

**14th Annual Report
2007-2008**



**ADESHWAR COTTON
INDUSTRIES LIMITED**



Adeshwar Cotton Industries Limited2007-2008 14th Annual Report**BOARD OF DIRECTORS**

Abhishek Shah, Chairman	(appointed on 20.01.2008)
Ankur Shah, M.D.	(appointed on 20.04.2008)
Jagdish Jani, Director	(appointed on 20.04.2008)
Dinesh Shah, Director	(appointed on 20.04.2008)
Devendra Bagdi, Director	(appointed on 15.05.2008)
Harendra G. Sanghvi, Director	(resigned on 15.05.2008)
Jikesh B. Sanghvi, Director	(resigned on 20.04.2008)
Vinod S. Shah, Director	(resigned on 20.04.2008)

BANKERS

Rajkot Nagrik Sahakari Bank Limited
 State Bank of Travancore
 Surendra Nagar Peoples Co-op. Bank Ltd.
 Centurion Bank of Punjab

AUDITORS

L. N. Patel & Co
 Chartered Accountants
 Ahmedabad

REGISTERED OFFICE

B-7/404, NATRAJ TOWNSHIP PART-II,
 PARSURAM NAGAR SOC. RD.,
 SAYAJIGUNJ, VADODARA – 390005

**REGISTRAR AND
SHARE TRANSFER AGENT**

Purva Sharegistry (India) P. Ltd
 9, Shiv Shakti Indl. Estate
 J. R Boricha Marg,
 Opp. Kasturba Hospital,
 Lower Parel (E)
 Mumbai – 400 011

NOTICE

Notice is hereby given that the 14TH Annual General Meeting of the Members of the Company will be held on 29th September, 2008 at 11.00 A.M. at the Registered office of the Company to consider and transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss account for the year ended 31st March, 2008 and the Balance Sheet as on that date, along with the Director's Report and Auditor's Report thereon.
2. To appoint a Director in place of Harendra G.Sanghvi, who retires by rotation, but being eligible offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution with or without modification(s), as an ordinary resolution.

“Resolved that Abhishek Shah, who was appointed as an Additional Director of the Company on 20-01-2008 pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds such office up to the date of ensuing Annual General Meeting of the Company and in respect of whom the company has received a notice in writing from a member under section 257 of the companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

5. To consider and if thought fit, to pass the following resolution with or without modification(s), as an ordinary resolution.

“Resolved that Ankur Shah, who was appointed as an Additional Director of the Company on 20-04-2008 pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds such office up to the date of ensuing Annual General Meeting of the Company and in respect of whom the company has received a notice in writing from a member under section 257 of the companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

6. To consider and if thought fit, to pass the following resolution with or without modification(s), as an ordinary resolution.

“Resolved that Jagdish Jani, who was appointed as an Additional Director of the Company on 20-04-2008 pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds such office up to the date of ensuing Annual General Meeting of the Company and in respect of whom the company has received a notice in writing from a member under section 257 of the

companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

7. To consider and if thought fit, to pass the following resolution with or without modification(s), as an ordinary resolution.

"Resolved that Dinesh Shah, who was appointed as an Additional Director of the Company on 20-04-2008 pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds such office up to the date of ensuing Annual General Meeting of the Company and in respect of whom the company has received a notice in writing from a member under section 257 of the companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

8. To consider and if thought fit, to pass the following resolution with or without modification(s), as an ordinary resolution.

"Resolved that Davendra Bagdi, who was appointed as an Additional Director of the Company on 15-05-2008 pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds such office up to the date of ensuing Annual General Meeting of the Company and in respect of whom the company has received a notice in writing from a member under section 257 of the companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

By the Order of the Board of Directors

Sd/-

Abhishek Shah

Chairman

Place : Baroda

Dated : 20th August, 2008

NOTES :

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.** Proxies, in order to be effective, must be received at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
- (b) The Companies (Amendment) Act, 1999 extended nomination facility to individuals holding shares in companies. Shareholders, in particular whose holding is in single name, are requested to avail of the above facility by furnishing to the Company, the particulars of their nomination. They may please write to the company for obtaining the prescribed nomination form.
- (c) The Registered of Members and share transfer books of the company will remain close from 28-09-2008 to 29-09-2008 (both days inclusive).

- (c) Members are requested to notify the change in the address immediately.
- (d) Members are requested to bring their copies of the Annual Report to the Meeting.

Shareholders seeking information on accounts published herein are kindly requested to furnish their queries to the company at its Registered office at least TEN days before the date of the Meeting.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE CO. ACT, 1956

Item no. 4

Abhishek Shah, was appointed by the Board of Directors of the Company as an additional Director w.e.f from 20-01-2008 pursuant to the relevant provisions of the Companies Act, 1956 and under the Articles of the Article of Association of the company and he holds such office only upto the date of this Annual General Meeting. Particulars about him are given in para 2 of the Corporate Governance Report. A notice in writing has been received u/s. 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose his appointment as Director of the Company liable to retire by rotation. Your Board of Directors are of the opinion that with the appointment, the company will be benefited a lot and hence commends the resolution for approval.

None of the Director of the company is concerned or interested in the resolution except Abhishek Shah himself.

Item no. 5

Ankur Shah, was appointed by the Board of Directors of the Company as an additional Director w.e.f from 20-04-2008 pursuant to the relevant provisions of the Companies Act, 1956 and under the Articles of the Article of Association of the company and he holds such office only upto the date of this Annual General Meeting. Particulars about him are given in para 2 of the Corporate Governance Report. A notice in writing has been received u/s. 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose his appointment as Director of the Company liable to retire by rotation. Your Board of Directors are of the opinion that with the appointment, the company will be benefited a lot and hence commends the resolution for approval.

None of the Director of the company is concerned or interested in the resolution except Ankur Shah himself.

Item no. 6

Jagdish Jani, was appointed by the Board of Directors of the Company as an additional Director w.e.f from 20-04-2008 pursuant to the relevant provisions of the Companies Act, 1956 and under the Articles of the Article of Association of the company and he holds such office only upto the date of this Annual General Meeting. Particulars about him are given in para 2 of the Corporate Governance

Report. A notice in writing has been received u/s. 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose his appointment as Director of the Company liable to retire by rotation. Your Board of Directors are of the opinion that with the appointment, the company will be benefited a lot and hence commends the resolution for approval.

None of the Director of the company is concerned or interested in the resolution except Jagdish Jani himself.

Item no. 7

Dinesh Shah, was appointed by the Board of Directors of the Company as an additional Director w.e.f from 20-04-2008 pursuant to the relevant provisions of the Companies Act, 1956 and under the Articles of the Article of Association of the company and he holds such office only upto the date of this Annual General Meeting. Particulars about him are given in para 2 of the Corporate Governance Report. A notice in writing has been received u/s. 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose his appointment as Director of the Company liable to retire by rotation. Your Board of Directors are of the opinion that with the appointment, the company will be benefited a lot and hence commends the resolution for approval.

None of the Director of the company is concerned or interested in the resolution except Dinesh Shah himself.

Item no. 8

Devendra Bagdi, was appointed by the Board of Directors of the Company as an additional Director w.e.f from 15-05-2008 pursuant to the relevant provisions of the Companies Act, 1956 and under the Articles of the Article of Association of the company and he holds such office only upto the date of this Annual General Meeting. Particulars about him are given in para 2 of the Corporate Governance Report. A notice in writing has been received u/s. 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose his appointment as Director of the Company liable to retire by rotation. Your Board of Directors are of the opinion that with the appointment, the company will be benefited a lot and hence commends the resolution for approval.

None of the Director of the company is concerned or interested in the resolution except Davendra Bagdi himself.

By the Order of the Board of Directors

Sd/-

Abhishek Shah
Chairman

Place : Baroda
Dated : 20th August, 2008

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in placing before you the 14th Annual Report and Audited Accounts for the financial year ended on 31st March, 2008.

FINANCIAL HIGHLIGHTS

The summarised financial results are as under :

	<i>Rs. in Lacs</i>	
	2007-08	2006-07
Turnover	19.31	7.48
Expenditure	232.87	28.24
Profit/ Loss Before Tax	(213.56)	(20.76)
Profit / Loss After Tax	(214.79)	(20.76)

DIVIDEND

Your Director's regret their inability to recommend any dividend in view of the loss incurred during the year.

REVIEW OF OPERATIONS

The Company stopped manufacturing activity during the year and disposed off the properties and trying to approach new areas of working.

DEPOSITS

The Company has not accepted any deposits within the meaning of the provisions of Section 58-A of the Companies Act, 1956.

DIRECTORS

Shri Harendra G. Sanghvi, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for the appointment.

AUDITORS

M/s L. N. Patel & Co., Chartered Accountants, Ahmedabad, the Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

The notes referred to by Auditors in the report are self explanatory and hence do not require any explanation.

PERSONNEL

The Employee relation remained cordial throughout the year. Your Directors wish to place on record their appreciation of the committed service rendered by all the staff members of the Company.

There are no employees who particulars are required to be shown in terms of provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended.

Information pursuant to Section 217(1)(e) of the Companies Act, 1956.**A. Conservation of Energy**

In house study was made for identifying areas for optimum utilisation of power and fuel. No additional investment has been made or proposed to for reduction of consumption of energy.

B. Research, Development and Technology Absorption

The company did not carry any activity of Research and Development (R & D) programme and also no effort has been made towards technology absorption, adaptation and innovation.

C. Foreign Exchange Earning & Outgo

The Company did not have any Foreign Exchange earning / Outgo during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby state and confirm that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- ii) The Directors had 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 Company at the end of the financial year and of the profit of the Company for that period.
- iii) The Directors had 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.
- iv) The Directors had prepared the annual accounts on a going concern basis

ACKNOWLEDGEMENTS

The Board of Directors convey their sincere appreciation and gratitude to their Employees, Bankers, Shareholders, Customers and various agencies for their continued support and co-operation to the company.

For and on behalf of the Board

SD/-
Abhishek Shah
Chairman

Place : Baroda

Dated : 20th August, 2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Within the limits set by the Company's competitive position)

(i) Industry structure and developments

The Company's business can broadly be defined as ginning and pressing of cotton and cotton bales. There is significant and consistent demand with good growth of these products in above industries.

(ii) Opportunities and Threats**Opportunities:**

Growing demand of the company's products in the domestic market

Threats:

Competition from domestic players –declining prices

Squeeze on Margins due to competition

Frequent changes in Government policies

Agrarian Product and hence affected by monsoon.

(iii) Segment Wise- Product wise performance

The company is engaged in a single product only. Further the company had no sales during the year under review.

(iv) Outlook

The outlook of the industry is positive given the size of the opportunity. Due to unforeseen circumstances the company could not function to its fullest potential during the previous year and the year under review. However, the company is in the process of restructuring and streamlining the company and is confident of improving the performance in near future.

(v) Risk and Concerns : See " Threats above"**(vi) Internal Control systems and its adequacy**

The company has internal control systems, the adequacy of which has been reported by its auditors in their report as required under the Manufacturing & Other Companies (Auditor's Report) Order 1988.

(vii) Discussion on financial performance of the Company with respect to operational performance.

The company did not make any sales during the year due to severe financial constraints and on account of its accounts with financial institution having turned into a non performing assets. The company, as in the previous years, under took job work of ginning and pressing cotton during the year.

(vii) Material developments in Human resources / industrial Relations front , including number of people employed

There has been no material development on the Human Resource/ Industrial Relations front during the year. Relations between the management and the staff continued to remain cordial.

(Viii) Cautionary Statement

This report contains forward- looking statements based on the perceptions of the Company and the data and information available with the company. The company does not and can not guarantee the accuracy of various assumptions underlying such statements and they reflect Company's current views of the future events and are subject to risks and uncertainties. Many factors like change in general economic conditions, amongst others, could cause actual results to be materially different. The Company does not assume any obligation for such variations.

For and on behalf of the Board

SD/-

Abhishek Shah
Chairman

Place : Baroda

Dated : 20th August, 2008