

Annual Report
2009 - 2010



▶ **BOARD OF DIRECTORS**

Shri. Ramchandra M. Mohite
(Chairman) (Resigned w.e.f. May 7, 2010)

Shri. Anasaheb R Mohite
(Chairman cum Managing Director)

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

Mrs. Rama j. Swetta
(Director)

Shri. Ravi Y. Shiralkar
(Independent Director)

Shri. Shreedhar Vasant Padhye
(Independent Director) (Appointed w.e.f. June 22, 2009)

Shri. Manohar Kanitkar
Independent Director (Appointed w.e.f. May 17, 2010)

▶ **Company Secretary**

Shri. Shrenik U. Nagaonkar

▶ **BANKERS**

Axis Bank Limited

Bank of India

Bank of Baroda

IDBI Bank Ltd

Indian Overseas Bank

Corporation Bank

Punjab National Bank

State Bank of Hyderabad

State Bank of India

State Bank of Patiala

Union Bank of India

▶ **Statutory Auditors**

B J Ingrole & Co.

Chartered Accountants, 661-E, Shahupuri, 2nd lane, Kolhapur – 416001

▶ **Internal Auditors**

Kunte & Chougule

Ayodhya Towers, Building No. 1 & 2nd Floor, 511, 'E' ward, Station Road, Kolhapur

▶ **Registered Office & Works**

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

▶ **CITY OFFICE**

'Shiv – Parvati' 17 E', Nagal Park, Kolhapur – 416003

NOTICE

Notice is hereby given that Seventeenth Annual General Meeting of members of “Abhishek Corporation Ltd” will be held on Friday, September 17, 2010 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 416234 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 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 Mr. Ravi Y. Shiralkar, who retires by rotation and, being eligible, offers himself for reappointment.
3. 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** since the Company has received unwillingness in writing from the retiring auditors M/s. B. J. Ingrole & Co, Chartered Accountants pursuant to the provisions of section 224(2)(b) of the Companies Act, 1956 M/S. Jaykumar D. Shetti & Co, Chartered Accountants (M. No. : F 023957) be and is hereby appointed as a Statutory Auditor of the Company in place of the retiring auditors M/s. B. J. Ingrole & Co, Chartered Accountants, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors”.

SPECIAL BUSINESS:

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

“**RESOLVED THAT** Mr. Shreedhar V. Padhye who was appointed as a Director on June 22, 2009 in the casual vacancy caused by the resignation of Mr. Shriprakash M. Dhopeswarkar and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, along with the requisite deposit proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

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

“**RESOLVED THAT** Mr. Manohar D. Kanitkar who was appointed as Additional Director of the company by Board of Directors by passing circular resolution on May 17, 2010 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 Director, be and is hereby, appointed as a Director of the company, liable to retire by rotation”.

Date: May 27, 2010

for and on Behalf of the Board of Directors

Place: Kolhapur

Anasaheb R Mohite
Chairman & Managing Director

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 13.09.2010 to 17.09.2010 (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. 4

The Board of Directors of the company (the Board) has appointed, pursuant to provisions of section 262 of the Companies Act, 1956 (the Act) and Article 131 of the Articles of Association of the company, Mr. Shreedhar V. Padhye as a Director on June 22, 2009 in the casual vacancy caused by the resignation of Mr. Shriprakash M. Dhopeshwarkar and whose term of office expires at this Annual General Meeting.

In terms of section 262 of the Act, Mr. Shreedhar V. Padhye 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. Shreedhar V. Padhye for the office of the Director of the company.

The Board recommends the resolution set out in Item No. 4 of the Notice for your approval.

Save and except Mr. Shreedhar V. Padhye none of other Directors of the company is, in any way, concerned or interested in the resolution

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. Manohar Kanitkar as an Additional Director of the company with effect from May 17, 2010.

In terms of section 260 of the Act, Mr. Manohar Kanitkar 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. Manohar Kanitkar 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. Manohar Kanitkar none of other Directors of the company is, in any way, concerned or interested in the resolution

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

- i. **Mr. Ravi Y. Shiralkar, age 44**, is the independent director of our Company. He is an Advocate by profession. He is having experience of around 19 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.

Shri. Shiralkar does not hold any Directorship/Committee Membership in any other companies.

Shri. Shiralkar is chairman of Remuneration Committee & member of Audit Committee of the company.

As on March 31, 2010 Shri. Shiralkar does not hold any shares in the Company

- ii. **Mr. Shreedhar Vasant Padhye, age 59** is the independent director of our Company. He is a Chartered Accountant by profession. He is also a member of Institute of Internal Auditors, FLORIDA (INC) U.S.A. since 1987. He has got rich experience of over 33 years as a practicing Chartered Accountant in India and during the above he has achieved expertise, proficiency and specialization in various areas like Finance, Management Consultancy, Taxation, Audits etc.

Shri Padhye holds chairmanship of Audit Committee & Membership of Remuneration Committee of the company.

Shri. Padhye holds Directorship in M/s Goa State Infrastructure Corporation Ltd. (A Govt. of Goa Undertaking). He holds Chairmanship of Audit Committee of the said corporation.

As on March 31, 2010 Shri. Padhye does not hold any shares in the Company

- iii. **Mr. Manohar Dattatraya Kanitkar, Age 64** is independent Director of the company. He has done L. T. M. from VJTI, Mumbai. He has got rich experience in starting spinning mills and preparation / implementation of reorganization & modernization schemes.

He has travelled all over the world during 44 years of experience and attended ITMA, TECHTEXTIL, HEIMTEXTIL as well as other similar exhibitions in Europe, USA, Japan, China etc .

Shri. Kanitkar holds Directorship in M/s Vardhman Polytext Limited.

As on March 31, 2010 Shri. Kanitkar does not hold any shares in the Company

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 17th Annual Report for the year ended on 31st March 2010.

Financial Results:

The performance of the company for the financial year ended March 31, 2010 is summarized below:

(Rs. in Lacs)

Particulars	2009-10	2008-09
Total Income	4043.37	2395.25
Usual Working Expenses	4108.97	885.63
Gross Profit/(Loss)before Interest and Depreciation	(65.60)	1509.62
Less:Interest	2236.89	1267.59
Depreciation	1436.56	1126.83
Profit Before Tax	(3739.05)	(884.80)
Less: Provision for Current Tax	-	-
Provision for Deferred Tax	-	389.48
Provision for Fringe Benefit Tax	-	3.78
Profit After Tax before Extra Ordinary Items	(3739.05)	(1278.06)
Add: Extra Ordinary Items	493.28	-
Profit After Tax & After Extra Ordinary Items	(3245.77)	-
Add: Balance brought forward from last Year	3459.53	4737.59
Balance Transferred to Balance Sheet	213.76	3459.53

Results of Operations

During the year under review sale has been increased by 67.60% from Rs. 2378.09 Lacs in previous year to Rs. 3985.71 Lacs in the current year. Though the foreign markets are showing sign of recovery but still there is brunt of post recession phase. Company has started receiving orders gradually. Management is constantly focused on marketing. Due to this only Company has made higher sale as compared to previous year. However current order position is inadequate vis a vis capacity of the Company.

Though the sale has been increased but still Company has not been able to sale the Fabric of Premium Quality due to lack of demand. Premium quality fabric gives higher margins. Under utilization of capacity accompanied with higher debt cost, lower margins have resulted into the loss of Rs. 3739.05 Lacs (before Extra Ordinary Item) as against the net loss of Rs. 1278.06 Lacs in previous year.

Dividend:

During the year under review the company has not earned profit hence your Board of Directors' do not recommend any dividend for the year.

Changes in Capital Structure

Reclassification of Authorised Capital of the Company

In terms of approval of members at the Extra Ordinary General Meeting held on March 15, 2010 the company has reclassified its previous Authorized Capital of the company of Rs. 24,00,00,000/- (Rupees Twenty Four Crores Only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity shares of Rs. 10/- (Rupees Ten Only) each and 90,00,000 (Ninety Lacs) 6% Non Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) each into 24,00,00,000/ (Rupees Twenty Four Crores Only) divided into 2,40,00,000 (Two Crores Forty Lacs) Equity shares of Rs. 10/- (Rupees Ten Only) each

Allotment of Equity Shares on Preferential Basis

In terms of approval of members at the Extra Ordinary General Meeting held on March 15, 2010 the company has allotted 20,00,000 Equity Shares of the face value Rs.10/- each for cash at a price of Rs.25/- per share (including a premium of Rs.15/- per share) on preferential basis to Mrs Rama J. Swetta under chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

Fixed Deposits

During the year under review the company has not raised any amount by way of Fixed Deposits. As on March 31, 2010 no deposit or interest thereon is outstanding. During the year under review the company has repaid Deposit of Rs. 446.00 Lacs. Information, as required under the Miscellaneous Non-Banking Companies (Reserve Bank) Directions 1977, is annexed.

Industrial Relations

During the year, industrial relations have been cordial

Directors

Shri. Ravi Y. Shiralkar, Director of the Company retire by rotation and being eligible, has offered himself for reappointment at the ensuing Annual General Meeting.

Shri. Shreedhar V. Padhye was appointed as a Director of the company on June 22, 2009 in the casual vacancy caused by the resignation of Mr. Shriprakash M. Dhopeswarkar and whose term of office expires at this Annual General Meeting.

Mr. Manohar Kanitkar was appointed as an Additional Director of the company by Board with effect from May 17, 2010. His term of office expires at this Annual General Meeting

Pursuant to section 257 (1) of the Act, the Company has received notices in writing from members along with a deposit of requisite fee proposing the candidature of Shri. Shreedhar V. Padhye & Shri. Manohar Kanitkar for the office of the Director of the company

Board recommends above appointments.

Corporate Governance

In order to maintain high standards of Corporate Governance and to be complied with 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. Its Constitution, activities of this committee has been elaborated in the report of Corporate Governance. 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.
- II. Share Transfer and Investor Grievance Committee:** The Board of Directors' has constituted "Share Transfer and Investor Grievance Committee" 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. Its constitution and activities has been elaborated in the report of Corporate Governance
- III. Remuneration Committee:** The Board of Directors has constituted "Remuneration Committee" to decide and approve the terms and conditions for appointment of Executive Directors of the Company and remuneration payable to other Directors and Executives of the Company and other matters related thereto. Its constitution, activities of this committee has been elaborated in the report of Corporate Governance

Auditors Qualification

- I. In Corporate Governance Certificate:** As on March 31 2010 the Company complies with all the requirements of Clause 49 of Listing Agreement except provision regarding Board Composition. Pursuant to allotment of 20,00,000 shares on a preferential basis to Mrs. Rama J. Swetta on March 25, 2010, Mrs. Swetta has ceased to be independent Director of the company from March 25, 2010. Due to this company did not comply with the requirement of having one-half of the Board of the company consists of Independent Directors. However on May 7, 2010 Mr. R. M. Mohite resigned from the Directorship of the Company. Also on May 17, 2010 Board of Directors of the Company by circular resolution appointed Mr. Manohar Kanitkar, as an Additional Director of the Company. Due to these developments now (as on date of this report) the Company complies with all the provisions of Listing Agreement

II. In Audit Report

Regarding the qualification of Auditor in Audit report, Directors' state as under

- ▶ **Point No. ix a) & b)** Due to low turnover, lower capacity utilization with higher debt cost the company is facing liquidity problem and hence there is non – payment of statutory dues in time.
- ▶ **Point No. x:** Due to lower capacity utilization, higher debt cost and lower margin the company has incurred loss of Rs. 3245.77Lacs. However majority portion of loss has been adjusted against previous years profits. After adjusting the loss of current year with previous Balance in Profit & Loss account still there is accumulated profit of Rs. 213.76 Lacs.
- ▶ **Point No. xi:** The lower sale and high fixed cost has adversely affected the liquidity/cash flows of the company resulting into delay in payment of Interest/Installments to Banks.

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, 2010 and of the Loss 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, existing Statutory Auditors of the Company, have expressed in writing their unwillingness pursuant to section 224 (2) (b) of the Companies Act, 1956 for re-appointment as Auditors of the Company on their retirement at ensuing Annual General Meeting (AGM). Based on the recommendation of the Audit Committee, the Board of Directors of the Company proposed the appointment of M/S. Jaykumar D. Shetti & Co., Chartered Accountants, as the Auditors of the Company at the ensuing AGM.

M/S. Jaykumar D. Shetti & Co., have expressed their willingness to act as Auditors of the Company and, if appointed, have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (IB) of the Companies Act, 1956

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.

for and on Behalf of the Board of Directors

**Kolhapur
May 27, 2010**

**Anasaheb R Mohite
Chairman & Managing Director**

ANNEXURE TO THE DIRECTOR'S REPORT

I. Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of Director's Report.

A. Conservation of Energy

a. **Energy Conservation Measures taken:** The Company is continuously taking efforts for conservation of energy. Following measures have been taken to maximize energy conservation.

1. The machines we have selected and installed are energy efficient .They are well equipped with the optimized energy consuming devices like

- a. Variable frequency drives instead of traditional motor starters.
- b. PLC based process control systems instead of traditional relay/contactor logics.
- c. PID control systems for heating, cooling, dosing, mixing etc. This will not only improve the process efficiency and repeatability but also uses the energy very precisely without wasting it.
- d. Digital monitoring system in the process. This will ensure the high accuracy and less wastage in the process due to reading errors.

2. Saving in electricity in lighting

- a. Plant is designed for maximum utilization of daylight. This will save electricity for lighting during day time.
- b. We have used energy efficient CFL lamps at maximum places.
- c. We have used electronics ballast instead of conventional copper chokes
- d. APFC (Automatic power factor controller) panel is used to maintain unity power factor.

This will control the Maximum Demand

3. Green Energy Initiative: This year Company has opted "Green Fuel" for Boiler. This gives dual benefit, saving of fuel cost as well as commitment towards environment by reducing the emission of carbon in the environment.

4. Water Conservation: We are recycling the effluent for our own plantation, after doing proper treatment which saves lot of water & energy.

b. **Energy conservation is ongoing process within the company:** The Company is continuously making efforts for enhancement in capacity utilization, cost competitiveness and quality through systematic process monitoring and adherence to technological term.

c. **Additional investment / proposals being implemented for reduction of consumption of energy:** Looking to the process cycles and need of utility, we are studying the energy saving possibilities in the plant at various places.

- d. **Impact of measures at (a) & (b) above for reduction in consumption of energy and on cost of production of goods:** The energy conservation helps the company to minimize the cost of production little bit.
- e. **Total Energy consumption and energy consumption per unit.**

Particulars	2009-10	2008-09
Purchased:		
Total Units consumed (in lacs)	220.61	183.93
Total Amount (Rs. in lacs)	1024.53	836.30
Rate per Unit (Rupees)	4.64	4.55
Own Generation through Diesel Generator Set	N.A.	N.A.
Own Generation through Furnace Oil Generator Set	N.A.	N.A.
Coal	N.A.	N.A.
Furnace Oil	N.A.	N.A.

B. Research and Development

Research and development in processes, methodologies continue to be of importance to us. This allows us to enhance quality, productivity, and overall efficiency and thereby ensure customer satisfaction.

- a. **Specific areas in which research and development are being carried out:** The Company is engaged in textile and construction activities. Continuous efforts have been made to increase the quality of yarn & Fabric. The research and development are being carried in Yarn & Fabric Production.
- b. **Benefits derived as a result of R & D efforts:** Our R & D efforts enables us to offer premium quality Yarn & Fabric to our customers, with more value addition
- c. **Future Plan of Action:** Company's "New Yarn Dyed Shirting Fabric Project" has been commissioned. This expansion involves increased focus on Research and Development, Quality Control, Value Addition etc. We are taking trials with different types of ringtravellers to identify one with longer life & better running characteristics.

d. Expenditure on R & D

The Company has not incurred any material Research and Development expenditure during the year

A. Technology Absorption, Adoption and Innovation

- a. **Efforts made towards technology absorption, adoption and innovation:** The Company uses latest technology 'State of the Art' machines. More emphasis has been given to adoption and up gradation of new technology. During the year the Company has acquired Plant & Machinery under TUFS (Technology Up gradation Fund Scheme) to the extent of Rs. 2.83 Crores.
- b. **Benefits derived as a result of above efforts:** Latest technology machine helps the company to produce high quality yarn and Fabric. The company produces yarn and Fabric of premium quality.

B. Foreign Exchange Earning and Outgo

	2009-10	2008-09
	Rs. in lacs	Rs. in lacs
Earnings	1189.03	1226.56
Outgo	196.68	2757.72

I. Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, and forming part of Director Report for the year ended March 31, 2010.

Name	: Shri. Anasaheb R Mohite
Designation	: Managing Director
Nature of Employment	: Contractual
Qualification	: B. E. (Civil)
Age	: 51 years
Date of Joining	: September 1, 1993.
Experience (Years)	: 29
Gross Remuneration (Rs.)	: 48,00,000/-
Previous Employment & Designation	: R. M. Mohite Textile Limited, Managing Director
Shares Held	: 42,04,193 (26.26%)
Relative of	: Directors : Shri. Ramchandra M. Mohite, (Resigned w. e. f. May 7, 2010) Shri. Abhishek A. Mohite

II. INFORMATION AS REQUIRED UNDER THE MISCELLANEOUS NON-BANKING COMPANIES (RESERVE BANK) DIRECTION, 1972.

1	Total number of depositors whose deposits have not been claimed by the depositors or paid by the company after the date on which the deposit became due for repayment or renewal, as the case may be according to the contract with the depositor or the provisions of the Directions, whichever may be applicable	Nil
2	The total amounts due to the depositors and remaining unclaimed or unpaid beyond the due dates of repayment	Nil

III. Details (in aggregate) of shares in the suspense account including freeze on their voting rights: Despite the best efforts of the Company & Registrar to Issue i.e. Link Intime India Private Limited still 360 shares allotted in public issue made by the Company in March 2007 are remained unclaimed by the applicants. We have transferred these shares to the suspense account and voting rights on these shares has been freeze.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(In this section of annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.)

1. Industry Structure

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14 percent to industrial production, 4 percent to the GDP, and 17 percent to the country's export earnings. It provides direct employment to over 35 million people, which includes a substantial number of SC/ST, and women. The Textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation. The Indian textiles industry is extremely varied, with the hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized power looms/ hosiery and knitting sectors form the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

The vast pool of skilled and unskilled workers, availability of labour at low costs, strong base for production of raw materials characterize the textile industry in India. The increase in domestic demand and ability of the units in the industry to process small or customized orders are some of the advantages for the textile industry in India. The textile sector is highly diverse and has hand-spun and hand woven segments at one end of the spectrum, and capital-intensive, sophisticated and modern mills at the other

Indian textile industry has performed remarkably well during the last one decade.

Yarn Segment:

The domestic spinning industry is one of the largest industries in the country and has witnessed a phenomenal growth in the last two decades in terms of installed spindlage and yarn production. Technology-wise, Indian spinning industry has been able to keep pace with the international technology trends to a fair degree and this pace of modernization received a fillip after launching of "Technology Up gradation Fund" by the Government of India.

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 9 years, the Company has been able to increase its capacity to 36144 Spindles and has been able to provide various value added facilities such as compact spinning, Singeing, Doubling etc. The product range of yarn includes finer counts in the range of 40s to 120s, which is a premium segment, where there are comparatively fewer players due to stringent quality parameters and high level of technology.

“Quality with consistency” has been the guiding philosophy of the ACL and the Promoters which have been mainly responsible for the dramatic growth of the Company during the last decade. Due to its high quality, ACL has created a strong presence with export base in European countries like Germany, Italy, Switzerland and other countries including Vietnam, Bahrain, Hong Kong, Russia, Korea and Mauritius.

Weaving Segment:

The declining fortunes of the textile processing industry in the US are forcing them to import textile products from other countries. Cotton textile producers such as China, India, Pakistan and Canada stand to gain from the closure of textile mills and the dwindling number of spindles and shuttle less looms in the US. Weaving industry has close ties with the fashion industry and therefore is sensitive to the whims and fancies of the prevailing fashions

ACL has entered into weaving segment with the setting up of its Mega Project – with a total outlay of over Rs. 270 Crores (Approx) which was envisaged, financed and implemented within a record time of two years. A total capacity of 8 million meters fabric per annum has been established with the successful commissioning of the new project, which is a vertical integration from cotton yarn to dyed and processed shirting fabric.

ACL intend to establish itself 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, ACL intend to become nominated fabric supplier for readymade garment manufacturers in these developed nations. Once ACL become successful in becoming a nominated fabric supplier, ACL expect to receive repeat order for exports. ACL will also tie up with global sourcing agencies to further boost its exports of yarn dyed shirting fabric.

2. Future Outlook:

India is fast emerging as a key player in the \$395 billion global textiles and clothing market. Clothing accounts for roughly 60 per cent of the market while textiles constitute the balance 40 per cent. Currently the US imports nearly 85 per cent of its clothing needs while the EU imports 60-70 per cent. A key driver of global textile trade is low cost sourcing of textiles and clothing. Global retailing industry is exploring opportunities for outsourcing to deal with pricing pressures. As a result outsourcing budgets of retail giants like Wal-Mart, JC Penny, Tommy Hilfiger, Marks and Spencer, K-Mart and Tesco are on the rise

The future prospects for the Indian industry are bright, particularly in the post-quota regime. The industry is in an expansion mode and is likely to benefit from growing demand both in the domestic as well as global markets. Further, the anti-surge mechanism which the WTO has imposed on Chinese exports is expected to benefit India. Turkey is the first country to set quotas on textile and apparel imports from China. The EU is also in the process of adopting measures to avoid surge in imports from China. Even though these tariffs are nominal, it will increase export prices and curb demand for low priced Chinese goods in world markets. This should enable Indian industry to offer competitive products to global markets and increase its share in US and EU markets.

ACL has entered into weaving segment with the setting up of its Mega Project – with a total outlay of over Rs. 270 Crores (approx) . Presently, the Company has been exporting a part of its yarn produced from the spinning unit , till the time its weaving and processing operations gets stabilized and in due course , the entire yarn produced shall be completely utilized for our weaving operations. The entire fabric production from ACL’s weaving operations will be used by the processing house. However, the processing house will have excess capacity for which the Company proposes to procure grey fabric from the market for in house processing. ACL intend to export its final product i.e Yarn Dyed Shirting Fabric from the Expansion Project.

Abhishek Corporation Ltd, with its integrated yarn dyed shirting fabric plant in place, is having the capabilities to export premium quality high end fine fabrics to Europe and the US. However due to the low off-take from these Countries, due to their recent economic crisis and the slow pace of recovery, the exports of fabric could not take place as expected. But ACL has made inroads in the domestic fabric market and the Order book positions for next two to three months are booked in advance. As a EOU we have restrictions on sale in domestic market. Hence we are considering the possibilities of shifting to EPCG or De-bonding to explore the opportunities available in the domestic markets.

3. **Future Challenges:** To Survive and sustain our self in the present recessionary global scenario has been a very challenging task . We have been trying to face this situation by making appropriate changes in the market strategy by temporarily shifting our focus in favour of the domestic markets, but at the same time trying to impress upon the overseas customers about the superior quality of our Products.

The Government is trying its best to reduce the negative impact of the Global recession by various SOPs such as duty draw backs, service tax exemption , extension of interest subvention concessional bank interest by way of TUF rebate etc. Further our Company faces normal market competition in its businesses.

4. **Internal Control Systems**

The company maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against significant misuse or loss of Company's assets.

5. **Results of Operation**

(Rs. In Lacs)

Sr. No.	Particulars	Year Ended on March 31	
		2010 Audited	2009 Audited
1	(a) Net Sales / Income from operations	3,985.71	2,378.09
	(b) Other Operating Income	57.61	17.11
	Total	4,043.32	2,395.20
2	Expenditure		
(a)	(Increase) / Decrease in Finished Stock & WIP	(1,260.26)	(3,343.16)
(b)	Consumption of Raw Materials	2,618.90	2,608.26
(c)	Manufacturing expenses	1,842.63	1,031.01
(d)	Employees Cost	407.22	264.84
(e)	Administrative Expenses	318.88	145.24
(f)	Selling Expenses	105.78	102.77
(g)	Depreciation	1,436.56	1,126.83
(h)	Other Expenditures	75.83	76.66
	Total :	5,545.53	2,012.46
3	Profit/(Loss) from Operations before Other Income, Interest and Exceptional Items (1-2)	(1,502.22)	382.74

(Rs. In Lacs)

Sr. No.	Particulars	Year Ended on March 31	
		2010 Audited	2009 Audited
4	Other Income	0.05	0.05
5	Profit/(Loss) before Interest and Exceptional Items (3+4)	(1,502.17)	382.79
6	Interest	2,236.89	1,267.59
7	Profit/(Loss) after Interest but before Exceptional Items (5-6)	(3,739.05)	(884.79)
8	Exceptional Items	-	-
9	Profit/(Loss) from activities in ordinary course of business before tax	(3,739.05)	(884.79)
10	Provision for Taxation:		
	i) Income Tax	-	-
	ii) Deferred Tax	-	389.48
	iii) Fringe Benefit Tax	-	3.78
11	Profit/(Loss) from activities in ordinary course of business after tax	(3,739.05)	(1,278.06)
12	Extra Ordinary Item (Net)	493.29	-
13	Net Profit/(Loss) After Extra Ordinary Item	(3,245.76)	(1,278.06)

- a. Sales:** The company has presence in two segments namely textile and construction. The total income increased by 68.81% to Rs. 4043.32 Lacs in the current year from Rs. 2395.20 Lacs in the previous year. The increase in the total income is primarily on account of shifting of focus from Export Market to Domestic Market. Still there is burnt of post recessionary phase hence we have entered into domestic market temporarily. Once we started receiving premium qualities fabric orders from foreign countries the turnover & profit of the company is expected to be multifold. There are no revenues from construction division since the project work of Morbe Dam is completed and the company is exploring new avenues for its construction segment.
- b. Profit/Loss before Tax:** During the financial year 2009-10 the company has incurred a loss before tax of Rs.3739.05 Lacs as against Loss before tax of Rs. 884.79 Lacs in previous year. The loss is mainly on account of lower sales turnover due to no export orders, huge interest coupled with other fixed overheads.
- c. Profit After Tax:** During the financial year 2009-10 the company has incurred net loss of Rs. 3739.05 Lacs as against Loss after tax of Rs. 1278.06 Lacs in previous year. This is mainly on account of lower capacity utilization and high fixed overheads such as Interest, Depreciation etc.

During the year financial 2009-10 though there is increase in sales, it is not up to the mark considering the investment that the company has been made in New Projects. This is mainly because the yarn produced by yarn division is transferred to fabric division (New Project) and since there are no orders from foreign customers there is lower sales from fabric division. So underutilization of capacity being the major problem on the other hand because of investment of around Rs. 270 Cr. in new fabric project there is increase in interest cost, employee cost and depreciation. Hence the company has incurred loss during the financial year 2009-10. Further the company has temporarily shifted its focus on Domestic market to solve the problem of underutilization. Also the company is streamlining its marketing setup and expects to achieve maximum capacity utilization in the coming quarters.

6. Segments wise Performance

(Rs. In Lacs)

Sr. No.	Particulars	Year Ended on March 31	
		2010 Audited	2009 Audited
A	Segment Revenue		
1	Textile		
2	Construction		
3	Total	4,043.32	2,395.20
4	Less : Inter segment revenue		
5	Net Sales/ Income from operation	4,043.32	2,395.20
B	Segment Results (Profit and (Loss) before Interest & Tax)		
1	Textile	(1,500.16)	385.35
2	Construction	(2.00)	(2.56)
3	Total	(1,502.17)	382.79
	Less:		
4	Interest & Financial Charges	2,236.89	1,267.59
5	Other un-allocable expenditure (net off un-allocable income.)		
6	Profit/(Loss) Before Tax	(3,739.05)	(884.80)
C	Capital Employed (Segment Assets - Segment Liabilities)		
1	Textile	4,974.38	7,645.47
2	Construction	2,581.12	2,583.12
3	Total Capital Employed in the company	7,555.50	10,228.59

During the year under review the textile revenue has been increased by 68.81% to Rs. 4043.32Lacs as against Rs. 2395.20 Lacs in previous year. During the year 2009-10 there was no income from construction division.

7. HUMAN RESOURCES

The Company regards its human resources amongst its most valuable assets and proactively reviews and evolves policies and processes to attract and retain its substantial pool of scientific, technical and managerial resources through a work environment that encourages initiative, provides challenges and opportunities. Adequate facilities and opportunities are also being provided to the technical and professional staffs to update themselves in the fast changing era of technologies.

In the fiscal 2010 we added approximately 186 new employees to make total number of employees to 713

**AUDITORS CERTIFICATE REGARDING COMPLIANCE OF
CONDITIONS OF CORPORATE GOVERNANCE**

The Board of Directors,

We have examined the compliance of conditions of Corporate Governance by **Abhishek Corporation Ltd**, (formerly Abhishek Mills Limited), as stipulated in clause 49 of the Listing Agreement, for the year ended on March 31, 2010.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of the information and according to the explanation given to us and the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance of the listing agreement executed with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited except below provision

1. 49 (I) (A) (ii) Provided that where the non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.

As on March 31, 2010 Company does not comply with the requirements of composition of Board mentioned in clause 49 of Listing Agreement

We further state that the 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 B. J. Ingrole & Co
Chartered Accountant**

**Kolhapur
May 27, 2010**

**B. J. Ingrole
Proprietor
M. No.: 14094**

REPORT ON CORPORATE GOVERNANCE

1. A brief statement on company's philosophy on code of governance.

The Company's perspective on Corporate Governance is attainment of high level of transparency and fairness in all facets of its operations. Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value over a sustained period of time.

The Board of Directors is at the core of our corporate governance practice. We believe that an active, well informed and Independent Board is necessary to ensure highest standards of corporate governance. As on March 31, 2010 the company had 6 Directors out of which 2 were Independent Directors. Pursuant to provisions of Listing Agreement, company needs 50% of its Directors as Independent Directors. Hence Board of Directors' of the company have appointed Mr. Manohar Kanitkar as an Independent Director of the company w.e.f May 17, 2010. Further Mr. Ramchandra Mohite, resigned from the Directorship of the company w.e.f. May 07, 2010. Due to these developments now as on date of this report we have 6 Directors out of which 3 Directors are Independent and the company complies with the provision of Board composition in Listing Agreement. Further we have Audit, Remuneration and Investor Grievance Committees whose composition & functioning is as per the provisions of Listing Agreement.

2. Board of Directors:

i. Composition and category of Directors

Promoter Director (Non-executive)	Shri. Ramchandra M. Mohite (<i>Chairman</i>)(<i>Resigned w.e.f. May 07, 2010</i>)
Promoter Director (Executive)	Shri. Anasaheb R Mohite (<i>Chairman & Managing Director</i>)* Shri. Abhishek A. Mohite [<i>Director (Marketing & Strategy)</i>]
Non Executive Director	Mrs. Rama J. Swetta
Independent Directors	Shri. Ravi Y. Shiralkar Shri. Shreedhar Vasant Padhye Shri. Manohar Dattatraya Kanitkar (<i>Appointed w.e.f. May 17, 2010</i>)

* Mr. Anasaheb Mohite was appointed as chairman w.e.f. May 27, 2010 due to resignation of Mr. R. M. Mohite

ii. Attendance of Directors at the Board Meetings, Last Annual General Meeting and number of other Directorships and Chairmanships / Memberships of the committee of each Director in various companies.

Name of the Director	Attendance		Other Directorships	**Committee Memberships	**Committee Chairmanships
	Board Meetings	Last AGM			
Shri. R. M. Mohite	7	Yes	5	-	3
Shri. A. R. Mohite	7	Yes	4	2	-
Shri. A. A. Mohite	7	Yes	2	1	-
Mrs. R. J. Swetta	7	Yes	2	3	1
Shri. R. Y. Shiralkar	7	Yes	-	1	1
Shri. S V. Padhye	5	Yes	1	1	2
Shri. M. D. Kanitkar#	N.A.	N.A.	1	-	-

Shri M. D. Kanitkar was appointed as a Director of the company w.e.f 17.05.2010

** Committee membership and chairmanship includes committee membership and chairmanship in Abhishek Corporation Limited

During the financial year 2009-10, the Board of Directors met seven times on the following dates: 23/05/2009, 22/06/2009, 29/06/2009, 30/07/2009, 30/10/2009, 25/01/2010 and 13/02/2010

3. Brief resume of all Directors, nature of their expertise in specific functional area and names of companies in which they hold directorship and committee membership/chairmanship are provided below.

- i. **Mr. Ramchandra M. Mohite**, age 74, Chairman of the company. He is a self made man. He started from scratch and has built an empire comprising of diversified activities such as Construction, Textile, Banking, Education etc. His skills in identifying modern technology and equipments, vision about the future opportunities, hard work and uncompromising attitude in delivering quality in all fields of activity have yielded high returns.

He is a unique success story, which has made him a legend in his own lifetime. He began his career as a construction contractor and he has been involved in the business of Abhishek Corporation Ltd since its inception. He has over 50 years of experience in construction & textile industry. His dedication, commitment and vision to achieve goals with quality enabled him to become associated with big construction projects like large earthen dams and bridges. He has been a source of inspiration to our company and entire Mohite Group.

In addition to Abhishek Corporation Ltd., Shri R. M. Mohite holds directorship in R. M. Mohite Textiles Ltd, Maruti Cotex Limited, Shri Devchand Sugars Limited, Subhadra Local Area Bank Ltd and Shivneri Nagari Shahakari Patsanstha Limited.

In addition to Abhishek Corporation Ltd Shri. R. M. Mohite holds chairmanship of audit committee in Maruti Cotex Limited, Shri Devchand Sugars Limited and Subhadra Local Area Bank Ltd.

As on March 31, 2010 Shri. R. M. Mohite holds 15 shares of the company.

Shri. Ramchandra M. Mohite is father of Shri. A. R. Mohite who is Managing Director of the company. Further Shri. Ramchandra Mohite is grandfather of Shri. Abhishek Mohite who is Director (Marketing & Strategy of the company). Shri R. M. Mohite resigned w. e. f. May 7,2010

- ii. **Mr. Anasaheb R Mohite**, age 51, is Chairman & Managing Director of the company. He is a qualified civil engineer. He started his professional career under the guidance of his father Shri. Ramchandra M. Mohite He has handled big civil construction projects independently and has travelled widely across India and abroad.

He has also been associated with textile business for last 19 years and Abhishek Corporation Ltd - a diversification into textiles - has been his brainchild. He had an in-depth study undertaken for different avenues open for the diversification activity and after much fieldwork, he zeroed in on a spinning project, which is being followed by a weaving and processing project. He has over 31 years of experience in construction industry and around 19 years in textile industry. He has operational experience of implementing various construction projects in the state of Maharashtra, mainly irrigation projects and medium sized earthen dams. His continual marketing thrust for gaining niche in export market lead to the recognition of the unit as export oriented undertaking. He is currently in charge of over all Management of the Company. He is presently involved in setting up a plant for weaving and processing, which has huge potential in the export market. He provides strategic direction in selection of technology, machineries and in setting up of new manufacturing facilities, improvement of production processes and new ventures.

In addition to Abhishek Corporation Ltd, Shri Anasaheb Mohite holds directorship in Shri Devchand Sugars Limited, Mohite Builders Private Limited, Mohite Aviations Private Limited and Mohite Inns Private Limited. He also holds membership of Investor Grievance Committee of the company.

Shri Anasaheb Mohite also holds membership of audit committee in Shri Devchand Sugars Limited.

As on March 31, 2010 Shri. Anasaheb R Mohite, holds 42,04,193 shares of the company.

Shri. Anasaheb R Mohite is son of Shri. R. M. Mohite, chairman of the company. Further Shri. Anasaheb R Mohite is father of Shri. Abhishek Mohite who is Director (Marketing & Strategy of the company)

- iii. **Mr. Abhishek A. Mohite**, age 25, is Director (Marketing & Strategy) of company. He has done graduation 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 and presently looks after the company's marketing activities.

Shri. Abhishek Mohite holds membership of Investor Grievance Committee of the company

In addition to Abhishek Corporation Ltd., Shri Abhishek Mohite holds directorship in Shri Devchand Sugars Limited and Mohite Aviations Private Limited

As on March 31, 2010 Shri. Abhishek Mohite, holds 17,27,116 shares of the company.

Shri. Abhishek Mohite is grandson of Shri. R. M. Mohite, chairman of the company. Further Shri. Abhishek Mohite is son of Shri. Anasaheb Mohite, Managing Director of the company.

- iv. **Mrs Rama Jawahar Swetta**, age 61, is the Director of Company. She is a fashion designer by profession and owns a boutique at Bandra (West), Mumbai.

Mrs. Rama J. Swetta holds membership in Audit Committee and Remuneration Committee of the company. She also holds chairmanship of Investor Grievance committee of the company.

Mrs. Rama J. Swetta holds Directorship in Shri. Devchand Sugars Ltd and Gogi Exports Private Limited. She also holds membership of Audit Committee of Shri Devchand Sugars Ltd

As on March 31, 2010 Mrs. Rama J. Swetta holds 20,00,000 equity shares of the company

- v. **Mr. Ravi Y. Shiralkar**, age 44, is the independent director of our Company. He is an Advocate by profession. Having experience of around 19 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.

Shri. Shiralkar hold membership of Audit committee & Chairmanship of Remuneration Committee of the Company.

Shri. Shiralkar does not hold any directorship/committee membership in any other companies.

As on March 31, 2010 Shri. Shiralkar does not hold any shares in the Company

- vi. **Mr. Shreedhar Vasant Padhye**, age 59 is the independent director of our Company. He is a Chartered Accountant by profession. He is also a member of Institute of Internal Auditors, FLORIDA(INC) U.S.A. since 1987. He has got rich experience of over 32 years as a practicing Chartered Accountant in India and during the above he

has achieved expertise, proficiency and specialization in various areas like Finance, Management Consultancy, Taxation, Audits etc.

Shri Padhye holds chairmanship of Audit Committee & Membership of Remuneration Committee of the company.

Shri. Padhye holds Directorship in M/s Goa State Infrastructure Corporation Ltd. (A Govt. of Goa Undertaking).

He holds Chairmanship of Audit Committee of the said corporation.

As on March 31, 2010 Shri. Padhye does not hold any shares in the Company.

- vii. Mr. Manohar Dattatraya Kanitkar, Age 64** is independent Director of the company. He was appointed on May 17, 2010. He has done L. T. M. from VJTI, Mumbai. He has got rich experience in starting spinning mills and preparation / implementation of reorganization & modernization schemes.

He has travelled all over the world during 44 years of experience and attended ITMA, Techtexil, Heimtextil as well as other similar exhibitions in Europe, USA, Japan, China etc .

Shri. Kanitkar holds Directorship in M/s Vardhman Polytex Limited.

As on March 31, 2010 Shri. Kanitkar does not hold any shares in the Company

4. Audit Committee:

Pursuant to Section 292A of the Companies Act 1956 and listing agreement the Company has constituted Audit Committee. Audit committee consists of three Directors and majority being Independent Directors namely

Shri. Shreedhar Vasant Padhye, *Chairperson*

Shri, Ravi Y. Shiralkar

Mrs. Rama J. Swetta

Shri Shrenik Nagaonkar is Secretary to the 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 the integrity and quality of financial reporting.

The scope of audit committee specified by the board is as under .

- ▶ Authority to investigate any matter pertaining to the items specified in section 292A of the Companies Act or referred to it by the Board
- ▶ Investigate any activity within its terms of reference
- ▶ 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
- ▶ Reviewing with management the financial statements
- ▶ Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- ▶ Reviewing the adequacy of internal audit function, 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

- ▶ Reviewing the Company's financial and risk management policies
- ▶ Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board."

During the financial year 2009-10, Audit Committee met four times on 29/06/2009, 30/07/2009, 30/10/2009 and 25/01/2010

Name	No. of Meetings	
	Held	Attended
Shri. Shreedhar Vasant Padhye	4	4
Shri, Ravi Y. Shiralkar	4	4
Mrs. Rama J. Swetta	4	4

5. Remuneration Committee:

Our remuneration committee comprises of three directors. They are

Shri. Ravi Y. Shiralkar, Chairperson

Shri. Shreedhar Vasant Padhye

Mrs. Rama J. Swetta

The Committee has been formed to decide and approve the terms and conditions for appointment of executive directors of the Company and remuneration payable to other directors and executives of the Company and other matters related thereto

Details of remuneration and pecuniary benefits given to the entire Directors' during the year 2009-10 are detailed below:

(Amount in Rupees)

Name o Director	Salary	Perquisites	Sitting Fee	Total
Shri. R. M. Mohite	-	-	70,000	70,000
Shri. Anasaheb R Mohite	4,800,000	-	-	4,800,000
Shri. Abhishek Mohite	1,200,000	-	-	12,00,000
Mrs. Rama J Swetta	-	-	1,60,000	160,000
Shri. Ravi Y Shiralkar	-	-	1,20,000	1,20,000
Shri.S V. Padhye	-	-	1,00,000	1,00,000
Total	60,00,000	-	450,000	64,50,000

One remuneration committee was held on June 29, 2009 during the year ended March 31, 2010

Name	No. of Meetings	
	Held	Attended
Shri. Ravi Y. Shiralkar, Chairperson	1	1
Shri, Shreedhar Vasant Padhye	1	1
Mrs. Rama J. Swetta	1	1

6. Investor Grievance Committee

Our investor grievance committee comprises of three directors. They are:

- ▶ Mrs. Rama J. Swetta Chairperson
- ▶ Shri. Anasaheb R Mohite
- ▶ Shri. Abhishek Mohite

The scope of Share Transfer & Investor Grievance Committee is to specifically look into 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.

Shri. Shrenik Nagaonkar, Company Secretary of the company is the compliance officer of the company. The status of Complaints received and resolved during the year 2009-10 are as follows.

Opening Complaints	0
Received during the year	3
Resolved during the year	3
Closing	0

Four Investor Grievance Committee were held during the year ended on March 31, 2010 on 29/06/2009, 30/07/2009, 30/10/2009 and 25/01/2010.

Name	No. of Meetings	
	Held	Attended
Mrs. Rama J. Swetta	4	4
Shri. Anasaheb R Mohite	4	4
Shri. Abhishek Mohite	4	4

7. General Body meetings:

i. Location and Time of Last Three meetings

Year	Location	Date	Time
2008-09	Gat No. 148, Tamgaon, Kolhapur – Hupari Road, Tal – Karveer, Dist – Kolhapur 416234	September 29, 2009	4.00 p.m.
2007-08		September 27, 2008	3.00 p.m.
2006-07		September 21, 2007	4.00 p.m.

ii. Following resolution were passed in the previous 3 Annual General Meetings

Year		Description of resolution	Type of resolution
2008-09	1.	Renewal of appointment of Mr. Anasaheb R Mohite as a Managing Director of the company w.e.f. October 1, 2009 for a period of 3 years i.e. till September 30, 2012	Special
	2.	renewal of appointment of Mr. Abhishek A. Mohite as a Director (Marketing & Strategy) w.e.f. June 12, 2010 for the period of three years i.e. till June 11,2013	Special
	3.	Appointment of Mrs. Anjali A. Mohite as an Associate Vice President	Special
2007-08	1.	Approval for revision in remuneration payable to Shri. Anasaheb R Mohite, Managing Director of the company	Special
2006-07	1.	Appointment of Shri. Ravi Y. Shiralkar as a Director of the company	Ordinary
	2.	Approval for revision in remuneration payable to Shri. Anasaheb R Mohite, Managing Director of the company	Special
	3.	Approval for appointment of Shri. Abhisehk Mohite as a Director (Marketing & Strategy) of the company	Special

For the financial year 2010-11, if resolutions are to be conducted through the Postal Ballot procedure, those will be taken up at the appropriate time. .

8. Disclosures:

i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large.

None of the transactions with any of the related parties were in conflict with the interest of the company. Attention of the members is drawn to the disclosures of transaction with related parties set out in Notes on Accounts forming part of Annual Report.

- ii. **Details of non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

There have been no instances of non-compliance by the company on any matter related to capital markets during the last three years and hence the stock exchange or SEBI or any other authority has imposed no penalties or strictures.

- iii. **Whistle Blower policy and affirmation that no personnel have been denied access to the audit committee:**

We have established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our code of conduct or ethics policy. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairperson of the audit committee in the exceptional cases. We further affirm that during the financial year 2009-10, no employee has been denied access to the audit committee.

- iv. **Compliance with non – mandatory requirements of clause 49 of the listing agreement.**

The company complies following non-mandatory requirements of clause of the Listing Agreement as on 31.03.2010

- i) **The Board :** Chairman of the company is non - executive director. Also none of the Independent Directors' on our Board have served for a period exceeding nine years from the date when the new clause 49 became effective.
- ii) **Remuneration Committee :** We have formed remuneration committee and a detailed note on the same is provided elsewhere in the report.
- iii) **Whistle Blower policy :** We have established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our code of conduct. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the chairperson of the Audit Committee. We further affirm that during the year 2009-10, no employees have been denied access to the audit committee.

9. Means of communication:

- i. **Quarterly results:** Quarterly results are published in "Financial Express" and "Sakal" The results are also made available on the website of the company i.e. www.abhishekcproation.com
- ii. **Half Yearly Results:** Half Yearly results are published in "Financial Express" and "Sakal" The results are also made available on the website of the company i.e. www.abhishekcproation.com
- iii. **News Release, Presentation:** : Official News Release and presentation made to media, analysts, institutional investors, if any, are displayed on the company's website www.abhishekcproation.com
- iv. **Annual Reports:** Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report, Auditors' Report, and other important information is circulated to the members of the company and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report.

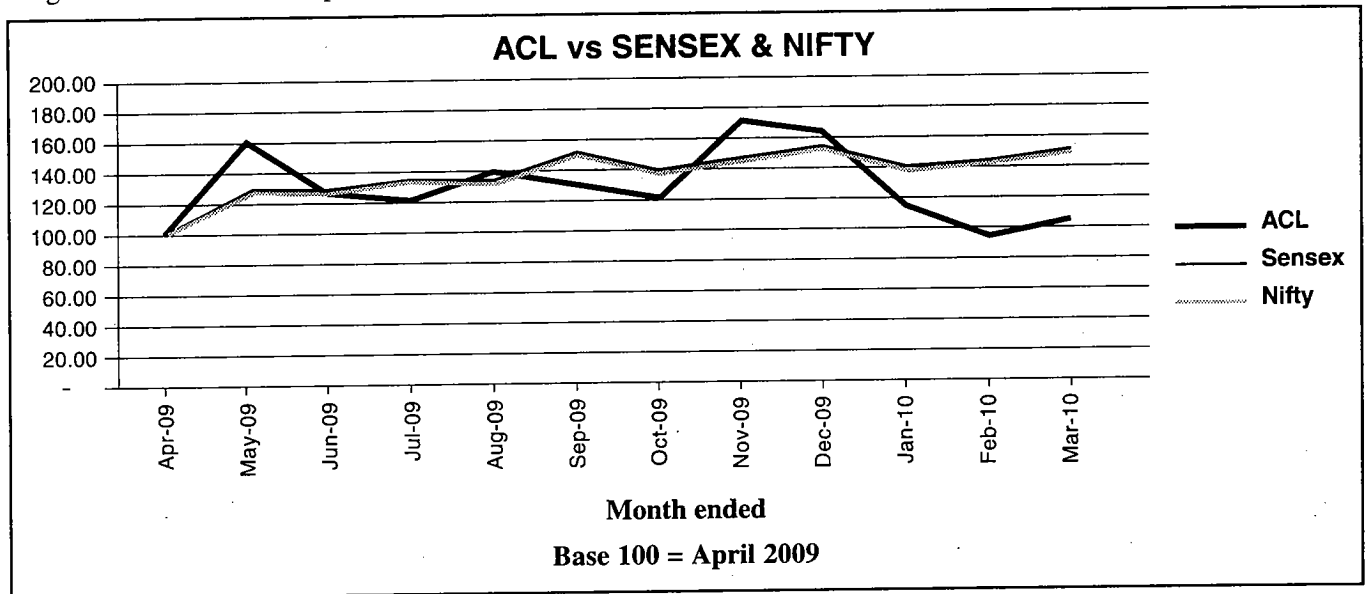
10. General Shareholder information:

- a AGM: Date, time and venue : Friday, September 17, 2010 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 416234
- b Financial Calendar (tentative)
 Financial year : April 1, 2010 – March 31, 2011
 Results for the quarter ending
 June 30, 2008 : On or before July 30, 2010
 September 30, 2008 : On or before October 30, 2010
 December 31, 2008 : On or before January 30, 2011
 March 31, 2009 : On or before June 30, 2011
 Annual General Meeting : September 2010
- c Date of Book closure : 13-09-2010 to 17-09-2010 (Both days inclusive)
- d Listing on Stock Exchanges : Bombay Stock Exchange Limited
 National Stock Exchange of India Limited
 (Listing Fee for the year 2010-11 has been paid in full for both the exchanges)
- e Stock Code : (BSE scrip Code: 532831) (NSE Scrip Code: ABHISHEK)
- f Market Price Data : Monthly highs, lows and trading volume

Month	Stock Exchanges						
	BSE			NSE			Total Volume
	High (Rs.)	Low (Rs.)	Volume (No.)	High (Rs.)	Low (Rs.)	Volume (No.)	BSE & NSE (No.)
Apr-09	19.00	12.00	86,542	19.85	12.00	69,986	156,528
May-09	27.85	14.35	243,439	27.50	14.75	120,846	364,285
Jun-09	27.00	18.85	73,960	27.50	19.05	64,978	138,938
Jul-09	21.25	18.00	41,122	21.00	17.60	32,607	73,729
Aug-09	23.05	18.20	100,249	23.10	18.25	87,606	187,855
Sep-09	23.80	19.85	149,687	23.30	20.50	104,969	254,656
Oct-09	24.35	18.70	229,714	23.50	19.05	132,867	362,581
Nov-09	27.80	19.05	251,721	27.45	17.70	148,903	400,624
Dec-09	32.90	26.05	481,135	32.60	26.00	250,169	731,304
Jan-10	27.05	18.70	532,992	26.70	18.75	350,154	883,146
Feb-10	19.00	14.00	644,089	19.05	14.15	439,135	1,083,224
Mar-10	22.35	15.15	738,873	21.40	15.20	333,188	1,072,061
Total	32.90*	12.00*	3,573,523	32.60*	12.00*	2,135,408	5,708,931

* Represents yearly high and yearly low of equity shares

g Performance in comparison with BSE Sensex & S&P CNX NIFTY



h Registrar and Transfer Agents : Link Intime India Private Limited
(formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W),
Mumbai – 400 078

j Share Transfer System : The company has appointed M/s Link Intime India Pvt Ltd as Registrar and Transfer Agent. The share transfers forms are processed and the share certificates returned within a period of 15 days from the date of receipt subject to the documents being valid and complete in all respects.

k. Distribution of shareholding

► By Size

Category of Shares	No. of shareholders	% of total	Share Amount	% of total
1-500	3153	83.17%	44,77,110	2.80%
501-1000	326	8.60%	26,87,990	1.68%
1001-2000	132	3.48%	20,94,740	1.31%
2001-3000	62	1.64%	14,15,030	0.88%
3001-4000	20	0.53%	7,26,730	0.45%
4001-5000	28	0.74%	13,19,950	0.82%
5001-10000	31	0.82%	21,25,220	1.33%
Above 10000	39	1.03%	14,52,37,850	90.73%
Total	3791	100.00%	16,00,84.620	100.00%

► By Share Ownership

Category	March 31, 2010			March 31, 2009		
	Shareholders No.	Voting Strength %	No. of Shares Held	Shareholders No.	Voting Strength %	No. of Shares Held
Promoters & Promoter Group	6	61.97%	99,20,417	5	70.75%	9,910,417
Other Bodies Corporate	157	10.94%	17,52,037	152	11.80%	1,652,313
Clearing Members	59	0.56%	89,393	44	0.47%	65,226
Indian Public	3545	26.42%	42,29,143	3,774	16.86%	23,62,386
NRI	21	0.11%	16,821	23	0.11%	16,369
NRN	3	0.00%	651	4	0.01%	1,751
Total	3791	100.00%	16,00,84,620	4002	100.00%	14,008,462

► By Dematerialised and physical shares

Sr. No.	Category	Dematerialized		Physical		Total		
		Shares	Holders	Shares	Holders	Shares	Value	Percent
1	Promoters & Promoter Group	99,20,387	4	30	2	99,20,417	9,92,04,170	61.97%
2	Other Bodies Corporate	17,52,037	157	-	-	17,52,037	1,75,20,370	10.94%
3	Clearing Members	89,393	59	-	-	89,393	8,93,930	0.56%
4	Indian Public	22,29,094	3539	20,00,049	6	42,29,143	4,22,91,430	26.42%
5	NRI	16,821	21	-	-	16,821	1,68,210	0.11%
6	NRN	651	3	-	-	651	6,510	0.00%
	Total	1,40,08,383	3783	20,00,079	8	1,60,08,462	16,00,84,620	100.00%

i. Dematerialization of shares and liquidity:

Total share capital of the company is Rs. 1,60,084,620 divided into 16,008,462 shares of Rs. 10/- each. As on March 31, 2010 out of 16,008,462 shares 1,40,08,383 (87.50%) are in dematerialized form. Out of remaining 20,00,079 shares, 20,00,000 shares are those which has been allotted but not credit to the account of beneficiary because of pending Listing Permission. These shares will be credited to account of beneficiary after receiving Listing approval from Stock Exchanges. Remaining 79 shares are in physical form.

ii. Outstanding GDRs / ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity:

There are no outstanding GDRs / ADRs/ Warrants or any Convertible instruments.

iii. Plant Location:

Abhishek Corporation Ltd.
Gat No. 148, Tamgaon,
Kolhapur – Hupari Road,
Tal - Karveer, Dist – Kolhapur, 416234

iv. Address for correspondence

Registered Office

Abhishek Corporation Ltd.
Gat No. 148, Tamgaon, Kolhapur – Hupari Road, Tal - Karveer, Dist – Kolhapur, 416234

Registrar and Transfer Agent

Link Intime India Private Limited, (Formerly Intime Spectrum Registry Ltd)
(Unit: Abhishek Corporation Ltd)
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai – 400 078

**DECLARATION REGARDING COMPLIANCES WITH CODE OF CONDUCT AND
ETHICS POLICY OF THE COMPANY BY THE BOARD MEMBERS AND SENIOR MANAGERS**

This is to confirm that the company has adopted code of conduct for Board Members and Senior Managers, which is available at www.abhishekccorporation.com

I declare that the Board Members and Senior Mangers have affirmed compliance with Code of Conduct Policy of the company.

Place: Kolhapur

Date: May 27, 2010

Anasaheb R Mohite

Chairman & Managing Director

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION.

This is to certify to the Board that:

1. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the company during the year that is fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and
 - a. we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and
 - b. we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee
 - a. Significant changes in internal control over financial reporting during the year;
 - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. There were no Instances of significant fraud, which has involvement of the management or an employee having a significant role in the company's internal control system over financial reporting.

Anasaheb R Mohite

Chairman & Managing Director

Ramesh K. Chandawarkar

Head Finance

Kolhapur

May 27, 2010

AUDITORS' REPORT
TO THE SHAREHOLDERS OF
ABHISHEK CORPORATION LTD
(Formerly Abhishek Mills Ltd)

1. We have audited the attached Balance Sheet of **Abhishek Corporation Ltd, (formerly Abhishek Mills Limited), Kolhapur** as at 31st March 2010 and the Profit and Loss Account of the Company 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.
2. We 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4-A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in the paragraph (1) 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 purpose of our 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 those books.
 - c) The Balance Sheet and 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 representations received from Directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director 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 accounts 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.
 - i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010.
 - ii) in the case of Profit and Loss Account of the Loss for the year ended on that date.
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **B.J. INGROLE & CO.**
Chartered Accountants

Place: Kolhapur
Date: 27.05.2010

B.J. Ingrole
Proprietor
M. No. 14094

**ANNEXURE AS REFERRED TO IN PARAGRAPH (3) OF THE AUDITOR'S REPORT TO THE
MEMBERS OF ABHISHEK CORPORATION LTD (FORMERLY ABHISHEK MILLS LIMITED)
FOR THE YEAR ENDED ON 31 MARCH 2010**

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed Assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification by the management.
- c) During the year, the Company has not disposed off a substantial part of fixed assets.
- (ii) In respect of its inventories:
- a) As explained to us, the management at the regular intervals and at end of the year physically verified inventories.
- b) In our opinion and according to the information and explanation 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 the nature of its business.
- c) In our opinion and according to the information and explanation given to us, the company has maintained adequate stock record for stock of stores and spares. As explained to us the discrepancies noticed on physical verification of stock of raw material and finished goods were not material.
- (iii) a) During the year the company has obtained a loan of Rs. 8,69,14,469/- from three related parties. The rate of interest and other terms and conditions, are prima facie not prejudicial to the interest of the company.
- b) Since the loan has been borrowed free of interest the question of payment of Interest does not arise.
- c) The Principal amount is not overdue.
- d) The company has not granted any Loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301.
- (iv) In our opinion and according to the information and explanation given to us there are generally adequate internal control procedures, commensurate with the size of the company and nature of its business with regard to purchase of inventories, fixed assets and with regard to sale of goods. Further, during the course of audit, we have neither come across nor have we been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
- (v) a) According to the information and explanation given to us, we are of the opinion that the particulars of contracts and arrangements that need to be entered into the register maintained under Sec. 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the contracts and arrangements entered in the register maintained under Sec. 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) During the year under review the company has not accepted any amount by way of Fixed Deposits pursuant to provisions of section 58A, 58AA, rules there under and the directives issued by RBI.
- (vii) In our opinion, the company's present internal audit system is commensurate with its size and nature of its business.

- (viii) "We have broadly reviewed the books of account maintained by the company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Act in respect of textile industry and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records."
- (ix) a) According to the information and explanation given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Income Tax, Wealth Tax, Sales Tax, Purchase Tax, Custom Duty, Excise Duty, Cess, Entry Tax & Service Tax except following dues which are due since more than six months but still not paid
- i. TDS under section 192B 21,14,450
- b) The disputed statutory dues aggregating to Rs. 4,89,60,735/- have not been deposited on account of disputed matters pending before appropriate authorities as on March 31, 2010, are as under:

Name of Statute	Nature of Dues	Amount	Forum where dispute is pending
Income Tax Act 1961	Income Tax	4,89,60,735/-	Deputy Commissioner of Income Tax, Circle II, Kolhapur

- (x) The company does not have any accumulated losses as at March 31, 2010. During the year the Company has incurred cash loss of Rs. 23,02,49,162/- . Further during the previous year the Company has not incurred any cash losses.
- (xi) As on March 31, 2010 interest of New Consortium Bankers' for the month of February 2010 and March 2010 amounting Rs. 3,35,33,048/- is due but still not paid. Further Installments of IDBI of Rs. 5, 85,30,000/-are due but still not paid.
- (xii) As Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable
- (xiii) As the Company is not chit fund/ nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4(xiii) of the Order is not applicable.
- (xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(17) of the Order is not applicable.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The company has applied the term loans for which they were obtained.
- (xvii) In our opinion and according to the explanations and information given to us and on overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment and vice-versa.
- (xviii) During the year the Company has made any preferential allotment of 20,00,000 equity shares of Rs. 10/- each with an issue price of Rs. 25/- per shares to Mrs. Rama J. Swetta who is not a party covered in the register maintained under section 301. The said allotment has been made pursuant to chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The price at which shares have been allotted is not prejudicial to the interest of the Company.

- (xix) The Company has not issued any debentures during the year.
- (xx) During the year, since the Company has not raised money by way of Public Issue, 4(xx) of the Order is not applicable
- (xxi) Based upon the audit procedure performed and information and explanation given by the management we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended on 31 March, 2010

For **B.J. INGROLE & CO.**

Chartered Accountants

Place: Kolhaur

Date: 27.05.2010

B.J. Ingrole

Proprietor

M. No. 14094

BALANCE SHEET AS AT 31ST MARCH, 2010

Sr. No.	Particulars	Sch. No.	Rs.	31-03.2010 Rs.	31-03-2009 Rs.
I	SOURCE OF FUNDS				
1.	SHAREHOLDERS' FUNDS				
	Share Capital	A		160,084,620	140,084,620
	RESERVES AND SURPLUS				
	Share Premium	B	508,092,265		478,092,265
	Capital Redemption Reserve		80,915,380		80,915,380
	Surplus in Profit & Loss A/c		21,377,114		345,953,056
				610,384,759	904,960,701
2.	LOAN FUNDS				
	a) Secured Loans	C	2,404,090,773		2,277,088,463
	b) Unsecured Loans	D	321,488,398		314,517,384
				2,725,579,171	2,591,605,847
4	DEFERRED TAX LIABILITY			-	48,272,448
	TOTAL FUNDS EMPLOYED			3,496,048,550	3,684,923,616
II	APPLICATION OF FUNDS				
1.	FIXED ASSETS	E			
	a) Gross Block		3,038,113,328		3,031,516,896
	b) Less: Depreciation		449,076,318		306,741,475
	c) Net Block			2,589,037,010	2,724,775,421
2.	INVESTMENTS	F		376,000	376,000
3.	CURRENT ASSETS, LOANS & ADVANCES				
	a) Inventories	G	766,899,013		744,968,484
	b) Sundry Debtors	H	95,763,061		202,967,758
	c) Cash and Bank Balances	I	15,751,252		21,006,141
	d) Loans and Advances	J	150,715,688		369,326,891
	Sub-total		1,029,129,014		1,338,269,274
	Less : Current Liabilities & Provisions	K	137,412,848		400,682,344
				891,716,166	937,586,931
4.	MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	L		14,919,373	22,185,264
	TOTAL ASSETS			3,496,048,550	3,684,923,616

As per our report of even date

For **B.J. INGROLE & CO.**

Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

B.J. INGROLE
Proprietor

ANASAHEBR MOHITE
Chairman and Managing Director

RAMA J. SWETTA
Director

SHRENIK NAGAONKAR
Company Secretary

PLACE: KOLHAPUR
DATE: 27.05.2010

PLACE: KOLHAPUR
DATE: 27.05.2010

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(Rs. in Lacs)

	Current Year	Previous Year
A Cash Flow from operating activities		
Profit Before Tax & Extra Ordinary Items	(3,735.88)	(880.79)
Adjustment for		
Depreciation	1,436.56	1,126.83
Interest Paid	2,236.88	1,267.59
Interest Received	(54.12)	(16.25)
Dividend Received	(0.05)	(0.05)
Misc Expenditure	72.66	61.99
Loss on Sale of Asset	4.99	-
Reversal of Deferred Tax provision	482.72	-
Depreciation Written Back	10.56	-
	<u>4,190.20</u>	<u>2,440.11</u>
Operating profit before working capital changes	<u>454.32</u>	<u>1,559.32</u>
Adjustment For		
Inventories	(219.30)	(4,429.30)
Sundry Debtors	1,072.05	877.75
Loans and Advances	2,186.11	(1,777.07)
Current Liabilities and provisions	(2,632.69)	2,019.01
Cash Generated form operations	<u>406.17</u>	<u>(3,309.60)</u>
Prior Period Expenses		
Interest Paid	(2,236.88)	(1,267.59)
Direct Tax Paid	-	(3.78)
Tax on Dividend	-	-
Cash flow before extra ordinary items	<u>(2,236.88)</u>	<u>(1,271.37)</u>
Extra Ordinary Items		
Previous Period Expenses	(3.17)	(4.00)
Depreciation written back	(13.20)	(31.68)
Reversal of Deferred Tax provision	(482.72)	-
	<u>(499.09)</u>	<u>(35.68)</u>
Net Cash from operating activities (A)	<u>(1,875.48)</u>	<u>(3,057.33)</u>
B Cash flow from investing activities		
Purchase of fixed assets	(1,874.86)	(13,055.82)
Subsidy received	471.29	-
(Increase)/Decrease in WIP	1,317.17	7,523.75
Purchase of Investment	-	(2.50)
Sale of Assets	15.45	1,257.23
Interest Income	54.12	16.25
Dividend Income	0.05	0.05
Net cash used in investing activity (B)	<u>(16.78)</u>	<u>(4,261.04)</u>

C Cash flow from Financing activities

Proceeds from issue of Share Capital	500.00	-
Proceeds from long term borrowing	2,167.10	4,147.20
Proceeds from short term borrowing	1,662.24	3,296.19
Repayment of long term borrowing	(694.99)	(407.01)
Repayment of short term borrowing	(1,794.64)	(59.53)
Net Cash used in financing activity (C)	1,839.71	6,976.84
Net Increase in Cash / Cash Equivalents (A+B+C)	(52.55)	(341.53)
Cash and Cash equivalents (Opening Balance)	210.06	551.59
Cash and Cash equivalents (Closing Balance)	157.51	210.06

As per our report of even date

For B. J. Ingrole & Co.

Chartered Accountants

For and on behalf of Board of Directors

B. J. Ingrole

Proprietor

Anasaheb Mohite

Chairman & Managing Director

Rama J. Swetta

Director

Shrenik Nagaonkar

Company Secretary

Place: Kolhapur

Date: 27/05/2010

Place: Kolhapur

Date: 27/05/2010

Schedules "A" to "U" annexed to and forming part of Balance Sheet as at 31st March, 2010
and Profit & Loss A/c. for the year ended on that date

Particulars	31-03-2010 Rs.	31-03-2009 Rs.
SCHEDULE "A"		
SHARE CAPITAL		
Authorised		
2,40,00,000 (Prev. Yr. 1,50,00,000) Equity Shares of Rs.10/- each	240,000,000	150,000,000
Nil (Prev. Yr. 90,00,000) 6% Non-Cumulative Redeemable Preference	-	90,000,000
	240,000,000	240,000,000
Issued Subscribed and Paid up		
Equity Shares : 1,60,08,462 (prev.Yr.1,40,08,462) Equity Shares of		
Rs.10/- each fully paid up	160,084,620	140,084,620
Total	160,084,620	140,084,620
SCHEDULE "B"		
RESERVE AND SURPLUS		
Share Premium Account - Opening Balance	478,092,265	478,092,265
Add : Premium on Issue of 20,00,000 Equity Shares (Rs. 15/-per share)	30,000,000	-
	508,092,265	478,092,265
Surplus in Profit & Loss Account - Opening Balance	345,953,056	473,759,052
Add : Transferred from the Profit and Loss Account	(324,575,942)	(127,805,996)
	21,377,114	345,953,056
Capital Redemption Reserve	80,915,380	80,915,380
Total	610,384,759	904,960,701

SCHEDULES CONTD.

Particulars	31-03-2010 Rs.	31-03-2009 Rs.
SCHEDULE "C"		
SECURED LOANS		
1 Term Loan from IDBI Bank Ltd. RTL I	69,230,458	74,333,631
2 Term Loan from IDBI Bank Ltd. RTL II	10,555,208	11,198,404
3 Term Loan from IDBI Bank Ltd. RTL III	6,803,360	8,154,827
4 Term Loan from IDBI Bank Ltd. RTL IV	16,633,039	19,297,620
5 Term Loan from Indian Overseas Bank (TUF) RTL-I	-	30,262,404
6 Term Loan from Indian Overseas Bank (TUF) RTL-II	-	2,677,605
<i>Term Loan under (TUFS) - Yarn Dyed Shirting Project</i>		
7 Term Loan from Indian Overseas Bank	254,552,909	257,566,442
8 Term Loan from Corporation Bank	101,045,985	102,241,351
9 Term Loan from State Bank of Hyderabad	146,935,232	149,537,441
10 Term Loan from State Bank of India	254,911,458	257,835,784
11 Term Loan from State Bank of Patiala	102,056,673	103,592,696
12 Term Loan from Axis Bank Ltd	153,143,873	155,245,133
13 Term Loan from Bank of India	152,866,518	151,216,583
14 Term Loan from Bank of Baroda	204,544,572	207,313,459
15 Term Loan from Punjab National Bank	152,579,302	154,087,378
16 Term Loan from Union Bank of India	203,708,355	-
17 Packing Credit from IDBI Bank Ltd.	8,485,000	39,982,365
18 Packing Credit from Corporation Bank	55,226,718	115,597,195
19 Packing Credit from Indian Overseas Bank	34,545,000	94,999,497
20 Packing Credit from Bank of India	299,915,548	299,761,448
21 Pledge Limit from IDBI Bank Ltd.	-	9,355,608
22 Overdraft from IDBI Bank Ltd.	-	2,500,000
23 Cash Credit from IDBI R'puri	32,528,944	-
24 Cash Credit from Indian Overseas Bank	60,776,872	-
25 Cash Credit from Corporation Bank	72,763,703	-
26 FBP/FBN Limits- IOB / UWB / CORP/ BOI	-	15,286,660
27 Vehicle Loan from ICICI Bank	-	973,506
28 Vehicle Loan from HDFC Bank	225,061	5,362,734
29 Vehicle Loan from HDFC Bank - Used Car Definance	3,996,173	-
30 Vehicle Loan from Union Bank of India	5,672,566	8,708,692
31 Vehicle Loan from State Bank of Mysore	388,246	-
Total	2,404,090,773	2,277,088,463
SCHEDULE "D"		
UNSECURED LOANS		
1 From the Directors of the Company	300,205,263	213,290,794
2 Public Deposits	-	46,446,340
3 Inter-corporate Loan	21,283,135	54,780,250
Total	321,488,398	314,517,384

**SCHEDULE - E
FIXED ASSETS**

Sr. No.	Particular of the Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2009	Addition During the year	Sale/ Transfer During the year	As at 31.03.2010	As at 31.03.2009	For the Year	* Adjust-ment	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Building	555,223,794	70,621,395	-	625,845,189	36,332,566	18,754,416.76	-	55,086,983	570,758,206	518,891,228
2	Land & Land Development / Scaping	2,044,719	-	-	2,044,719	-	-	-	-	2,044,719	2,044,719
3	Furniture & Fixtures	10,474,208	485,651	-	10,959,859	2,623,521	672,029.33	-	3,295,550	7,664,309	7,850,687
4	Plant & Machinery	2,126,141,066	101,926,665	47,129,200	2,180,938,531	236,661,798	111,160,814.53	1,056,727	346,765,886	1,834,172,645	1,889,479,268
5	Electrical Installation	144,773,447	11,233,152	-	156,006,599	12,714,666	7,767,782.99	-	20,482,449	135,524,150	132,058,781
6	Lab Equipment	16,781,634	-	-	16,781,634	8,250,447	886,070.28	-	9,136,517	7,645,117	8,531,187
7	Computer	5,659,182	623,914	-	6,283,096	1,843,034	969,816.10	-	2,812,850	3,470,246	3,816,148
8	Vehicle	34,621,051	2,288,019	2,043,839	34,865,231	7,798,780	3,260,622.81	264,384	10,795,019	24,070,212	26,822,271
9	Office Equipment	3,729,920	307,514	-	4,037,434	516,663	184,402.20	-	701,065	3,336,369	3,213,257
	TOTAL	2,899,449,021	187,486,310	49,173,039	3,037,762,292	306,741,475	143,655,955	1,321,111	449,076,319	2,588,685,973	2,592,707,546
10	Capital Work-in-Progress	132,067,874	55,769,472	187,486,310	351,036	-	-	-	-	351,036	132,067,874
		3,031,516,895	243,255,782	236,659,349	3,038,113,328	306,741,475	143,655,954.99	1,321,111	449,076,319	2,589,037,010	2,724,775,421
11	Previous Year	2,604,032,840	1,997,538,270	1,570,054,215	3,031,516,895	197,226,351	112,683,367	3,168,243	306,741,475	2,724,775,421	2,406,806,489

SCHEDULES CONTD.

Particulars	31-03-2010 Rs.	31-03-2009 Rs.
SCHEDULE "F"		
INVESTMENTS		
1 Shares in Parshwanath Co-op Bank Ltd.	350,000	350,000
2 Shares in Saraswat Co-op Bank Ltd.	25,000	25,000
3 National Saving Certificate	1,000	1,000
Total	376,000	376,000
SCHEDULE "G"		
INVENTORIES		
(As valued and certified by Management)		
(Valued at lower of cost and market value unless stated otherwise)		
1 Raw Material	87,909,309	254,020,787
2 Stock-in-Process	283,551,749	209,806,147
3 Finished Goods	264,871,161	210,190,226
4 Waste Stock (at Market Value)	1,381,796	3,782,323
5 Packing Material / Stores, Spares etc	129,184,998	67,169,001
Total	766,899,013	744,968,484
SCHEDULE "H"		
SUNDRY DEBTORS		
TEXTILE DIVISION		
Above 6 months	2,501,952	-
Below 6 months	32,748,703	48,766,049
Total	35,250,655	48,766,049
CONSTRUCTION DIVISION		
Above 6 months	60,512,406	154,201,709
Below 6 months	-	-
Total	60,512,406	154,201,709
Total	95,763,061	202,967,758
SCHEDULE "I"		
CASH & BANK BALANCES		
1 Cash in Hand	2,655,507	3,080,443
2 Balances with Scheduled Banks in Indian Rupees		
In current accounts	24,276	343,779
In deposit account	-	-
3 Balances with Non-Scheduled Banks in Indian Rupees		
In current accounts	11,555,446	707,579
In deposit account	1,516,023	16,874,341
Total	15,751,252	21,006,141

*Directors are interested in 'Subhadra Local Area Bank Ltd.' (Non-scheduled)

SCHEDULES CONTD.

Particulars	31-03-2010 Rs.	31-03-2009 Rs.
SCHEDULE "J"		
LOANS & ADVANCES		
(Unsecured, considered goods)		
1 Advances recoverable in cash or kind for value to be received	31,870,514	149,033,116
2 Electricity Duty Refundable	5,767,451	5,767,451
3 Tax Deducted at Source	4,444,915	4,433,205
4 C.S.T.Receivable	3,237,181	4,388,914
5 Prepaid Expenses	747,760	1,441,817
6 Advance I. Tax	-	59,528,181
7 Advance Fringe Benefit Tax	-	-
8 Service Tax Credit	944,979	6,760,160
9 Cenvat Credit	-	795,378
10 Vat Receivable	2,837,604	11,207,213
11 Vat Set-Off Claim Receivable	14,350,485	7,443,251
12 Interest Receivable under TUF Scheme/ MSEB Int on Sec Dep.	64,875,930	90,581,566
13 Deposits	7,183,704	11,686,918
14 Interest Receivable on Short Term Deposit	-	1,804,556
15 Construction Division - Tax Deducted at Source	12,914,343	12,914,343
16 Construction Division - Vat Receivable	1,063,291	1,063,291
17 Construction Division - Loans & Advances	477,530	477,530
Total	150,715,688	369,326,891
SCHEDULE "K"		
CURRENT LIABILITIES & PROVISIONS :		
1 Sundry Creditors (Including Creditors for Capital Goods)	106,915,662	314,375,101
2 PROVISION		
Provision for Taxation	30,096,201	85,906,258
Provision for Fringe Benefit Tax	400,985	400,985
Total	137,412,848	400,682,344
SCHEDULE "L"		
MISCELLANEOUS EXPENDITURE NOT W/O		
1 Preliminary Expenses	-	7,658
2 Capital Expenditure to the extent not written off	574,503	747,724
3 Public Issue Expenses	14,306,496	21,353,136
4 Deferred Revenue Expenditure	38,374	76,746
Total	14,919,373	22,185,264

SCHEDULES CONTD.

Particulars	31-03-2010 Rs.	31-03-2009 Rs.
SCHEDULE "M"		
SALES		
SPINNING DIV :		
1 Export Sales - Cotton Yarn	126,473,742	177,184,826
2 Local Sales - Cotton Yarn	89,764,744	5,658,647
3 Local Sales - Cotton Waste	29,479,269	29,878,562
Total	245,717,755	212,722,035
FABRIC DIV :		
1 Export Sales - Cotton Fabric	-	23,523,670
2 Local Sales - Cotton Fabric	152,539,449	1,514,303
3 Local Sales - Fabric Waste	1,973	-
4 Local Sales - Yarn Waste	252,981	-
5 Local Sales - Scrap	58,481	49,065
Total	152,852,884	25,087,038
Gr. Total	398,570,639	237,809,073
SCHEDULE "N"		
OTHER INCOME		
1 Interest received	5,411,714	1,624,819
2 Miscellaneous income	349,490	34,305
3 Dividend received	5,000	5,000
4 Exchange Rate Difference	-	52,156
Total	5,766,204	1,716,280
SCHEDULE "O"		
INCREASE / (DECREASE) IN STOCK		
(Stock of Yarn, Stock-in-Process and Waste Stock)		
Opening Stock of Finished Goods and WIP	423,778,696	89,462,987
Less: Closing Stock of Finished Goods and WIP	549,804,706	423,778,696
Total	126,026,010	334,315,709
SCHEDULE "P"		
RAW MATERIAL CONSUMPTION		
Opening Stock	254,020,787	203,281,674
Add: Purchases	95,778,145	311,565,345
	349,798,932	514,847,019
Less: Closing Stock	87,909,309	254,020,787
Total	261,889,623	260,826,232

SCHEDULES CONTD.

Particulars	31-03-2010 Rs.	31-03-2009 Rs.
SCHEDULE "Q"		
MANUFACTURING EXPENSES		
1 Power & Fuel	102,453,718	83,629,689
2 Stores & Spares Consumption	67,710,702	15,779,860
3 Testing Expenses	46,730	17,760
4 Transportation & Octroi	2,414,762	717,093
5 Insurance Premium -Stock	378,076	146,242
6 Insurance Premium - Plant & Machinery	912,331	1,148,718
7 Repair & Maintenance - Plant & Machinery	6,650,847	1,453,954
8 Repair & Maintenance - Building	407,547	207,856
9 Waste Disposal Charges (ETP)	512,019	-
10 Job Work Chg. (Fabric weaving)	1,228,428	-
11 Loom Operating Chg.	1,480,462	-
12 Fabric Sample Exp.	67,538	-
Total	184,263,160	103,101,172
SCHEDULE "R"		
EXPENSES ON EMPLOYEES		
1 Salary, Wages and Allowances	34,148,056	21,607,068
2 Labour Welfare	657,923	582,578
3 Production Incentive to workers	856,893	647,094
4 Bonus / Ex-gratia	2,234,636	1,691,199
5 Company's Contribution to PF and EPF with PF Admn.chg.	2,692,503	1,780,517
Total	40,590,011	26,308,456
SCHEDULE "S"		
ADMINISTRATIVE & SELLING EXPENSES		
1 Printing & Stationery, Xerox	1,467,230	673,369
2 Postage, Telephone , Internet, Courier, Website Exp.	1,367,372	1,308,787
3 Audit Fees - Statutory & Tax	30,000	27,575
4 Directors Remuneration/Travelling, sitting fees	6,450,000	6,834,073
5 Yarn Sales Commission	3,508,087	3,674,373
6 Fabric Sales Commission	31,380	-
7 Waste Cotton Expenses/Transportation Receipts	194,781	35,798
8 Insurance Premium - Yarn In Transit	100,000	90,406
9 Packing & Forwarding charges	21,674	38,400
10 Export Shipment Expenses	6,722,018	6,438,301
11 Miscellaneous Expenses	17,306,009	3,079,150
12 Rent, Rates & Taxes	5,198,759	2,520,686
Total	42,397,310	24,720,918

SCHEDULES CONTD.

Particulars	31-03-2010 Rs.	31-03-2009 Rs.
SCHEDULE "T"		
COST OF FINANCE		
1 Interest paid on Term Loans	136,833,132	70,236,747
2 Interest paid on Packing Credit & Advances	73,933,027	50,251,175
3 Bank Commission	6,887,333	2,869,854
4 Interest paid on Vehicle Loan	1,719,059	1,318,693
5 Interest paid on Public Deposits	4,316,025	2,082,260
Total	223,688,576	126,758,729
SCHEDULE "U"		
CONSTRUCTION DIVISION EXPENSES		
1 Material & Labour Expenses	-	-
2 Expenses on Employee	131,705	175,806
3 Administrative Expenses	68,308	80,344
Total	200,013	256,150

SCHEDULE "V"

NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. **Method of Accounting :** The financial statements are prepared under the historical cost convention and as per mercantile system of accounting
2. **Fixed Assets :** Fixed assets are stated at cost of acquisition, inclusive of inward freight, duties and taxes and incidental expenses related to acquisition less accumulated depreciation. Capital Work In Progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the Balance Sheet date. There are no intangible assets.
3. **Depreciation :** The company has used Continuous Process Method on Plant & Machinery, Electrical Installation & Lab Equipment 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
4. **Investments :** Investments are stated at cost
5. **Inventories :** Raw Material, Work in Process, Finished Goods is valued at Cost or Net Realisable value whichever is lower. Waste stock is valued at market value/net realisable value. Cost comprises of all cost of purchase, cost of conversion and the cost incurred in bringing the inventory to present location and condition. Cost formulae used is "First in First Out"
6. **Retirement Benefits :** The Company has provided retirement benefits in the form of contribution to provident fund as a fixed percentage of salary and wages to employees. Employees of the Company are covered under Payment of Gratuity Act, 1972 and the Company has made provision for Gratuity based on the liabilities determined by actuarial valuation as of the Balance Sheet date. Similarly the Company has made provision for Leave Encashment on the basis of actuarial valuation as of the Balance Sheet date.
7. **Miscellaneous expenditure :** Preliminary expenses and miscellaneous expenditure are being amortised over a period of 5 years starting from the current year Public Issue Expenses have been written off over a period of 5 years starting from the year in which the new project has commenced trial production.
8. **Income Tax :** Tax expense comprises of both current tax and deferred tax. Current tax is measured at the amount expected to be paid/ recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates.
9. **Borrowing Cost :** Interest and other cost in connection with the borrowing of the funds to the extent related/attributed to the acquisition/ construction of qualifying fixed assets are accumulated and capitalised upto the date when such assets are ready for their intended use and other borrowing cost are charged to Profit & Loss Account . Rebate accrued on interest under Technology Up-gradation Scheme upto date of commissioning has been deducted from the capitalised portion of the borrowing cost and the balance portion of the rebate has been deducted from the cost of finance.
10. **Foreign Currency Transaction :** Revenue in foreign currency is translated at the exchange rate at the time of negotiation of documents. Expenditure in foreign currency is translated at the rate prevailing at the time of remittance. Monetary items denominated in foreign currency remaining unsettled at the end of the year, are reported using the closing rates as applicable. Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise. Exchange differences in respect of fixed assets acquired, including foreign currency liabilities relating thereto, are recognised as income or expenses in the period in which they arise

11. Revenue Recognition

- i. **Textile :** Sales of textile and wastes are recognised upon despatch of goods to customers.
- ii. **Construction :** There are no revenues from construction division during the year

II. NOTES ON ACCOUNTS

1. Term Loan availed from Indian Overseas Bank, and Corporation Bank are secured against first charge on factory land, building and plant and Machinery (Fixed Assets Block) situated at Gat No. 148, Tamgaon, Kolhapur – Hupari Road, Tal – Karveer, Dist Kolhapur and further secured by second charge on current assets of the company (i.e stock of raw material, semi finished goods, stores, spares (not relating to plant & machinery) consumables, stores, bills receivables, book debts, and all movable assets both present and future on pari passu basis.

Working Capital Facilities (i.e. Bills Discounting, Letter of Credit, Bank Guarantee and packing credit) availed from Indian Overseas Bank, IDBI Bank (previously The United Western Bank Limited) Corporation Bank and Bank of India are secured against first charge on current assets of the company (i.e stock of raw material, semi finished goods, stores, spares (not relating to plant & machinery) consumables, stores, bills receivables, book debts, and all movable assets both present and future and further secured by second charge on factory land, building and plant and Machinery (Fixed assets Block) situated at Gat No. 148 & 149 Tamgaon, Kolhapur – Hupari Road, Tal –Karveer, Dist Kolhapur on pari passu basis

Term Loans availed from IDBI Bank (previously The United Western Bank Limited) are secured against the respective machinery for which loans are availed.

Indian Overseas Bank in consortium with State Bank of Hyderabad, State Bank of Patiala, Punjab National Bank, State Bank of India, Bank of Baroda, Corporation Bank, Bank of India, Unian Bank of India and Axis Bank Ltd. (formerly UTI Bank Ltd) has sanctioned Term Loan of Rs. 170 Crores for “New Yarn Dyed Shirting Fabric Project”. The said term loans of Rs. 170 Crores is secured against the part of Gat No. 148 admeasuring 13 hector, 37R, and Gat No. 149 area 17 hectors and 42R together with all building and structures and all plant and machinery attached / permanently fastened to anything attached to the said land, both present and future, pertaining to Phase IV. Further whole of the movable properties of the company in Phase IV including fixed assets of the Company pertaining to the Properties and its movable plant and machinery, movable spares, tools and accessories and other movables are secured against the said loan.

Other loans availed for acquiring equipments/ Vehicles are secured by hypothecation of respective equipments/vehicles

2. There is no provision made for MAT and the provision for Fringe Benefit Tax. Change in deferred tax Assets and Liabilities (net) is Rs. (482.72) working of which is as under

Computation of deferred tax liability / asset:

	Particular	31.03.2010	31.03.2009
A	Unabsorbed Loss and depreciation	0.00	0.00
	Deferred tax asset (A)	0.00	0.00
B	Provision for Deferred Tax Liability	(482.72)	389.48
	Deferred tax liability (B)	(482.72)	389.48
C	Net Deferred Tax Liability	0.00	482.72

The above working is based upon assessment orders/ return filed.

3. Related Party Transactions

- 1 Promoters : Shri Ramchandra M. Mohite
- 2 Key Management Personnel : Shri Anasaheb R. Mohite, Managing Director
- 3 Others – Enterprises in which Promoters Directors hold Substantial Interest : Shri Abhishek A. Mohite, Director (Marketing & Strategy)
M/s Maruti Construction
- 4 Relatives to Key Managerial Personnel : M/s R.M. Mohite & Co
Mrs. Anjali A Mohite Associate Vice President

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Sr. No.	Particulars	Sch. No.	31-03.2010 Rs.	31-03-2009 Rs.
I	INCOME			
	Net Sales	M	398,570,639	237,809,073
	Other Income	N	5,766,204	1,716,280
	Increase/ (Decrease) in stock	O	126,026,010	334,315,709
			Total	Total
			530,362,853	573,841,062
II	EXPENDITURE			
	Raw Materials Consumed	P	261,889,623	260,826,232
	Manufacturing Expenses	Q	184,263,160	103,101,172
	Expenses on Employees	R	40,590,011	26,308,456
	Administrative & Selling Expenses	S	42,397,310	24,720,918
	Cost of Finance	T	223,688,576	126,758,729
	Miscellaneous expenditure written-off		7,265,891	7,265,897
	Construction Division Expenses		200,013	256,150
			760,294,584	549,237,553
	Profit before Depreciation		(229,931,731)	24,603,509
	Less: Depreciation	E	143,655,955	112,683,367
	PROFIT / (LOSS) BEFORE TAX		(373,587,686)	(88,079,858)
	Less: Prior Period Expenditure		317,431	399,618
			(373,905,117)	(88,479,477)
	Less : Provision for Current Tax (MAT)		---	---
	Provision for Deferred Tax		---	38,948,291
	Provision for Fringe Benefit Tax		---	378,228
			(373,905,117)	(127,805,996)
	Add : Extra Ordinary Income		---	---
	Depreciation Written-back		1,056,727	---
	Deferred Tax Written-back		48,272,448	---
			(324,575,942)	(127,805,996)
	Balance brought forward from last year		345,953,056	473,759,052
	Net Profit Carried to Balance Sheet		21,377,114	345,953,056

As per our report of even date
For **B.J. INGROLE & CO.**
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

B.J. INGROLE
Proprietor

ANASAHEB R MOHITE
Chairman and Managing Director

RAMA J. SWETTA
Director

SHRENIK NAGAONKAR
Company Secretary

PLACE: KOLHAPUR
DATE: 27.05.2010

PLACE: KOLHAPUR
DATE: 27.05.2010

Transactions carried out with related parties:
(Previous year figures are in brackets)

Sr. No.	Nature of Transactions	Promoters	Key Management Personnel	Other	Relatives to Key Manage Personnel	Total
1.	Managerial Remuneration	- (-)	60.00 (58.66)	- (-)	- -	60.00 (58.66)
2.	Salary paid	- (-)	(-) -	- -	6.00 (6.00)	6.00 (6.00)
3.	Rent paid	0.25 (0.25)	20.00 (10.00)	- (-)	(-) -	20.25 (10.25)
4.	Loan Borrowed	30.63 (0.55)	838.51 (1511.49)	- (-)	- -	869.14 (1512.04)
5.	Receivable as at 31.03.2010	- -	(-) (-)	605.12 (1542.0)	(-) -	605.12 (1542.01)
6.	Payables as at 31.03.2010	1194.49 (1163.86)	1807.56 (964.67)	- -	- (1.81)	3002.05 (2128.53)

4. Earnings per Share (EPS)

The following table sets forth the computation of basic and diluted earnings:

(Rupees in Lacs except EPS)

	2009-10	2008-09
1 Net Profit /(Loss) as per Profit and Loss Account	(3739.05)	(1278.06)
2 Less: Preference Share Dividend & Corporate Tax thereon	—	—
3 Net Profit/(Loss) available for Equity Share Holders	(3739.05)	(1278.06)
4 Weighted Average number of equity shares used as denominator for calculating EPS	14046924	1,40,08,462
5 Nominal Value of Shares	10	10
6 Earnings Per Share: Basic & Diluted	(26.62)	(9.12)

5. Segment information for the year ended 31 March 2010

Primary Business Segments (Previous year Figures are in brackets.)

Rs. In Lakhs

	Textile Division	Construction Division	Total
Revenue			
Net Sale/ Income from segments	5245.97	-	5245.97
	(5721.25)	(-)	(5721.25)
Result			
Profit from segments before interest, other income & taxes	-1557.83	-2.00	-1559.83
Add : Other Income	57.66	-	57.66
	(17.16)	(-)	(17.16)

	Textile Division	Construction Division	Total
Profit from segments before interest & taxes	-1500.17	-2.00	-1502.17
Less : Interest (net)	(385.35)	(-2.56)	(382.79)
	2236.88	-	2236.88
Profit Before Taxes	(1267.59)	(-)	(1267.59)
	-3737.05	-2.00	-3739.05
Taxes	(-882.24)	(-2.56)	(-884.80)
	(393.26)	(-)	(393.26)
Profit After Tax	-3737.05	-2.00	-3739.05
	(-1278.06)	(-2.56)	(-1278.06)
Other Information			
Segment Assets	34398.12	562.36	34960.48
	(34189.77)	(2659.47)	(36849.24)
Segment Liabilities	34398.12	562.36	34960.48
	(34189.77)	(2659.64)	(36849.24)
Capital Expenditure during the year (including Work-in-progress)	557.69	-	557.69
	(4274.84)	(-)	(4274.84)
Depreciation / Amortisation	1436.56	-	1436.56
	(1126.83)	(-)	(1126.83)

6. The Company has been granted refund of electricity duty under 1993 Package Scheme of Incentives. The company has made a total claim for refund of duty amounting to Rs. 1,07,46,034/- out of which Rs. 57,67,451/- is outstanding as on 31.03.2010
7. During the year the Company has made interest refund claim amounting to Rs. 8,91,71,724/- in respect of term loans granted by Banks under Technology Up-gradation Fund Scheme (TUFS) and during the year the Company has received interest refund amounting to Rs. 11,47,31,275/-
8. Factory land is owned by the promoters and their relatives. The company has entered into an agreement with the landowners for lease of land in the year 2000-2001. Factory Land of new project is also owned by promoters and the company has executed lease agreement for new project in the year 2008-09. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term, at the rate of Rs. 20,25,000/
9. The outstanding balances as on 31.03.2010 in respect of Sundry Debtors, Sundry Creditors, Loans & Advances, Deposits are subject to confirmation from respective parties and consequential reconciliation / adjustment arising there from, if any. The Management, however, does not expect any material variation.
10. We are compiling the information about the status of our suppliers as a Micro, Small and Medium Enterprises and registered under MSMED Act 2006 (Micro, Small and Medium Enterprises Development Act, 2006) hence disclosure under schedule VI of the Companies Act is not made
11. In the opinion of the Board of Directors, the current assets, loans and advances as well as unquoted investments have realisable value in the ordinary course of business at least equal to the amounts at which they are stated.
12. Figures of the previous year are regrouped wherever necessary
13. Paises are rounded off to the nearest rupee
14. Amounts paid to the Auditors

	Current Year	Previous year
As Audit fees	15,000/-	15000/-
As Other Services	15,000/-	15,000/-
Service Tax	3,090/-	3708/-
Total	33,090/-	33,708/-

15. Information pursuant to provisions of Paragraph(s) 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956

Licensed Capacity : 36144 Spindles /92 Looms
Installed Capacity : 36144 Spindles/92 Looms

	Particulars	2009-2010		2008-2009	
		Quantity (Tons)	Value (Rs.Lacs)	Quantity (Tons)	Value (Rs.Lacs)
A)	Finished Goods (Cotton Yarn)				
	Opening Stock	520.31	1504.81	166.79	448.11
	Production	1580.29	-	1454.08	-
	Sales	1224.61	2162.39	986.85	1828.43
	Closing Stock (Packed Yarn)	379.57	1214.84	479.71	1285.26
	Closing Stock (Yarn in Process)	37.69	207.38	40.60	219.55
B)	Wastes				
	Opening Stock	93.80	37.82	138.27	47.43
	Production	779.11	-	651.81	-
	Sales	779.74	294.79	696.28	298.79
	Closing Stock	93.17	13.82	93.80	37.82
		Quantity (Mtrs)	Value (Rs. Lacs)	Quantity (Mtrs.)	Value (Rs. Lacs)
C)	Finished Goods (Cotton Fabric)				
	Opening Stock	64407.95	271.92	-	-
	Production	1793227.52		200125.66	
	Sales	1605575.71	1525.39	135717.71	250.38
	Closing Stock (Fabric)	243232.04	1226.50	64407.95	271.92

16. Break-up of Raw Material Consumed - Cotton (Rs. in Lakhs)

Particulars	2009-10		2008-09	
	MT.	Rs.	MT.	Rs
Consumption	2333.88	2552.46	2148.95	2542.90

17. Consumption of Raw Material & Spares (Rs. in Lakhs)

Particulars	2009-10		2008-09	
	Raw Material	Spares	Raw Material	Spares
Imported Material	782.07	52.61	1124.15	16.15
Percent %	30.64	7.77	44.21	10.23
Indigenous	1770.39	624.50	1418.72	141.65
Percent %	69.46	92.23	55.79	89.77

18. C.I.F. value of Imports (Rs. in Lakhs)

Particulars	2009-10	2008-09
Capital Goods	96.89	728.08
Raw Material	-	1762.11
Other (Packing & Stores Material)	56.77	13.72

19. Expenditure in Foreign Currency on account of

(Rs. in Lakhs)

Particulars	2009-10	2008-09
Travelling Expenses	3.30	2.57
Commission on Export Sales	34.50	33.39
Consultancy Charges	5.22	217.85

20. Earning in Foreign Currency

(Rs. in Lakhs)

Particulars	2009-10	2008-09
On account of Export of goods on F.O.B. basis	1189.03	1226.56

21. Contingent liabilities are not provided in respect of

(Rs. in Lakhs)

Particulars	March 31,2010	March 31,2009
Import L.C. (Raw Cotton)	0.00	0.00
Import L.C. (Machinery)	0.00	0.00
Bank Guarantee	64.82	64.82
Total	64.82	64.82

Signatures to Schedules A to V

As per our report of even date attached

For **B.J. Ingrole & Co.**
Chartered Accountants

For and on behalf of Board of Directors

B. J. Ingrole
Proprietor
M. No. 14094

Anasaheb Mohite
Chairman & Managing Director

Rama J. Swetta
Director

Shrenik Nagaonkar
Company Secretary

Place: Kolhapur
Date: 27/05/2010

Place: Kolhapur
Date: 27/05/2010

**Additional Information as required under Part IV of
Schedule VI to the Companies Act, 1956**

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details		
Registration No.	:	73706 of 1993
State Code	:	11
Balance Sheet Date	:	31-03-2010
II. Capital raised during the year		(Rs. in 000's)
Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	20000
III. Position of mobilisation and deployment of funds		(Rs. in 000's)
Total Liabilities	:	34,96,048
Total Assets	:	34,96,048
Sources of Funds		
Paid-up Capital	:	1,60,085
Share Application Money	:	-
Reserves & Surplus	:	6,10,385
Secured Loans	:	24,04,090
Unsecured Loans	:	32,14,88
Deferred Tax Liabilities	:	-
Application of funds		
Net Fixed Assets	:	25,89,037
Investments	:	376
Net Current Assets	:	8,91,716
Misc. Expenditure	:	14,919
Accumulated Losses	:	-
IV. Performance of Company		(Rs. in 000's)
Turnover	:	4,04,337
Total Expenditure	:	7,78,242
Profit/(Loss) before Tax	:	(3,73,905)
Profit after Tax	:	(3,73,905)
Earning per share (in Rs.)	:	(26.62)
Dividend Rate % (annualised)	:	-
V. Generic Names of Principal Products of Company		
Item Code No.	:	520511
Product	:	Yarn

Place: Kolhapur
Date: 27.05.2010

Anasaheb Mohite
Chairman & Managing Director

Rama J. Swetta
Director

Shrenik Nagaonkar
Company Secretary

Abhishek Corporation Ltd.

Registered Office : Gat No. 148, Tamgaon, Kolhapur - Hupari Road,
Tal - Karveer, Dist. - Kolhapur - 416 234, Maharashtra, India.

Proxy Form

Regd. Folio No. / DP ID / Client ID :

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I / We _____ Of _____ in the district of _____
Being a member . members of the company hereby appoint
_____ Of _____ in the district of _____
as my / our proxy to vote for me / us on my / our at the Seventeenth Annual General Meeting of the company to be held on Friday, September 17, 2010 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 and at any adjournment(s) thereof.

Signed this _____ Day of _____ 2010.

Affix Re. 1/-
Revenue stamp

This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the company, not less than 48 hours before the meeting.

✂ Please tear here ✂

Abhishek Corporation Ltd.

Registered Office : Gat No. 148, Tamgaon, Kolhapur - Hupari Road,
Tal - Karveer, Dist. - Kolhapur - 416 234, Maharashtra, India.

Attendance Slip

Seventeenth Annual General Meeting - September 17, 2010.

Regd. Folio No. / DP ID / Client ID :

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No of Shares Held :

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I Certify that I am a member / proxy for the member of the company.

I hereby record my presence at Gat No. 148, Tamgaon, Kolhapur - Hupari Road, Tal-Karveer, Dist. - Kolhapur on Friday, September 17, 2010 at 4.00 p. m.

Name of the member / proxy

Signature of member / proxy

Note : Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.

Regd. Office : Gat No. 148, Tamgaon, Kolhapur - Hupri Road, Tal. Karveer,
Kolhapur-416 234, INDIA. **Ph.:** +91-231-2676191, **Fax:** +91-231-2676194.

City Office : 'Shiv Parvati', 17 'E' Nagala Park, Kolhapur-416 003, INDIA.
Ph. + 91-231-2651364 **E-mail :** admin@abhishekkorporation.com

Website : www.abhishekkorporation.com

**MOHITE GROUP
OF COMPANIES**

