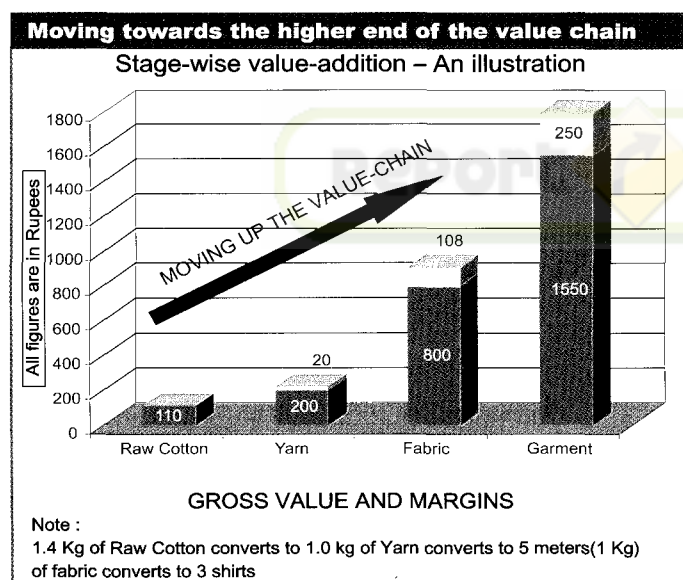
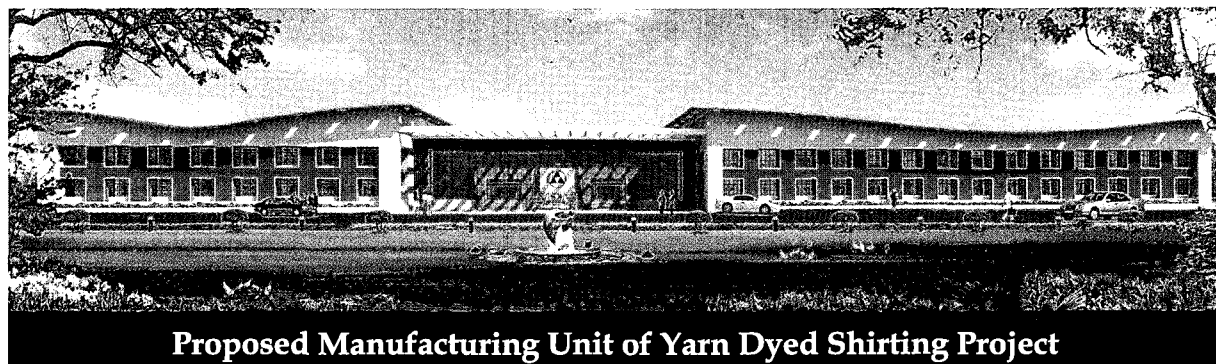


ABHISHEK
mills limited

ANNUAL REPORT 2006 - 2007

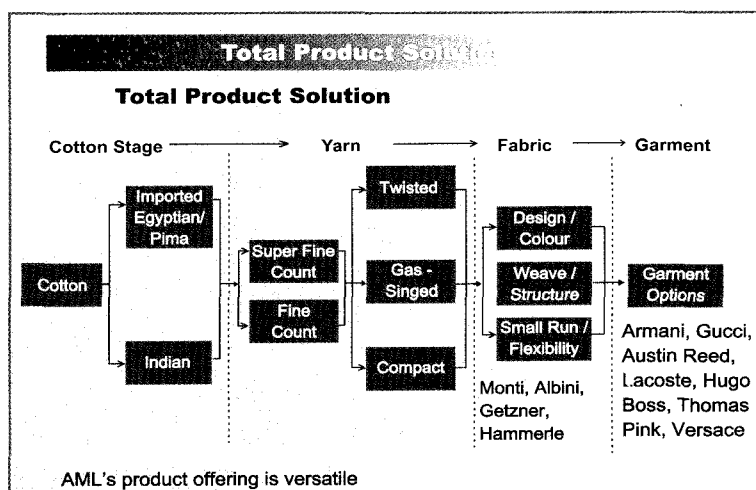
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Textile Division- Current Expansion - 100% Cotton Yarn Dyed Shirting Project



- ❖ Offering services of “A complete product solution”.
- ❖ High quality fabric - fashion & innovative design/ products with **flexibility in operational parameters**.
- ❖ Products with high design content and design offering by utilising services of **International Designers** at the proposed design and creation centre.

- ❖ Integrated textile plant manufacturing Yarn Dyed Shirting Fabric - Well positioned to become a preferred supplier to world's best apparel brands.
- ❖ Setting up of weaving capacity of 22000 mts per day and finishing capacity of 60000 mts per day, currently under implementation in line with plans for the possible future expansion.
- ❖ **Moving up in the value chain** from yarn to finished fabric- to capture value added business.
- ❖ Sales focus of targeting **premium business segment** globally. Supply fabric to high-end shirt brands as a reliable supply chain associate.





BOARD OF DIRECTORS

Mr. Ramchandra M. Mohite
(Chairman)

Mr. Anasaheb R. Mohite
(Managing Director)

Mrs. Rama J. Swetta

Mr. Abhishek A. Mohite

Mr. Shriprakash M. Dhopeshwarkar

Mr. Sheshrao D. Armal

Mr. Suresh G. Vaidya (Resigned June 12, 2007)

Mr. Ravi Y. Shiralkar

COMPANY SECRETARY

Mr. Shrenik U. Nagaonkar

STATUTORY AUDITORS

B. J. Ingrole & Co.
Chartered Accountants
661-E, Shahupuri, 2nd Lane,
Kolhapur-416001

INTERNAL AUDITORS

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

BANKERS

The United Western Bank Ltd.
Syndicate Bank
Indian Overseas Bank
Saraswat Co-op Bank Ltd.
Corporation Bank

REGISTERED OFFICE & WORKS

Gat No. 148, Kolhapur-Hupari Road,
Taluka-Karveer, Dist.-Kolhapur- 416234

CITY OFFICE

'Shiv Parvati' 17 E', Nagala Park, Kolhapur-416003



NOTICE

Notice is hereby given that Fourteenth Annual General Meeting of members of "Abhishek Mills Limited" will be held on Friday 21st September 2007 at 4.00 p.m. at the Registered Office of the company situated at Gat No. 148, Tamgaon, Kolhapur - Hupari Road, Tal.- Karveer, Dist. - Kolhapur to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2007 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors Report thereof the Company.
2. To appoint a director in place of Shri. Shriprakash M. Dhopeshwarkar who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Shri. Sheshrao D. Armal 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 ordinary resolution:

"RESOLVED THAT Mr. Ravi Y. Shiralkar who was appointed as additional Director of the company in the Board of Directors meeting held on 26th February 2007 and who holds office up to the conclusion of this annual general meeting and for whom notice under Section 257 (1) has been received from member signifying his candidature for the office of place of Director, be and is hereby, appointed as a Director of the company, liable to retire by rotation".
6. 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, 2007, till his expiry of present term of office.

- a. **Salary:** Rs. 3,00,000/- (Rs Three Lacs 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.

However the total remuneration to the Managing Director in the year shall not exceed 5% of the net profit of the company.

"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.

7. 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 appointment of Mr. Abhishek A. Mohite as a Director (Marketing & Strategy) for the period of three years w.e.f. June 12, 2007 on following remuneration.

- a. **Salary:** Rs. 1,00,000/- (Rupees One Lac only) per month.
- b. **Perquisites:** Free unfurnished accommodation or alternatively House Rent Allowance @ 20% of the salary. ii) Reimbursement of medical expenses incurred for Director (Marketing & Strategy), and his dependent parents subject to a ceiling of 10% of salary, which can be accumulated upto three years. iii) Leave Travel Concession to the Director (Marketing & Strategy) and his dependent parents, once in a year subject to the ceiling of one month's salary.
- 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 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) Such other benefits or amenities as may be applicable to other Senior Executives of the Company.

"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 re-enactment(s) thereof, for the time being in force.

Date: June 12, 2007

For and on Behalf of the Board of Directors

Place: Mumbai

Anasaheb R. Mohite
Managing Director

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NOTES:

1. A member entitled to vote at the Annual 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 15-09-2007 to 21-09-2007 (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:

The Board of Directors of the company (the Board) has appointed, pursuant to provisions of section 260 of the Companies Act, 1956 (the Act) and Article 130 of the Articles of Association of the company, Mr. Ravi Y. Shiralkar as an Additional Director of the company with effect from 26th February 2007.

In terms of section 260 of the Act, Mr. Ravi Y. Shiralkar would hold office up to the date of this Annual General Meeting.

Pursuant to section 257 (1) of the Act, the Company has received notice in writing from member along with a deposit of Rs. 500/- proposing the candidature of Mr. Ravi Y. Shiralkar for the office of the Director of the company.

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

Save and except Mr. Ravi Y. Shiralkar none of other Directors of the company is, in any way, concerned or interested in the resolution.

Item No. 6:

The Board on the recommendation of remuneration committee has revised the remuneration payable to Mr. Anasaheb R. Mohite, Managing Director of the company pursuant to provisions of Section 198, 309, 310 and other applicable provisions, if any, read with Schedule XIII.

The abstract of pursuant to section 302 of the Companies Act, 1956 regarding the appointment of Mr. Abhishek A. Mohite has already dispatched to the members within the time limit specified in the said section.

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. 6 of the Notice for your approval as special resolution.

Item No. 7:

The Board of Directors of the company (the Board) has appointed, pursuant to provisions of Section 198, 309, 310 and other applicable provisions, if any, read with Schedule XIII, Mr. Abhishek A. Mohite as a Director (Marketing & Strategy) for the period of 3 years w.e.f. June 12, 2007.

The abstract of pursuant to section 302 of the Companies Act, 1956 regarding the appointment of Mr. Abhishek A. Mohite has already dispatched to the members within the time limit specified in the said section.

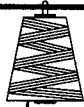
None of the Directors of your Company, except Mr. Ramchandra M. Mohite, Mr. Anasaheb R. Mohite and Mr. Abhishek A. Mohite are interested in respect of the above appointment.

The Board recommends the resolution set out in Item No. 7 of the Notice for your approval as a special resolution pursuant to Schedule XIII of the Companies Act, 1956

Date: June 12, 2007
Place: Mumbai

For and on Behalf of the Board of Directors

Anasaheb R. Mohite
Managing Director



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

1. **Mr. Ravi Y. Shiralkar**, age 40 years, is the independent director of our Company. He is an Advocate by profession. Having experience of around 16 years in the field of law. Presently, apart from practicing law Mr. Shiralkar is a lecturer with Shivaji University, Kolhapur and is a member of the management council of D.Y.Patil University, Kolhapur. Mr. Shiralkar does not hold any directorship in any other companies. As on March 31, 2007 Mr. Shiralkar does not hold any shares in the Company.
2. **Mr. Shriprakash M. Dhopeswarkar**, aged 62 years is the independent Director of our Company. He is a Chartered Accountant by profession and has done master's in commerce from Pune University. He has wide experience in field of corporate finance and internal audit. He has worked with Tata InfoTech Limited as Vice President (Internal Audit) for 25 years. Presently Mr. Shriprakash M. Dhopeswarkar is holding the position as a "Vice President - Internal Controls and Audit" with M/s. Persistent Systems Pvt. Ltd. Pune. Mr. Dhopeswarkar does not hold any directorship in any other companies. As on March 31, 2007 Mr. Dhopeswarkar does not hold any shares in the Company.
3. **Mr. Sheshrao D. Armal**, aged 62 years is the independent Director of our Company. He has done Ph.D in Civil Engineering, Master of Engineering (Civil), Diploma in Civil Engineering. He has worked in Maharashtra Jeevan Pradhikaran in various capacities i.e Assistant Engineer (Class I), Executive Engineer, Superintending Engineer, Chief Engineer and as a Officer on Special Duty. Mr. Armal does not hold any directorship in other companies. As on March 31, 2007 Mr. Armal does not hold any shares in the Company.
4. **Mr. Abhishek A. Mohite**, aged 23 is the Director of the company. Board of Directors at their meeting held on June 12, 2007 has appointed him as a Director (Marketing & Strategy) of the company. He has done Bachelor of Science in Business Administration from Troy University, Alabama, United States of America. He has started his professional career under the guidance of his father Mr. Anasaheb R. Mohite, Managing Director of the company. Mr. Abhishek Mohite is also a Director in Shri. Devchand Sugars Limited. He holds 17,27,116 shares of Abhishek Mills Ltd.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 14th Annual Report for the year ended on 31st March 2007.

Financial Results:

The performance of the company for the financial year ended March 31, 2007 is summarized below:

(Rs. in Lacs)		
Particulars	2006-07	2005-06
Total Income	8554.69	7836.14
Usual Working Expenses	5918.41	5247.79
Gross Profit before Interest and Depreciation	2636.28	2588.35
Less: Interest	436.60	347.99
Depreciation	390.26	537.98
Profit Before Tax	1809.43	1702.38
Less: Provision for Current Tax	418.58	393.86
Provision for Deferred Tax	25.92	27.12
Provision for Fringe Benefit Tax	1.04	0.25
Profit After Tax	1363.89	1281.15
Add: Depreciation Written Back	939.98	0
Less: Short Provision for Tax	114.63	0
Add: Balance brought forward from last Year	2905.38	1624.23
Balance Transferred to Balance Sheet	5094.62	2905.38

Results of Operations:

During the year under review the production of Cotton yarn has been increased by 37.83% to 2555.97 MT as compared to 1854.36 MT of Cotton Yarn in previous year. The Profit After Tax has increased from Rs. 1281.15 lacs to Rs. 1363.89 Lacs. This year the company has changed its Depreciation method on Plant & Machinery, Electrical Installation & Lab Equipment from Straight Line Method to Continuous process method and the other fixed assets are depreciated on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Accumulated depreciation for earlier years i.e. (1999-2000 to 2005-06) written back in the current year of Rs. 939.98 Lacs because of change in depreciation method from Straight Line Method to Continuous Process Method in the current year. An amount of Rs. 114.63 Lacs has been provided towards Short Provision of Tax.

New Project:

The Company is setting up 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. 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 already received sanction of Rs. 150 crores as Term loan from various banks. The balance amount will be funded through Promoters and internal accruals of the company.

Werner International has done the techno-economic feasibility study and UTI Bank Limited has done financial appraisal for the Expansion Project. The project is scheduled to start w.e.f. January 2008.



The company's shares have been listed with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) w.e.f. March 19, 2007. The IPO fund utilisation statement has been provided in the notes to accounts section annexed with Balance Sheet.

Increase in Share Capital:

During the year, company issued 41,00,000 equity shares of face value of Rs. 10/- each at issue price of Rs. 100/- each. Due to this, the issued, subscribed and paid up equity share capital increased from Rs. 990.85 Lacs to Rs. 1400.85 Lacs.

Dividend:

The company has earned adequate 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:

Pursuant to provisions of section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association the Company, Mr. Ravi Y. Shiralkar was appointed as an Additional Director with effect from February 26, 2007 and he holds office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Ravi Y. Shiralkar for the office of Director.

Mr. Shriprakash M. Dhopeswarkar and Mr. Sheshrao D. Armal, Directors of the Company retire by rotation and being eligible, has offered themselves for reappointment at the ensuing Annual General Meeting.

Further Board of Directors on the recommendation of Remuneration committee at their meeting held on June 12, 2007 have appointed Mr. Abhishek A. Mohite as a Director (Marketing & Strategy) of the company.

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 accurate, timely and proper disclosures and to maintain integrity and quality of financial reporting.
- ii. **Share Transfer and Investor Grievance Committee :** The Board of Directors have constituted "Share Transfer and Investor Grievance Committee" consisting of Shri. Suresh G. Vaidya (Chairman), Shri. Anasaheb R. Mohite, Shri. Sheshrao D. Armal 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, split-up, 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. Suresh G. Vaidya and Shri. Sheshrao D. Armal, all being Independent Director as its members to decide and approve the terms and conditions.