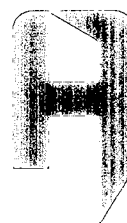


**ABHISHEK**  
CORPORATION LTD



ANNUAL REPORT  
2007 - 2008

**BOARD OF DIRECTORS**

**Shri. Ramchandra M. Mohite**  
(Chairman)

**Shri. Anasaheb R Mohite**  
(Managing Director)

**Shri. Abhishek A. Mohite**  
(Director, Marketing & Strategy)

**Mrs. Rama J. Swetta**  
(Independent Director)

**Shri. Shriprakash M. Dhopeswarkar**  
(Independent Director)

**Shri. Ravi Y. Shiralkar**  
(Independent Director)

**COMPANY SECRETARY**

**Shri. Shrenik U. Nagaonkar**

**STATUTORY AUDITORS**

**B. J. Ingrole & Co.**  
Chartered Accountants  
661-E, Shahupuri, 2<sup>nd</sup> Lane,  
Kolhapur-416 001

**INTERNAL AUDITORS**

**Kunte & Chougule Associates**  
Ayodhya Towers, Building No. 1,  
2<sup>nd</sup> Floor, 511, 'E' Ward,  
Station Road, Kolhapur

**BANKERS**

Axis Bank Limited  
Bank of Baroda  
Indian Overseas Bank  
Punjab National Bank  
State Bank of Hyderabad  
State Bank of Patiala  
Bank of India  
IDBI Bank Ltd.  
Corporation Bank  
Saraswat Co-op Bank Ltd.  
State Bank of India  
Syndicate Bank

**REGISTERED OFFICE & WORKS**

Gat No. 148, Tamgaon, Kolhapur-Hupari Road,  
Taluka-Karveer, Dist.-Kolhapur-416 234

**CITY OFFICE**

'Shiv-Parvati' 17 E', Nagala Park, Kolhapur-416 003



## NOTICE

Notice is hereby given that Fifteenth Annual General Meeting of members of “**Abhishek Corporation Ltd.**” will be held on Saturday September, 27, 2008 at 3.00 p.m. at the Registered Office of the company situated at Gat No. 148, Tamgaon, Kolhapur- Hupari Road, Tal- Karveer, Dist Kolhapur-416 234 to transact the following business:

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Rama J. Swetta, who retires by rotation and, being eligible, offers herself for reappointment.
3. To appoint a Director in place of Shri. Ravi Y. Shiralkar, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint the auditors to hold the office from conclusion of this Annual General Meeting until conclusion of next Annual General Meeting and to fix their remuneration and to pass the following resolution thereof :

“Resolved that M/s. B. J. Ingrole & Co., Chartered Accountants, be and are hereby reappointed as the Auditors of the company to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting, on such remuneration as may be determined by the Board of Directors in consultation with the Auditors” .

### **SPECIAL BUSINESS :**

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

“**RESOLVED THAT** pursuant to provisions of Section 198, 309, 310 and other applicable provisions, if any, read with schedule XIII of the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the company hereby approves the payment of the following revised remuneration to Mr. Anasaheb R Mohite, Managing Director of the company w.e.f. July 1, 2008, till his expiry of present term of office.

- a. **Salary :** Rs. 4,00,000/- (Rs. Four Lac only) per month.
- b. **Perquisites :** i) Free unfurnished accommodation or alternatively House Rent Allowance @ 20% of the salary. ii) Reimbursement of medical expenses incurred for Managing Director, his wife, dependent children and dependent parents subject to a ceiling of 10% of salary, which can be accumulated upto three years. iii) Leave Travel Concession to the Managing Director and his wife, dependent children and dependent parents, once in a year subject to the ceiling of one month's salary. iv) Personal Accident Insurance, premium of which shall not exceed Rs. 1000/- per annum. v) Fees of clubs subject to maximum of two clubs (Excluding Lifetime membership fees).

- c. **Retirement Benefits :** i) Provident Fund: Company's contribution towards Provident Fund subject to ceiling of 12% of salary. ii) Company's contribution to Superannuation Fund: As extends to other Senior Executives of the Company. The Company's contribution in respect of Provident Fund and Superannuation put together shall not exceed 27% of the monthly salary as laid down under Income Tax Act, 1961. iii) **Gratuity :** A sum not exceeding one month's salary for each completed year of service as Managing Director on the basis of last salary drawn.
- d. **Other Perquisite :** i) All expenses for the maintenance, running and upkeep of the motorcar for business purpose to be borne and paid by the Company. ii) Telephone at residence, all charges including rental and all charges of the telephone being paid by the company. iii) Leave facilities as applicable to other executives of the Company. iv) Such other benefits or amenities as may be applicable to other Senior Executives of the Company.
- e. **Commission :** Commission upto 3% p. a. of net profit of the company to be decided by the remuneration committee depending upon performance of the company.

#### MINIMUM REMUNERATION :

**"RESOLVED FURTHER THAT** where in any financial year, the Company has no profits or its profits are inadequate, Mr Anasaheb R Mohite, Managing Director subject to the approval of a Remuneration Committee of the Directors of the Company shall be paid such remuneration not exceeding the ceiling limits specified under Para 2 of section II, of Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactment (s) thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

**"RESOLVED FURTHER THAT** the Board of Directors of the company be and are hereby authorized to vary, alter or modify the different components of the above remuneration within the ceiling laid down in Sections 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956, including any statutory modification(s) or reenactment(s) thereof, for the time being in force.

Date: June 28, 2008

Place: Kolhapur

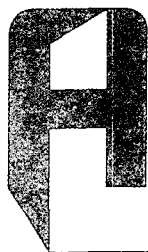
for and on Behalf of the Board of Directors

Anasaheb R Mohite  
Managing Director

  
BHISHEK  
CORPORATION LTD

**NOTES:**

1. A member entitled to attend and vote at the General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll instead of him and the proxy need not be member of the company. The instruments appointing proxy should be deposited at the Registered Office of the company not less than 48 hours before commencement of the meeting.
2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified true copy of Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. The Register Of Members and Share Transfer Register of the company will remain closed from 20-09-2008 to 27-09-2008 (both days inclusive).
4. Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to -
  - a) Notify any change in their Registered Address along with pin code numbers.
  - b) Quote their respective Ledger Folios/Client ID and DP on every communication with the company.
  - c) Bring their attendance slip along with their copy of Annual Report to the meeting.





## EXPLANATORY STATEMENT

Pursuant to Section 173 (2) Of The Companies Act, 1956

### Item No. 5:

Mr. Anasaheb R Mohite was reappointed as a Managing Director of the company on October 1, 2006 for a period of 3 years.

Effective capital of the company is more than Rs. 100 crores and as per Schedule XIII of the Companies Act, 1956, in case of inadequacy of profits in any financial year, the company can pay a remuneration upto Rs. 4,00,000/- per month to the Executive Directors. As per the profits of the company for the year under review, the proposed remuneration shall be within the limits provided under the above Schedule. The company can continue to pay the same remuneration in future years if the same is approved by the shareholders by way of a special resolution within the limit provided under Clause 1 (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956. The following general information is given hereunder as per the conditions attached to Clause 1 (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956:

The company is operating in the textile & Construction Industry. Indian Textile industry is one of the major industries that plays vital role for exports and foreign revenue. Also Indian Construction Industry is in boom. Abhishek Corporation Ltd.(ACL) was set up in year 1999 with modern manufacturing facility of 13104 spindles for 100% combed cotton yarn at Kolhapur in the state of Maharashtra. Within a span of 8 years, the Company has been able to increase its capacity to 36,144 Spindles. To add to this the Mega Project of Yarn Dyed Shirting Fabric is being set up and is in the final stage of implementation. Commercial production of the project is expected to be commenced by September 2008.

The financials of the company have been discussed in detail in Directors Report and Management Discussion and Analysis Report. In the year under review, the company has generated export turnover of FOB value of Rs. 2,282.44 lacs. Your company does not have any foreign investments or collaborations. As per the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance, the Remuneration Committee of the company has approved the increase in remuneration stated in the resolutions.

Mr. Anasaheb R Mohite, Managing Director of the company has been instrumental in the success of your company. He has been associated with the new project (Yarn Dyed Shirting Fabric) since its conception, project design, financial arrangement, short listing of overseas machinery suppliers after lengthy discussions and negotiations, planning & design of civil works, flow charting of machinery layouts and all the processes involved in the implementation of the project. He is also looks after marketing activities with the active support of Mr. Abhishek A. Mohite, Director (Marketing & Strategy) of the company. He has traveled to various European Countries for establishing marketing set up for the new Fabric Project.

Considering the level of responsibilities and efforts undertaken by him and his contribution to the value addition to the company and shareholders your Board of Directors, on the recommendation of the Remuneration Committee, at its Meeting held on June 28, 2008 has revised the terms of appointment of Mr. Anasaheb R Mohite, Managing Director of the company w.e.f. July 1, 2008.

The abstract pursuant to section 302 of the Companies Act, 1956 regarding the revision in terms and conditions of appointment of Mr. Anasaheb R Mohite, Managing Director of the company has already dispatched to the members within the time limit specified in the said section. The details of remuneration proposed is given in resolution.

None of the Directors of your Company, except Mr. Ramchandra M. Mohite, Mr. Anasaheb R Mohite and Mr. Abhishek A. Mohite are interested in respect of the above revision in the terms of appointment.

The Board recommends the resolution set out in Item No. 5 of the Notice for your approval as special resolution.

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**ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT  
OF SEEKING APPOINTMENT AT THE ANNUAL GENERAL MEETING**

- i. **Mrs. Rama J. Swetta**, age 59 years, is the Independent Director of our Company. She is a fashion designer by profession and owns a boutique at Bandra (West), Mumbai.

She holds Directorship in Gogi Exports Private Limited however she does not hold membership in any committee other than committee membership of Abhishek Corporation Ltd.

She does not hold any share in the company.

- ii. **Shri. Ravi Y. Shiralkar**, age 41 years, is the independent director of our Company. He is an Advocate by profession. Having experience of around 17 years in the field of law. Presently, apart from practicing law Shri. Shiralkar is a lecturer with Shivaji University, Kolhapur and is a member of the management council of D.Y.Patil University, Kolhapur.

Shri. Shiralkar does not hold directorship in any other companies. As on March 31, 2008 Shri. Shiralkar does not hold any shares in the Company.





## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 15<sup>th</sup> Annual Report for the year ended on 31<sup>st</sup> March 2008.

### Financial Results :

The performance of the company for the financial year ended March 31, 2008 is summarized below :

(Rs. in Lacs)

Particulars	2007-08	2006-07
<b>Total Income</b>	<b>6,965.01</b>	<b>8,149.25</b>
Usual Working Expenses	5,510.03	5,512.97
<b>Gross Profit before Interest and Depreciation</b>	<b>1,454.98</b>	<b>2,636.28</b>
Less : Interest	416.64	436.60
Depreciation	455.09	390.26
<b>Profit Before Tax</b>	<b>583.25</b>	<b>1,809.43</b>
Less : Provision for Current Tax	46.62	418.58
Provision for Deferred Tax	3.98	25.92
Provision for Fringe Benefit Tax	1.52	1.04
<b>Profit After Tax</b>	<b>531.13</b>	<b>1,363.89</b>
Add : Depreciation Written Back	-	939.98
Less : Short Provision for Tax	-	114.63
Add : Balance brought forward from last Year	5,094.62	2,905.38
<b>Balance Transferred to Balance Sheet</b>	<b>5,625.75</b>	<b>5,094.62</b>

### Results of Operations :

During the year under report production of cotton yarn is 2,431.92 MT as against 2,555.97 MT in previous year. There is slight decline in production by 4.85% in quantitative terms on account of the shift in the product mix in favour of finer counts.

The total income of the company for the current year declined by 14.53% to Rs. 6,965.01 Lacs as against Rs. 8,149.25 Lacs in the previous year. The decline in the total income is primarily on account of the fall in the income from construction division since the project work of Morbe Dam is completed and the company is exploring new avenues for its construction segment. There has been a decline in the turnover of textile division by 9.51% to Rs. 4,814.27 Lacs as against Rs. 5,320.42 Lacs in previous year, which is due to the substantial depreciation of US Dollar vis-à-vis the Indian Rupee.

The Profit after tax has decreased from Rs. 1,363.89 Lacs in previous year to Rs. 531.13 Lacs in current year.

### New Yarn Dyed Shirting Fabric Project :

The Company had commenced the setting up of an integrated facility of yarn dyeing, weaving, process house at Tamgaon, Kolhapur-Hupari Road, District Kolhapur adjacent to the existing premises and additional spinning facilities costing around Rs. 222.32 crores during the previous financial year. To partly finance the said project the company made an Initial Public Offer of 41,00,000 equity shares of Rs. 10/- each with the issue price of Rs. 100/- each. The company has obtained loan of Rs. 150/- crores from various banks to finance this project.

Werner International has done the techno-economic feasibility study and Axis Bank Limited has done financial appraisal for the Expansion Project.

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The New Project implementation is progressing well. Majority of machinery have been received on site and the work of installation is nearing completion. During March Trial Runs of Dyeing, Warping and Weaving have been successfully carried out. The Installation of process house is under progress and is expected to complete shortly.

The commissioning of the entire project will be fully operational after commissioning of process house. The project is expected to be commenced by September 2008.

We intend to establish ourselves as a quality yarn dyed fabric exporter. With weaving capacities continuously coming down in most of the developed nations due to their higher cost of production vis-à-vis nations like India, we intend to become renowned fabric supplier for readymade garment manufacturers in the niche segment. We are in the process of streamlining our marketing setup with the guidance and support of M/s Werner International (Management Consultancy Firm from Switzerland).

#### **Dividend:**

The company has earned profit during the year under review. However considering the Company's need for capital, its growth plans and intent to finance such plans through internal accruals to the maximum extent your Directors do not recommend any dividend for the year.

#### **Fixed Deposits:**

The Company has not accepted any fixed deposits during the year under review.

#### **Industrial Relations:**

During the year, industrial relations have been cordial.

#### **Directors:**

Mrs. Rama J. Swetta and Shri. Ravi Y. Shiralkar, Directors of the Company retire by rotation and being eligible, has offered themselves for reappointment at the ensuing Annual General Meeting.

#### **Corporate Governance:**

In order to maintain high standards of Corporate Governance and to comply the provisions of clause 49 of Listing Agreement the company has formed following committees.

- i. **Audit Committee** : The primary objective of Audit Committee is to monitor and effectively supervise the company's financial reporting process with a view to provide appropriate, timely and proper disclosures and to maintain integrity and quality of financial reporting. The audit committee constitutes of Shri. Shriprakash M. Dhopeswarkar, Chairman, Mrs. Rama J. Swetta, Member and Shri. Ravi Y. Shiralkar, Member.
- ii. **Share Transfer and Investor Grievance Committee** : The Board of Directors have constituted "Share Transfer and Investor Grievance Committee" consisting of Mrs. Rama J. Swetta (Chairman), Shri Anasaheb R Mohite, Shri Abhishek A. Mohite as its members to look after all the works relating to shares and shareholders grievance, i.e., approval of transfer/transmission/demat/remat of shares, issue of duplicate, splitup, consolidation, renewal of share certificate, non receipt of balance sheet, non receipt of declared dividends etc.
- iii. **Remuneration Committee** : The Board of Directors have constituted "Remuneration Committee" consisting of Shri Shriprakash M. Dhopeswarkar, Chairman, Shri Ravi Y. Shiralkar and Mrs. Rama J. Swetta, all being Independent Director as its members to decide and approve the terms and conditions for



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appointment of executive directors of the Company and remuneration payable to other directors and executives of the Company and other matters related thereto

A Report on Corporate Governance along with Auditors certificate on compliance with the conditions of Corporate Governance as stipulated in clause 49 of listing agreement is provided elsewhere in the Annual Report.

#### **Directors' Responsibility Statement:**

Pursuant to requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. In preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of the profit of the company for the year ended on that date.
- 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; and
- iv. The Directors have prepared the annual accounts of the company on a 'going concern' basis.

#### **Particulars of Employees:**

As required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended, the names and other particulars of employees are set out in the annexure included in this report.

#### **Auditors:**

M/s. B. J. Ingrole and Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of ensuing Annual General Meeting and being eligible offered themselves for reappointment.

The company has received letter from M/s. B. J. Ingrole & Co. to the effect that their reappointment if made would be within prescribed limits under section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of section 226 of the said Act.

Members are requested to consider their reappointment and fix their remuneration.

#### **Acknowledgement:**

Your Directors would like to express their grateful appreciation for assistance and co-operation received from Banks, Government Authorities, Customers, Vendors and Members during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the committed services of Executives, Staff and Workers of the company.

Kolhapur

June 28, 2008

For and on Behalf of the Board of Directors

Ramchandra M. Mohite  
Chairman

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