
<i>Purchase/Sale of Invesments</i>				
a) Purchase during the year (Net)	-	-	24633000	24633000
b) Sold during the year	-	18600	-	18600
<b>Income</b>				
a) Interest on Margin Deposit	639426	-	-	639426
b) Rent received	600000	-	240000	840000
<b>Expenditure</b>				
a) Lease Rent	-	1608000	10000	1618000
b) Managerial Remuneration	-	1200000	-	1200000
c) Interest on Loan / others	-	-	3309226	3309226
d) Depository Charges	6260	-	-	6260

Note : In the opinion of the Company, non-executive directors are not Key Management Personnel for AS- 18. Hence, transactions with non-executive directors are not considered for the above disclosure.

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2006****SCHEDULES –18 (Contd.)**

5. Segment wise details as required by AS-17 issued by the Institute of Chartered Accountants of India-

	Investment and Finance	Merchant Banking Services	Others	Total
Segment Revenue	4,51,894,974.50	2,65,34,164.31	1,38,746.90	47,85,67,885.71
Segment Result	85,49,672.70	17,32,803.19	(4,99,318.52)	97,83,157.37
Tax Expenses (Incl.Deferred Tax)	5,77,936.40	6,70,961.92	5,396.00	12,54,294.32
Net Profit After Tax	74,04,943.82	10,61,841,.27	(5,04,714.52)	79,62,070.57
Segment Assets	2,73,38,547.86	3,30,35,407.67	56,24,538.08	6,59,98,493.61
Segment Liabilities	1,01,15,007.09	1,31,41,321.00	49,314.00	2.33.05.642.09
Capital Expenditure	5,12,571.58	45,57,525.50	-	50,70,277.08
Depreciation	5,66,792.48	92,912.00	-	6,59,704.48
Other Non-Cash expenditure	-	22,040.34	53,575.00	75,615.34

6. Basic and Diluted Earning Per Share

For the purpose of calculation of Basic and Diluted Earning Per Share the following amounts are considered:

Particulars	For the Year Ended 31st March, 2006	For the Year Ended 31st March, 2005
a) Net Profit after Tax	<b>7962070.57</b>	2637663.3
b) Opening Nos. of Shares	<b>4994826</b>	4994826
c) Total Shares Outstanding	<b>4994826</b>	4994826
d) Basic and Diluted Earnings Per Share (Rs.) (a/c)	<b>1.59</b>	0.53

7. Figures pertaining to the subsidiary and associate companies have been reclassified wherever necessary to bring them in line with the parent Company's financial statements.

8. Previous year's figures have been rearranged or regrouped wherever deemed necessary to conform with Current years presentation.

**SIGNATURE TO SCHEDULES 1 TO 18**

As per our report of even date

**P. K. SAH, FCA**  
Partner

For and on behalf of  
**Sah Lodha & Associates**  
Chartered Accountants

**For and on behalf of the Board**

**Pawan Jain** *Managing Director*  
**Daulat Jain** *Director*  
**Anju Lohia** *Company Secretary*

Place : Kolkata  
Dated : 22nd June, 2006


**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED  
31ST MARCH, 2006**

	Year ended 31st March 2006 <u>Rs.</u>	Year ended 31st March 2005 <u>RS.</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit Before Tax as per P &amp; L Account</b>	<b>9,216,364.89</b>	4,187,579.98
<i>Add / (Less):</i>		
Extraordinary items	-	-
<b>Net Profit Before Tax And Extraordinary Items</b>	<b>9,216,364.89</b>	4,187,579.98
<i>Add / (Less):</i>		
Depreciation on Fixed Assets	<b>659,704.48</b>	363,966.27
Preliminary & Pre-Operative Expenses Written Off	<b>66,620.80</b>	68,090.80
Share Issue Expenses Written Off	-	120,474.40
(Profit) / Loss on sale of Fixed Assets	<b>9,014.54</b>	3,076,235.00
(Profit) / Loss on sale of Investments in Subsidiaries	<b>(1,620,950.00)</b>	-
(Profit) / Loss on sale of Other Investments	<b>(466.63)</b>	-
Interest / Dividend Income on Investments	<b>(52,957.50)</b>	(451,830.25)
Interest Expenses	<b>10,009,042.56</b>	733,542.00
<b>Operating Profit Before Working Capital Changes</b>	<b>18,286,373.14</b>	8,098,058.20
<i>Add / (Less):</i>		
(Increase) / Decrease in Stock in Trade	<b>11,891,399.20</b>	(1,854,775.59)
(Increase) / Decrease in Trade Receivables	<b>19,340,169.13</b>	(18,847,691.40)
(Increase) / Decrease in Loans and Advances	<b>26,580,061.01</b>	(51,511,121.30)
Increase / (Decrease) in Trade Payables	<b>(9,184,617.87)</b>	23,721,046.96
<b>Cash Generated From Operations</b>	<b>66,913,384.61</b>	(40,394,483.13)
<i>Add / (Less):</i>		
Interest Paid	<b>(10,009,042.56)</b>	(733,542.00)
Direct Tax Refunds / (Paid)	<b>(2,519,219.17)</b>	(872,061.75)
<b>Cash Flow Before Extraordinary Items</b>	<b>54,385,122.88</b>	(42,000,086.88)
<i>Add / (Less):</i>		
Extraordinary Items	-	-
<b>Net Cash From Operating Activities</b>	<b>54,385,122.88</b>	(42,000,086.88)

**ASHIKA CREDIT CAPITAL LIMITED****CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED  
31ST MARCH, 2006 (Contd.)**

	Year ended 31st March <u>2006</u> Rs.	Year ended 31st March <u>2005</u> RS.
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
<i>Add / (Less):</i>		
Purchase of Fixed Assets	<b>(29,098,782.08)</b>	(6,293,414.41)
Sale of Fixed Assets	<b>1,500.00</b>	6,923,765.00
Purchase of Investments	<b>(24,633,000.00)</b>	(382,232.83)
Sale of Investment in subsidiaries	<b>34,843,450.00</b>	5,026,315.81
Sale of other Investments	<b>284,749.46</b>	-
Interest / Dividend Income on Investments	<b>52,957.50</b>	451,830.25
<b>Net Cash from Investing Activities</b>	<b>(18,549,125.12)</b>	5,726,263.82
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<i>Add / (Less):</i>		
Issue of Share Capital	<b>120,000.00</b>	-
Short Term Borrowings	<b>(27,284,030.00)</b>	23,061,608.21
Dividend Paid	<b>(998,965.20)</b>	(499,482.60)
Preliminary & Pre-Operative Expenses	<b>(316,223.75)</b>	(153,520.60)
<b>Net Cash Used In Financing Activities</b>	<b>(28,479,218.95)</b>	22,408,605.01
<b>Net Increase In Cash And Cash Equivalents (A+B+C)</b>	<b>7,356,778.81</b>	(13,865,218.05)
<b>Cash And Cash Equivalents As At The Beginning Of The Year</b>	<b>3,595,944.95</b>	20,487,429.01
<b>Cash And Cash Equivalents As At The Close Of The Year</b>	<b>10,952,723.76</b>	6,622,210.96

Note: Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

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	As per our report of even date	
	<b>P. K. SAH, FCA</b> <i>Partner</i>	<b>For and on behalf of the Board</b>
<b>Place : Kolkata</b> <b>Dated : 22nd June, 2006</b>	For and on behalf of <b>Sah Lodha &amp; Associates</b> Chartered Accountants	<b>Pawan Jain</b> <i>Managing Director</i> <b>Daulat Jain</b> <i>Director</i> <b>Anju Lohia</b> <i>Company Secretary</i>

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