



ABHISHEK
CORPORATION

www.abhishekc Corporation.com

Annual Report 2010- 2011

- ▶ **BOARD OF DIRECTORS** :
- Mr. Ramchandra Maruti Mohite
(Chairman) (Resigned w.e.f. May 7, 2010)
Mr. Anasaheb Ramchandra Mohite
(Chairman and Managing Director)
Mr. Abhishek Anasaheb Mohite
(Director, Marketing & Strategy)
Mrs. Rama Jawahar Swetta
(Director)
Mr. Ravi Yashwant Shiralkar
(Independent Director)
Mr. Shreedhar Vasant Padhye
(Independent Director) (Resigned w.e.f. January 31, 2011)
Mr. Manohar Dattatraya Kanitkar
(Independent Director)
Mr. Dhananjay Shripati Charane
(Independent Director) (Appointed w.e.f. July 13, 2011)
- ▶ **Company Secretary** :
- Ms. Anuja Subhash Mallikar
- ▶ **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** :
- P. M. Vardhe & Co.
Chartered Accountants,
630-E, Shahupuri, 1st lane, Kolhapur – 416001
- ▶ **Registered Office & Works** :
- Gat No. 148, Tamgaon, Kolhapur – Hupari Road,
Taluka – Karveer, Dist – Kolhapur 416234
- ▶ **CITY OFFICE** :
- 'Shiv – Parvati' 17 E', Nagala Park, Kolhapur – 416003

NOTICE

Notice is hereby given that Eighteenth Annual General Meeting of members of “**Abhishek Corporation Ltd**” will be held on Friday, September 30, 2011 at 11.00 a.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, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2 To appoint a Director in place of Mrs. Rama J. Swetta, who retires by rotation and, being eligible, offers herself for reappointment
- 3 To appoint the auditors to hold the office from conclusion of this Annual General Meeting until conclusion of next Annual General Meeting and to fix their remuneration and to pass the following resolution thereof:

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

Special Business:

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

“**RESOLVED THAT** Mr. Dhananjay Shripati Charane who was appointed as a Director on July 13, 2011 in the casual vacancy caused by the resignation of Mr. Shreedhar V. Padhye 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”.

for and on Behalf of the Board of Directors

Date: August 12, 2011

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 26th Sep, 2011 to 30th Sep, 2011 (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. Dhananjay Shripati Charane as a Director on July 13, 2011 in the casual vacancy caused by the resignation of Mr. Shreedhar V. Padhye and whose term of office expires at this Annual General Meeting.

In terms of section 262 of the Act, Mr. Dhananjay Shripati Charane 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. Dhananjay Shripati Charane 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. Dhananjay Shripati Charane 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. Dhananjay S. Charane, age 58**, is the independent director of our Company. He is businessman by profession. He is having experience of around 35 years in the field of Mechanical Organization. Presently, he is proprietor of Charane engineering & Welding Works, Kolhapur and partner of M/s Vijayendra Industries, Kolhapur. Further Mr. Charane was a director in the Board of Director in our Company in the financial year 2000-2001

Mr. Charane does not hold any Directorship/Committee Membership in any other companies.

Mr. Charane is member of Remuneration Committee & Audit Committee of the Company

As on March 31, 2011 Mr. Charane does not hold any shares in the Company

Important Communication

The Ministry of Corporate Affairs, vide its Circular No.18/2011 dated 29th April 2011, clarify that as a measure of "Green initiative in Corporate Governance" It will be compliance, if the Annual Report (i.e. documents listed in section 219(1) of the Companies Act, 1956) is sent through e-mail. To support this green initiative, members holding shares in demat form are requested to provide their e-mail ID to the depository through their concerned depository participant and members holding shares in physical form are requested to provide e-mail ID to the Company's RTA, M/s. Link Intime India Pvt Ltd. at email Id- mumbai@linkintime.co.in and also update the e-mail address as and when there is any change.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 18th Annual Report for the year ended on 31st March 2011.

Financial Results:

The performance of the company for the financial year ended March 31, 2011 is summarized below:

(Rs. in Lacs)

| Particulars | 2010-11 | 2009-10 |
|---|------------------|------------------|
| Total Income | 4968.33 | 4043.37 |
| Usual Working Expenses | 8480.66 | 4108.97 |
| Gross Profit/(Loss) before Interest and Depreciation | (3512.33) | (65.60) |
| Less: Interest | 1973.86 | 2236.89 |
| Depreciation | 1502.00 | 1436.56 |
| Profit/(Loss) Before Tax | (6988.19) | (3739.05) |
| Less: Provision for Current Tax | - | - |
| Provision for Deferred Tax | - | - |
| Provision for Fringe Benefit Tax | - | - |
| Profit/(Loss) After Tax before Extra Ordinary Items | (6988.19) | (3739.05) |
| Add: Extra Ordinary Items | 4.01 | 493.28 |
| Profit/(Loss) After Tax & After Extra Ordinary Items | (6984.18) | (3245.77) |
| Add: Balance brought forward from last Year | 213.77 | 3459.53 |
| Balance Transferred to Balance Sheet | (6770.41) | 213.76 |

Results of Operations

During the year under review sale has been increased by 24.44% from Rs. 3985.71 Lacs in previous year to Rs. 4959.83 Lacs in the current year. 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.

Sale of the Premium quality fabric has increased from last year. 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. 6988.19 Lacs (before Extra Ordinary Item) as against the net loss of Rs. 3739.05 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.

Fixed Deposits

During the year under review the company has not raised any amount by way of Fixed Deposits.

Industrial Relations

During the year, industrial relations have been cordial

Directors

Mrs. Rama J Swetta, Director of the Company retires by rotation and being eligible, has offered herself for reappointment at the ensuing Annual General Meeting.

Mr. Dhananjay Shripati Charane was appointed as a Director of the company on July 13, 2011 in the casual vacancy caused by the resignation of Mr. Shreedhar V. Padhye and whose 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 Mr. Dhananjay Shripati Charane 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 have 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 have been elaborated in the report of Corporate Governance

Auditors Qualification

- I. In Corporate Governance Certificate:** As on March 31, 2011 the Company complies with all the requirements of Clause 49 of Listing Agreement except provision regarding Board Composition. Pursuant to resignation, Mr. Shreedhar Vasant Padhye has ceased to be a Director of the company from January 31, 2011. 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 July 13, 2011 Board of Directors of the Company by resolution appointed Mr. Dhananjay Shripati Charane, as Director to fill the casual vacancy caused by resignation of Mr. Shreedhar Vasant Padhye. 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. 6988.19 Lacs. However some portion of loss has been adjusted against accumulated profits.

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, 2011 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

Present limit of salary, increased up to Rs. 60 Lacs p.a., so this becomes inapplicable to our Company.

Auditors

P. M Vardhe and Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of ensuing Annual General Meeting and being eligible offered themselves for reappointment.

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

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

Acknowledgement

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

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

For and on Behalf of the Board of Directors

Kolhapur
August 12, 2011

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: Last 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 | 2010-11 | 2009-10 |
|--|---------|---------|
| Purchased: | | |
| Total Units consumed (in lacs) | 182.37 | 220.61 |
| Total Amount (Rs. in lacs) | 860.79 | 1024.53 |
| Rate per Unit (Rupees) | 4.72 | 4.64 |
| 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

C. 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.
- b. **Benefits derived as a result of above efforts:** Latest technology machine helps the company to produce high quality yarn & Fabric. The company produces yarn and Fabric of premium quality.

D. Foreign Exchange Earning and Outgo

| | 2010-11 | 2009-10 |
|----------|-------------|-------------|
| | Rs. in lacs | Rs. in lacs |
| Earnings | 853.37 | 1189.03 |
| Outgo | 288.49 | 196.68 |

I. INFORMATIONAS REQUIRED UNDER THE MISCELLANEOUS NON- BANKING COMPANIES (RESERVE BANK) DIRECTION, 1972. : NIL

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 occupies a unique role in the economic life of the country. 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. It provides direct employment to over 35 million people, which includes a substantial number of SC/ST, and women.

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.

The abundance of skilled and unskilled labour, 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. 250 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 an 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 :

| Sr. No. | Particulars | Year Ended on March 31 | |
|-----------|--|------------------------|-------------------|
| | | 2011 Audited | 2010 Audited |
| 1 | (a)Net Sales / Income from operations | 4959.83 | 3,985.71 |
| | (b) Other Operating Income | 8.45 | 57.61 |
| | Total | 4968.28 | 4,043.32 |
| 2 | Expenditure | | |
| (a) | (Increase) / Decrease in Finished Stock & WIP | 2979.98 | (1,260.26) |
| (b) | Consumption of Raw Materials | 1703.95 | 2,618.90 |
| (c) | Manufacturing expenses | 2439.08 | 1,842.63 |
| (d) | Employees Cost | 871.17 | 407.22 |
| (e) | Administrative Expenses | 344.81 | 318.88 |
| (f) | Selling Expenses | 64.68 | 105.78 |
| (g) | Depreciation | 1502.00 | 1,436.56 |
| (h) | Other Expenditures | 77.00 | 75.83 |
| | Total : | 9982.66 | 5,545.53 |
| 3 | Profit/(Loss) from Operations before Other Income, Interest and Exceptional Items (1-2) | (5014.38) | (1,502.22) |
| 4 | Other Income | 0.05 | 0.05 |
| 5 | Profit/(Loss) before Interest and Exceptional Items (3+4) | (5014.33) | (1,502.17) |
| 6 | Interest | 1973.86 | 2,236.89 |
| 7 | Profit/(Loss) after Interest but before Exceptional Items (5-6) | (6988.19) | (3,739.05) |
| 8 | Exceptional Items | - | - |
| 9 | Profit/(Loss) from activities in ordinary course of business before tax | (6688.19) | (3,739.05) |
| 10 | Provision for Taxation: | | |
| | i) Income Tax | - | - |
| | ii) Deferred Tax | - | - |
| | iii) Fringe Benefit Tax | - | - |
| 11 | Profit/(Loss) from activities in ordinary course of business after tax | (6988.19) | (3,739.05) |
| 12 | Extra Ordinary Item (Net) | 4.01 | 493.29 |
| 13 | Net Profit/(Loss) After Extra Ordinary Item | (6984.18) | (3,245.76) |

a. Sales : The company has presence in two segments namely textile and construction. The total income increased by 22.87% to Rs. 4968.28 Lacs in the current year from Rs. 4043.32 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 2010-11 the company has incurred a loss before tax of Rs. 6988.19 Lacs as against Loss before tax of Rs. 3739.05 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/ Loss after Tax : During the financial year 2010-11 the company has incurred net loss of Rs. 6984.18 Lacs as against Loss after tax of Rs. 3245.76 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 2010-11 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 2010-11. 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 | |
|----------|--|------------------------|-------------------|
| | | 2011 Audited | 2010 Audited |
| A | Segment Revenue | | |
| 1 | Textile | 4968.28 | 4,043.32 |
| 2 | Construction | - | - |
| 3 | Total | 4968.28 | 4,043.32 |
| 4 | Less : Inter segment revenue | | |
| 5 | Net Sales/ Income from operation | 4968.28 | 4,043.32 |
| B | Segment Results (Profit and (Loss) before Interest & Tax) | | |
| 1 | Textile | (5012.65) | (1,500.16) |
| 2 | Construction | (1.68) | (2.00) |
| 3 | Total | (5014.33) | (1,502.17) |
| | Less: | | |
| 4 | Interest & Financial Charges | 1973.86 | 2,236.89 |
| 5 | Other un-allocable expenditure (net off un-allocable income.) | | |
| 6 | Profit/(Loss) Before Tax | (6988.19) | (3,739.05) |
| C | Capital Employed (Segment Assets - Segment Liabilities) | | |
| 1 | Textile | (1935.53) | 4,974.38 |
| 2 | Construction | 2579.43 | 2,581.12 |
| 3 | Total Capital Employed in the company | 643.90 | 7,555.50 |

During the year under review the textile revenue has been increased by 22.87% to Rs. 4968.28 Lacs as against Rs. 4043.32 Lacs in previous year. During the year 2010-11 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 year 2011 we added approximately 277 new employees to make total number of employees to 871

**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, 2011.

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, 2011 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 P. M. Vardhe & Co
FRN: 111274W
Chartered Accountants

August 12, 2011
Kolhapur

P. M. Vardhe
Proprietor
M. No.: 031817

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, 2011 the company had 5 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. Dhananjay Sripati Charane as an Independent Director of the company w.e.f July 13, 2011 in the casual vacancy cause by resignation of Mr. Shreedhar V. Padhye. Now out of 6 directors 3 directors are independent directors. 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 Mr. Shreedhar Vasant Padhye (Resigned w.e.f. January 30, 2011) Mr. Manohar Dattatraya Kanitkar Mr. Dhananjay Shripati Charane (Appointed w.e.f. July 13, 2011) |

* 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 | | | |
| Mr. R. M. Mohite | - | No | 5 | - | - |
| Mr. A. R. Mohite | 5 | Yes | 4 | 2 | 1 |
| Mr. A. A. Mohite | 5 | Yes | 2 | 2 | - |
| Mrs. R. J. Swetta | 5 | No | 2 | 4 | 1 |
| Mr. R. Y. Shiralkar | 5 | Yes | - | 2 | 2 |
| Mr. S V. Padhye # | 4 | Yes | 1 | 2 | 1 |
| Mr. M. D. Kanitkar | 5 | Yes | 1 | - | - |
| Mr. D. S. Charane## | N. A. | N. A. | - | 2 | - |

Mr. S. V. Padhye has resigned w.e.f. January 31, 2011.

Mr. D. S. Charane was appointed as a Director of the company w.e.f July 13, 2011

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

During the financial year 2010-11, the Board of Directors met Five times on the following dates: 27-05-2010, 28-07-2010, 30-10-2010, 25-01-2011 and 26-03-2011

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 Maruti Mohite**, age 75, 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 51 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., Mr. R. M. Mohite holds directorship in R. M. Mohite Industries 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 Mr. R. M. Mohite holds chairmanship in Maruti Cotex Limited, Shri Devchand Sugars Limited and Subhadra Local Area Bank Ltd.

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

Mr. Ramchandra M. Mohite is father of Mr. Anasaheb Mohite who is Managing Director of the company. Further Mr. Ramchandra Mohite is grandfather of Mr. Abhishek Mohite who is Director (Marketing & Strategy of the company). Mr. R. M. Mohite resigned w.e.f. May 07, 2010

- ii. Mr. Anasaheb Ramchandra Mohite**, age 52, is a Chairman & Managing Director of the company. He is a qualified civil engineer. He started his professional career under the guidance of his father Mr. 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 20 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 32 years of experience in construction industry and around 20 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, Mr. 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.

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

As on March 31, 2011 Mr. Anasaheb R Mohite, holds 42,04,193 shares of the company.

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

- iii. Mr. Abhishek Anasaheb Mohite**, age 26, 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.

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

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

As on March 31, 2011 Mr. Abhishek Mohite, holds 17,27,116 shares of the company.

Mr. Abhishek Mohite is grandson of Mr. R. M. Mohite, past Chairman of the company. Further Mr. Abhishek Mohite is son of Mr. Anasaheb Mohite, Chairman & Managing Director of the company.

- iv. Mrs Rama Jawahar Swetta**, age 62, 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 Remuneration Committee and Audit 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, 2011 Mrs. Rama J. Swetta holds 20,00,000 equity shares of the company

- v. Mr. Ravi Yashwant Shiralkar**, age 45, is the independent director of our Company. He is an Advocate by profession. Having experience of around 20 years in the field of law. Presently, apart from practicing law, Mr. Shiralkar is a lecturer with Shivaji University, Kolhapur and is a member of the management council of D. Y. Patil University, Kolhapur. Mr. Shiralkar holds membership of Audit Committee & Chairmanship of Remuneration Committee of the company.

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

As on March 31, 2011 Mr. Shiralkar does not hold any shares in the Company

- vi. Mr. Shreedhar Vasant Padhye**, age 60, 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.

Mr. Padhye holds chairmanship of Audit Committee & membership of Remuneration Committee of the company.

Mr. 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.

He has resigned w.e.f. January 30, 2011.

- 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 45 years of experience and attended ITMA, Techtexsil, Heimtextil as well as other similar exhibitions in Europe, USA, Japan, China etc .

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

As on March 31, 2011 Mr. Kanitkar does not hold any shares in the Company

- viii. Mr. Dhananjay Shripati Charane**, age 58, is the independent director of our Company. He is businessman by profession. He is having experience of around 35 years in the field of Mechanical Organization. Presently, he is proprietor of Charane engineering & Welding Works, Kolhapur and partner of M/s Vijayendra Industries, Kolhapur. Further Mr. Charane was a director in the Board of Director in our Company in the financial year 2000-2001

Mr. Charane does not hold any Directorship/Committee Membership in any other companies.

Mr. Charane is member of Remuneration Committee & Audit Committee of the Company

As on March 31, 2011 Mr. Charane 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

Mr. Ravi Y. Shiralkar, Chairperson

Mrs. Rama J. Swetta

Mr. Shreedhar V. Padhye (up to 31st Jan, 2011)

Mr. Dhananjay S. Charane (w.e.f. 13th July, 2011)

Ms. Anuja S. Mallikar 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 2010-11, Audit Committee met four times on 27-05-2010, 28-07-2010, 30-10-2010 and 25-01-2011.

| Name | No. of Meetings | |
|--------------------------|-----------------|----------|
| | Held | Attended |
| Mr.. Shreedhar V. Padhye | 4 | 4 |
| Mr. Ravi Y. Shiralkar | 4 | 4 |
| Mrs. Rama J. Swetta | 4 | 4 |

5. Remuneration Committee :

Our remuneration committee comprises of three directors. They are

Mr. Ravi Y. Shiralkar, Chairperson

Mr. Shreedhar V. Padhye (up to 31st Jan, 2011)

Mrs. Rama J. Swetta

Mr. Dhananjay S. Charane (w.e.f. 13th July, 2011)

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 2010-11 are detailed below:

| Name o Director | Salary | Perquisites | Sitting Fee | Total |
|------------------------|------------------|-------------|-----------------|-------------------|
| Mr. R. M. Mohite | - | - | - | - |
| Mr. Anasaheb R Mohite | 4,8,00,000 | - | - | 4,8,00,000 |
| Mr. Abhishek A. Mohite | 1,2,00,000 | - | - | 12,00,000 |
| Mrs. Rama J Swetta | - | - | 1,10,000 | 1,10,000 |
| Mr. Ravi Y Shiralkar | - | - | 80,000 | 80,000 |
| Mr..S V. Padhye | - | - | 1,00,000 | 1,00,000 |
| Mr. Manohar Kanitkar | - | - | 10,000 | 10,000 |
| Total | 60,00,000 | - | 3,00,000 | 63,00,000 |

One remuneration committee was held on July 28, 2010 during the year ended March 31, 2010

| Name | No. of Meetings | |
|------------------------------------|-----------------|----------|
| | Held | Attended |
| Mr. Ravi Y. Shiralkar, Chairperson | 1 | 1 |
| Mr. 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
- Mr. Anasaheb R Mohite
- Mr. Abhishek A. 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.

Ms. Anuja Subhash Mallikar, Company Secretary of the company is the compliance officer of the company. The status of Complaints received and resolved during the year 2010-11 are as follows.

| | |
|--------------------------|---|
| Opening Complaints | 0 |
| Received during the year | 5 |
| Resolved during the year | 5 |
| Closing | 0 |

Four Investor Grievance Committee meetings were held during the year, ended on March 31, 2011 on 27-05-2010, 28-07-2010, 30-10-2010 and 25-01-2011.

| Name | No. of Meetings | |
|------------------------|-----------------|----------|
| | Held | Attended |
| Mrs. Rama J. Swetta | 4 | 4 |
| Mr. Anasaheb R Mohite | 4 | 4 |
| Mr. Abhishek A. Mohite | 4 | 4 |

7. General Body meetings:
i. Location and Time of Last Three meetings

| Year | Location | Date | Time |
|---------|--|--------------------|-----------|
| 2009-10 | Gat No. 148, Tamgaon, Kolhapur – Hupari Road, Tal - Karveer, Dist - Kolhapur 416234 | September 17, 2010 | 4.00 p.m. |
| 2008-09 | | September 29, 2009 | 4.00 p.m. |
| 2007-08 | | September 27, 2008 | 3.00 p.m. |

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

| Year | | Description of resolution | Type of resolution |
|---------|----|---|--------------------|
| 2009-10 | 1. | Appointment of Mr. Shreedhar Padhye as a Director of the company | |
| 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 |

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 2010-11, 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 31.03.2011.

- i) **The Board** : 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 2010-11, 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.abhishekkorproation.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.abhishekkorproation.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.abhishekkorproation.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.

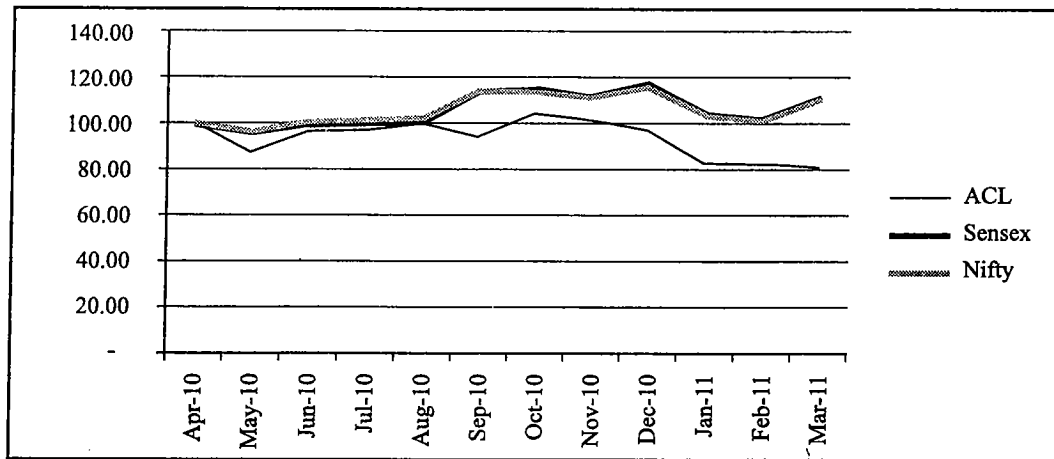
10. General Shareholder information :

- | | | | |
|---|--------------------------------|---|---|
| a | AGM: Date, time and venue | : | Friday, September 30, 2011 at 11.00 a.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, 2011 – March 31, 2012 |
| | Results for the quarter ending | | |
| | June 30, 2011 | : | On or before August 15, 2011 |
| | September 30, 2011 | : | On or before November 15, 2011 |
| | December 31, 2011 | : | On or before February 15, 2012 |
| | March 31, 2012 | : | On or before May 30, 2012 |
| | Annual General Meeting | : | On or before September 30, 2012 |
| c | Date of Book closure | : | 26-09-2011 to 30-09.2011 (Both days inclusive) |
| d | Listing on Stock Exchanges | : | Bombay Stock Exchange Limited National Stock Exchange of India Limited (Listing Fee for the year 2011-12 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-10 | 20.30 | 16.70 | 216885 | 20.45 | 16.60 | 361070 | 577955 |
| May-10 | 20.20 | 16.45 | 140802 | 20.35 | 16.00 | 201792 | 342594 |
| Jun-10 | 19.65 | 16.15 | 228427 | 19.35 | 16.00 | 393389 | 621816 |
| Jul-10 | 19.75 | 17.10 | 218864 | 19.60 | 17.05 | 1030104 | 1248968 |
| Aug-10 | 23.95 | 18.05 | 709890 | 24.00 | 18.00 | 4475044 | 5184934 |
| Sep-10 | 20.00 | 17.90 | 140563 | 19.95 | 17.85 | 278293 | 418856 |
| Oct-10 | 22.10 | 17.85 | 203762 | 21.95 | 17.70 | 441943 | 645705 |
| Nov-10 | 26.80 | 18.05 | 221773 | 27.00 | 18.00 | 421734 | 643507 |
| Dec-10 | 21.45 | 17.35 | 79778 | 21.55 | 20.30 | 214707 | 294485 |
| Jan-11 | 20.80 | 14.55 | 54012 | 20.75 | 14.00 | 153506 | 207518 |
| Feb-11 | 17.85 | 12.80 | 64885 | 18.00 | 12.40 | 347832 | 412717 |
| Mar-11 | 17.80 | 13.25 | 88270 | 17.90 | 16.15 | 200419 | 288689 |
| Total | *26.80 | *12.80 | 2367911 | *27.00 | *12.40 | 8519833 | 10887744 |

* Represents yearly high and yearly low of equity shares

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



Month ended
Base 100= April 2010

- 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
- i 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 | 3634 | 80.42 % | 584291 | 3.65 % |
| 501-1000 | 458 | 10.13 % | 380812 | 2.38 % |
| 1001-2000 | 191 | 4.23 % | 301163 | 1.88 % |
| 2001-3000 | 74 | 1.64 % | 194583 | 1.21 % |
| 3001-4000 | 32 | 0.71 % | 115816 | 0.72 % |
| 4001-5000 | 39 | 0.86 % | 183738 | 1.15 % |
| 5001-10000 | 39 | 0.86 % | 285908 | 1.79 % |
| Above 10000 | 52 | 1.15 % | 13962151 | 87.22 % |
| Total | 4519 | 100% | 16008462 | 100% |

▶ By Share Ownership

| Category | March 31, 2011 | | | March 31, 2010 | | |
|----------------------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| | 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 | 6 | 61.97% | 99,20,417 |
| Other Bodies Corporate | 165 | 5.90% | 9,44,937 | 157 | 10.94% | 17,52,037 |
| Clearing Members | 41 | 0.32% | 50768 | 59 | 0.56% | 89,393 |
| Indian Public | 4279 | 31.64% | 5064998 | 3545 | 26.42% | 42,29,143 |
| NRI | 22 | 0.12% | 19095 | 21 | 0.11% | 16,821 |
| NRN | 6 | 0.05% | 8247 | 3 | 0.00% | 651 |
| Total | 4519 | 100.00 % | 1,60,08,462 | 3791 | 100.00 % | 1,60,08,462 |

▶ 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 | 9,44,937 | 165 | - | - | 9,44,937 | 9,44,9370 | 5.90% |
| 3 | Clearing Members | 50,768 | 41 | - | - | 50,768 | 5,07,680 | 0.32% |
| 4 | Indian Public | 50,64,949 | 4,274 | 49 | 5 | 50,64,998 | 5,06,49,980 | 31.64% |
| 5 | NRI | 19,095 | 22 | - | - | 19,095 | 1,90,950 | 0.12% |
| 6 | NRN | 8,247 | 6 | - | - | 8,247 | 82,470 | 0.05% |
| | Total | 1,60,08,383 | 4512 | 79 | 7 | 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, 2011 out of 1,60,08,462 shares 1,60,08,383 (99.99%) are in dematerialized form. 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: August 12, 2011

Anasaheb R Mohite

Chairman & Managing Director

CHIEF EXECUTIVE 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

Anant Y. Bhide
Chief Executive Officer

Kolhapur
August 12, 2011

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 2011 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 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, 2011.
 - 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 **P. M. VARDHE & CO.**
 FRN: 111274W
 Chartered Accountants

Place: Kolhapur
Date: 12.08.2011

P. M. Vardhe
 Proprietor
M. No. 031817

**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 2011**

- (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. 2,42,86,648/- from six 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 is 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 witness 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 arrangement 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 regards 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 it's 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 | 62,88,136 |
| ii. Provident Fund | 1,27,64,245 |
| iii. Professional Tax | 6,76,000 |

- b) The disputed statutory dues have not been deposited on account of disputed matters pending before appropriate authorities as on March 31, 2011, are as under:

| Sr. No. | Authority | Item | Amount (Rs. In Lacs) |
|---------|--------------------|-----------------------------------|----------------------|
| 1 | High Court, Mumbai | Income Tax Interest- A.Y. 2006-07 | 14.22 |
| 2 | C.I.T. (Appeals) | Income Tax Interest- A.Y. 2007-08 | 338.62 |

- (x) The company does not have any accumulated losses as at March 31, 2011. During the year the Company has incurred cash loss of Rs. 54,09,19,492/- . Further during the previous year the Company has incurred cash losses of Rs. 23,02,49,162/-
- (xi) In our opinion and according to explanations and information's given to us, during the year under report, Bank loans are covered under Corporate Debt Restructuring (CDR) Scheme thereby there are no interest dues nor principle repayments due as on 31st March, 2011, except to the Indian Overseas Bank where interest amount of Rs. 47.71 lacs is due, as per CDR approval.
- (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 not made any preferential allotment of shares.
- (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, 2011

For **P. M. VARDHE & CO.**

FRN: 111274W

Chartered Accountants

P. M. Vardhe

Proprietor

M. No. 031817

Place: Kolhapur

Date: 12.08.2011

BALANCE SHEET AS AT 31ST MARCH, 2011

| Sr. No. | Particulars | Sch. No. | Rs. | 31-03.2011 Rs. | 31-03-2010 Rs. |
|-----------|---|----------|---------------|----------------------|----------------------|
| I | SOURCE OF FUNDS | | | | |
| 1. | SHAREHOLDERS' FUNDS | | | | |
| | Share Capital | A | | 160,084,620 | 160,084,620 |
| | RESERVES AND SURPLUS | | | | |
| | Share Premium | B | 508,092,265 | | 508,092,265 |
| | General Reserve | | 80,915,380 | | - |
| | Surplus from Profit and Loss A/c | | - | | 21,377,114 |
| | Capital Redemption Reserve | | - | | 80,915,380 |
| | | | | 589,007,645 | 610,384,759 |
| 2. | LOAN FUNDS | | | | |
| | a) Secured Loans | C | 2,482,931,843 | | 2,404,090,773 |
| | b) Unsecured Loans | D | 346,875,046 | | 321,488,398 |
| | | | | 2,829,806,889 | 2,725,579,171 |
| | TOTAL FUNDS EMPLOYED | | | 3,578,899,154 | 3,496,048,550 |
| II | APPLICATION OF FUNDS | | | | |
| 1. | FIXED ASSETS | E | | | |
| | a) Gross Block | | 3,060,237,743 | | 3,038,113,328 |
| | b) Less: Depreciation | | 599,276,269 | | 449,076,318 |
| | c) Net Block | | | 2,460,961,474 | 2,589,037,010 |
| 2. | INVESTMENTS | F | | 376,000 | 376,000 |
| 3. | CURRENT ASSETS, LOANS & ADVANCES | | | | |
| | a) Inventories | G | 383,247,504 | | 766,899,013 |
| | b) Sundry Debtors | H | 95,460,525 | | 95,763,061 |
| | c) Cash and Bank Balances | I | 11,574,799 | | 15,751,252 |
| | d) Loans and Advances | J | 202,672,757 | | 150,715,688 |
| | Sub-total | | | 692,955,585 | 1,029,129,014 |
| | Less : Current Liabilities & Provisions | K | | 260,095,981 | 137,412,847 |
| | | | | 432,859,604 | 891,716,167 |
| 4. | a) MISCELLANEOUS EXPENDITURE | L | | 7,661,136 | 14,919,373 |
| | NOT WRITTEN-OFF | | | | |
| | b) PROFIT & LOSS A/C | | | 677,040,940 | - |
| | TOTAL ASSETS | | | 3,578,899,154 | 3,496,048,550 |
| | NOTES FORMING PART OF ACCOUNTS | V | | | |

As per our report of even date
 For **P.M. Vardhe & Co.**
 FRN: 111274W
 Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

P.M. VARDHE
 Proprietor
 MNo. 031817

ANASAHEB MOHITE
 Chairman and Managing Director

RAMA J. SWETTA
 Director

ANUJA S. MALLIKAR
 Company Secretary

PLACE : KOLHAPUR
 DATE : 12.08.2011

PLACE : KOLHAPUR
 DATE : 12.8.2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

| Sr. No. | Particulars | Sch. No. | Rs. | 31-03.2011 Rs. | 31-03-2010 Rs. |
|-----------|--|----------|--------------|----------------------|----------------------|
| I | INCOME | | | | |
| | Net Sales | M | | 495,982,550 | 398,570,639 |
| | Other Income | N | | 849,983 | 5,766,204 |
| | Increase/ (Decrease) in stock | O | | (297,998,038) | 126,026,010 |
| | | | Total | 198,834,495 | 530,362,853 |
| II | EXPENDITURE | | | | |
| | Raw Materials Consumed | P | | 170,394,628 | 261,889,623 |
| | Manufacturing Expenses | Q | | 243,907,413 | 184,263,160 |
| | Expenses on Employees | R | | 87,006,069 | 40,590,011 |
| | Administrative & Selling Expenses | S | | 40,891,088 | 42,397,310 |
| | Cost of Finance | T | | 197,386,244 | 223,688,576 |
| | Miscellaneous expenditure written-off | | | 7,258,237 | 7,265,891 |
| | Construction Division Expenses | U | | 168,545 | 200,013 |
| | | | | 747,012,223 | 760,294,584 |
| | Profit before Depreciation | | | (548,177,729) | (229,931,731) |
| | Less: Depreciation | E | | 150,199,950 | 143,655,955 |
| | PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS | | | (698,377,679) | (373,587,686) |
| | Add : Prior Period Expenditure | | | 441,360 | 317,431 |
| | PROFIT/(LOSS) BEFORE TAX | | | (698,819,039) | (373,905,117) |
| | Add : Extra Ordinary Income | | | | |
| | Depreciation Written-back | | | - | 1,056,727 |
| | Deferred Tax Written-back | | | - | 48,272,448 |
| | Fringe Benefit Tax Written-back | | | 400,985 | - |
| | PROFIT/(LOSS) AFTER TAX | | | (698,418,054) | (324,575,942) |
| | Balance brought forward from last year | | | 21,377,114 | 345,953,056 |
| | Balance Carried to Balance Sheet | | | (677,040,940) | 21,377,114 |

NOTES FORMING PART OF ACCOUNTS V

As per our report of even date

 For **P.M. Vardhe & Co.**

FRN: 111274W

Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
P.M. VARDHE

Proprietor

MNo. 031817

ANASAHEB R MOHITE

Chairman and Managing Director

RAMA.J.SWETTA

Director

ANUJAS.MALLIKAR

Company Secretary

PLACE : KOLHAPUR

DATE : 12.08.2011

PLACE : KOLHAPUR

DATE : 12.8.2011

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011

(Rs. in Lacs)

| | | Current Year | Previous Year |
|--|----------|-------------------|-------------------|
| A Cash Flow from operating activities | | | |
| Profit Before Tax & Extra Ordinary Items | | (6,983.78) | (3,735.88) |
| Adjustment For | | | |
| Depreciation | 1,502.00 | | 1,436.56 |
| Interest Paid | 1,973.86 | | 2,236.88 |
| Interest Received | (8.45) | | (54.12) |
| Dividend Received | (0.05) | | (0.05) |
| Misc Expenditure | 72.58 | | 72.66 |
| Loss on Sale of Asset | - | | 4.99 |
| Reversal of Deferred Tax Provision | - | | 482.72 |
| Reversal of Fringe Benefit Tax Provision | 4.01 | | - |
| Depreciation written back | - | 3,543.95 | 10.56 |
| Operation Profit before Working Capital Changes | | (3,439.82) | 454.32 |
| Adjustment For | | | |
| Inventories | 3,836.52 | | (219.30) |
| Sundry Debtors | 3.03 | | 1,072.05 |
| Loans and Advances | (519.57) | | 2,186.11 |
| Current Liabilities and Provisions | 1,230.84 | 4,550.81 | (2,632.69) |
| Cash Generated from Operations | | 1,110.99 | 860.49 |
| Interest Paid | | (1,973.86) | (2,236.88) |
| Cash Flow before Extra Ordinary Items | | (862.87) | (1,376.39) |
| Extra Ordinary Items | | | |
| Previous Period Expenses | (4.41) | | (3.17) |
| Depreciation written back | - | | (13.20) |
| Reversal of Deferred Tax Provision | - | | (482.72) |
| Reversal of Fringe Benefit Tax Provision | (4.01) | (8.42) | |
| Net Cash from Operating Activities (A) | | (871.30) | (1,875.48) |
| B Cash Flow from Investing Activities | | | |
| Purchase of Fixed Assets | (24.70) | | (1,874.86) |
| Subsidy Received | - | | 471.29 |
| (Increase)Decrease in Capital WIP | (196.55) | | 1,317.17 |
| Sale of Assets | - | | 15.45 |
| Interest Income | 8.45 | | 54.12 |
| Dividend Income | 0.05 | | 0.05 |
| Net Cash from Investing Activities (B) | | (212.74) | (16.78) |

C Cash Flow from Financing Activities

| | | |
|--|-----------------|-----------------|
| Proceeds from issue of Share Capital | - | 500.00 |
| Proceeds from Long Term Borrowing | 573.96 | 2,167.10 |
| Proceeds from Short Term Borrowing | 680.77 | 1,662.24 |
| Repayment of Long Term Borrowing | (2.25) | (694.99) |
| Repayment of Short Term Borrowing | (210.21) | (1,794.64) |
| Net Cash from Financing Activities (B) | 1,042.28 | 1,839.71 |
| Net Increase in Cash and Cash Equivalents (A+B+C) | (41.76) | (52.55) |
| Cash and Cash Equivalents (Opening Balance) | 157.51 | 210.06 |
| Cash and Cash Equivalents (Closing Balance) | 115.75 | 157.51 |

As per our report of even date

 For **P.M. Vardhe & Co.**

FRN: 111274W

Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
P.M. VARDHE

Proprietor

MNo. 031817

ANASAHEB R MOHITE

Chairman and Managing Director

RAMA J. SWETTA

Director

ANUJA S. MALLIKAR

Company Secretary

PLACE: KOLHAPUR

DATE: 12.08.2011

PLACE: KOLHAPUR

DATE: 12.8.2011

**Schedules "A" to "U" annexed to and forming part of Balance Sheet as at 31st March, 2011
and Profit & Loss A/c. for the year ended on that date**

| Particulars | 31-03-2011 Rs. | 31-03-2010 Rs. |
|--|--------------------|--------------------|
| SCHEDULE "A" | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 2,40,00,000 (Prev. Yr. 2,40,00,000) Equity Shares of Rs.10/- each | 240,000,000 | 240,000,000 |
| | <u>240,000,000</u> | <u>240,000,000</u> |
| Issued Subscribed and Paid up | | |
| Equity Shares : | | |
| 1,60,08,462 (Prev. Yr.1,60,08,462) Equity Shares of Rs.10/- each fully paid up | 160,084,620 | 160,084,620 |
| Total | <u>160,084,620</u> | <u>160,084,620</u> |
| SCHEDULE "B" | | |
| RESERVE AND SURPLUS | | |
| Share Premium Account - Opening Balance | 508,092,265 | 478,092,265 |
| Add : Premium on Issue of 20,00,000 Equity Shares (Rs. 15/-per share) | - | 30,000,000 |
| | <u>508,092,265</u> | <u>508,092,265</u> |
| General Reserve - Opening Balance | - | - |
| (+) Transferred from Capital Redemption Reserve | 80,915,380 | - |
| | <u>80,915,380</u> | - |
| Profit & Loss Account - Opening Balance | - | 345,953,056 |
| Less: Transferred from Profit & Loss Account | - | (324,575,942) |
| | - | <u>21,377,114</u> |
| Capital Redumption Reserve | 80,915,380 | 80,915,380 |
| (-) Transferred to General Reserve Account | 80,915,380 | - |
| Balance carried to Balance Sheet | - | <u>80,915,380</u> |
| Total | <u>589,007,645</u> | <u>610,384,759</u> |

SCHEDULES CONTD.

| Particulars | 31-03-2011 Rs. | 31-03-2010 Rs. |
|--|----------------------|----------------------|
| SCHEDULE "C" | | |
| SECURED LOANS | | |
| 1 Term Loan from IDBI Bank Ltd. RTL I | 77,328,806 | 69,230,458 |
| 2 Term Loan from IDBI Bank Ltd. RTL II | 11,833,175 | 10,555,208 |
| 3 Term Loan from IDBI Bank Ltd. RTL III | 7,901,376 | 6,803,360 |
| 4 Term Loan from IDBI Bank Ltd. RTL IV | 18,962,803 | 16,633,039 |
| <i>Term Loan under (TUFS) - Yarn Dyed Shirting Project</i> | | |
| 5 Term Loan from Indian Overseas Bank | 260,581,872 | 254,552,909 |
| 6 Term Loan from Corporation Bank | 105,441,451 | 101,045,985 |
| 7 Term Loan from State Bank of Hyderabad | 144,695,901 | 146,935,232 |
| 8 Term Loan from State Bank of Hyderabad (FITL) | 11,523,787 | - |
| 9 Term Loan from State Bank of India | 249,960,972 | 254,911,458 |
| 10 Term Loan from State Bank of Patiala | 100,000,000 | 102,056,673 |
| 11 Term Loan from Axis Bank Ltd | 153,027,481 | 153,143,873 |
| 12 Term Loan from Bank of India | 153,122,425 | 152,866,518 |
| 13 Term Loan from Bank of Baroda | 231,808,410 | 204,544,572 |
| 14 Term Loan from Punjab National Bank | 146,033,840 | 152,579,302 |
| 15 Term Loan from Union Bank of India | 195,013,699 | 203,708,355 |
| (Secured by First Charge on Fixed Assets & Vehicles and Floating Charge on other Movable and Immovable assets) | | |
| 16 Vehicle Loan from HDFC Bank | - | 225,061 |
| 17 Vehicle Loan from HDFC Bank - Used Car Refinance | 2,244,648 | 3,996,173 |
| 18 Vehicle Loan from Union Bank of India | 1,832,329 | 5,672,566 |
| 19 Vehicle Loan from State Bank of Mysore (Hypothecation Loan against Vehicles) | 320,249 | 388,246 |
| 20 Packing Credit from IDBI Bank Ltd. | 8,485,000 | 8,485,000 |
| 21 Packing Credit from Corporation Bank | 59,753,920 | 55,226,718 |
| 22 Packing Credit from Indian Overseas Bank | 31,828,991 | 34,545,000 |
| 23 Packing Credit from Bank of India | 60,000,000 | 299,915,548 |
| 24 Cash Credit from IDBI R'puri | 37,942,556 | 32,528,944 |
| 25 Cash Credit from Indian Overseas Bank | 59,759,112 | 60,776,872 |
| 26 Cash Credit from Corporation Bank | 83,537,899 | 72,763,703 |
| 27 Cash Credit from Bank of India | 250,567,136 | - |
| (Secured by First Charge on Current Assets and Second Charge on Fixed Assets) | | |
| 28 Bill Discounting from Corporation Bank | 19,424,004 | - |
| (Secured by Letter of B P undertaking executed by the company) | | |
| Total | 2,482,931,843 | 2,404,090,773 |
| SCHEDULE "D" | | |
| UNSECURED LOANS | | |
| 1 From the Directors of the Company | 316,109,952 | 300,205,263 |
| 2 From the Relatives of Directors of the Company | 8,381,959 | - |
| 3 Inter-corporate Loan | 22,383,135 | 21,283,135 |
| Total | 346,875,046 | 321,488,398 |

**SCHEDULE - E
FIXED ASSETS**

| Sr. No. | Particular of the Fixed Assets | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---------|----------------------------------|----------------------|--------------------------|--------------------------------|----------------------|--------------------|--------------------|---------------|--------------------|----------------------|----------------------|
| | | As at 01.04.2010 | Addition During the year | Sale/ Transfer During the year | As at 31.03.2011 | As at 1.04.2011 | For the Year | * Adjust-ment | As at 31.03.2011 | As at 31.03.2011 | As at 31.03.2010 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 1 | Building | 625,845,189 | - | - | 625,845,189 | 55,086,983 | 20,602,647 | - | 75,689,630 | 550,155,559 | 570,758,206 |
| 2 | Land & Land Development/ Scaping | 2,044,719 | - | - | 2,044,719 | - | - | - | - | 2,044,719 | 2,044,719 |
| 3 | Furniture & Fixtures | 10,959,859 | 78,196 | - | 11,038,055 | 3,295,550 | 697,003 | - | 3,992,553 | 7,045,502 | 7,664,309 |
| 4 | Plant & Machinery | 2,180,938,531 | 1,442,270 | - | 2,182,380,801 | 346,765,886 | 115,166,489 | - | 461,932,375 | 1,720,448,426 | 1,834,172,645 |
| 5 | Electrical Installation | 156,006,599 | - | - | 156,006,599 | 20,482,449 | 8,237,148 | - | 28,719,597 | 127,287,002 | 135,524,150 |
| 6 | Lab Equipment | 16,781,634 | - | - | 16,781,634 | 9,136,517 | 886,070 | - | 10,022,587 | 6,759,047 | 7,645,117 |
| 7 | Computer | 6,283,096 | 822,909 | - | 7,106,005 | 2,812,850 | 1,103,027 | - | 3,915,877 | 3,190,128 | 3,470,246 |
| 8 | Vehicle | 34,865,231 | - | - | 34,865,231 | 10,795,019 | 3,312,197 | - | 14,107,216 | 20,758,015 | 24,070,212 |
| 9 | Office Equipment | 4,037,434 | 126,481 | - | 4,163,915 | 701,065 | 195,369 | - | 896,434 | 3,267,481 | 3,336,369 |
| | TOTAL | 3,037,762,292 | 2,469,856 | - | 3,040,232,148 | 449,076,319 | 150,199,950 | - | 599,276,269 | 2,440,955,879 | 2,588,685,973 |
| 10 | Capital Work-in-Progress | 351,036 | 19,654,559 | - | 20,005,595 | - | - | - | - | 20,005,595 | 351,036 |
| | | 3,038,113,328 | 22,124,415 | - | 3,060,237,743 | 449,076,319 | 150,199,950 | - | 599,276,269 | 2,460,961,474 | 2,589,037,009 |
| 11 | Previous Year | 3,031,516,895 | 243,255,782 | 236,659,349 | 3,038,113,328 | 306,741,475 | 143,655,955 | 1,321,111 | 449,076,319 | 2,589,037,010 | 2,724,775,421 |

SCHEDULES CONTD.

| Particulars | 31-03-2011 Rs. | 31-03-2010 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 | 31,684,502 | 87,909,309 |
| 2 Stock-in-Process | 16,96,90,169 | 304,289,825 |
| 3 Finished Goods | 7,31,26,835 | 244,133,085 |
| 4 Waste Stock (at Market Value) | 8,989,664 | 1,381,796 |
| 5 Packing Material / Stores, Spares etc | 99,756,334 | 129,184,998 |
| Total | 383,247,504 | 766,899,013 |
| SCHEDULE "H" | | |
| SUNDRY DEBTORS | | |
| TEXTILE DIVISION | | |
| Above 6 months | 7,596,176 | 2,501,952 |
| Below 6 months | 37,620,114 | 32,748,703 |
| Total | 45,216,290 | 35,250,655 |
| CONSTRUCTION DIVISION | | |
| Above 6 months | 50,244,236 | 60,512,406 |
| Below 6 months | - | - |
| | 50,244,236 | 60,512,406 |
| | 95,460,525 | 95,763,061 |
| SCHEDULE "I" | | |
| CASH & BANK BALANCES | | |
| 1 Cash in Hand | 2,113,636 | 2,655,507 |
| 2 Balances with Scheduled Banks in Indian Rupees | | |
| In current accounts | 44,243 | 24,276 |
| In deposit account | - | - |
| 3 Balances with Non-Scheduled Banks in Indian Rupees | | |
| In current accounts | 8,624,096 | 11,555,446 |
| In deposit account | 792,824 | 1,516,023 |
| Total | 11,574,799 | 15,751,252 |

*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 | 4,717,039 | 31,870,514 |
| 2 Electricity Duty Refundable | - | 5,767,451 |
| 3 Advance Tax and Tax Deducted at Source | 22,308,345 | 4,444,915 |
| 4 C.S.T.Receivable | 4,604,193 | 3,237,181 |
| 5 Prepaid Expenses | 1,393,492 | 747,760 |
| 6 Service Tax Credit | 94,595 | 944,979 |
| 7 Deposit - Excise Duty PLA | 42,883 | - |
| 8 Cenvat Credit | 258,504 | - |
| 9 Vat Set-Off Claim Receivable | 21,360,583 | 17,188,089 |
| 10 Interest Receivable under TUF Scheme | 86,948,466 | 64,875,930 |
| 11 Interest Receivable MSEB Int on Sec Dep. | 355,756 | - |
| 12 Deposits | 7,183,704 | 7,183,704 |
| 13 Advances to Creditors | 38,950,032 | - |
| 14 Construction Division - Tax Deducted at Source | 12,914,343 | 12,914,343 |
| 15 Construction Division - Vat Receivable | 1,063,291 | 1,063,291 |
| 16 Construction Division - Loans & Advances | 477,530 | 477,530 |
| Total | 202,672,757 | 150,715,688 |
| SCHEDULE "K" | | |
| CURRENT LIABILITIES & PROVISIONS: | | |
| 1 Sundry Creditors | 58,846,008 | 106,915,662 |
| 2 Provision | 186,884,849 | 30,497,186 |
| 3 Advances from Debtors | 14,365,124 | - |
| Total | 260,095,981 | 137,412,848 |
| SCHEDULE "L" | | |
| MISCELLANEOUS EXPENDITURE NOT W/O | | |
| 1 Capital Expenditure to the extent not written off | 401,280 | 574,503 |
| 2 Public Issue Expenses | 7,259,856 | 14,306,496 |
| 3 Deferred Revenue Expenditure | - | 38,374 |
| Total | 7,661,136 | 14,919,373 |

SCHEDULES CONTD.

| Particulars | 31-03-2011 Rs. | 31-03-2010 Rs. |
|--|-----------------------------|---------------------------|
| SCHEDULE "M" | | |
| SALES | | |
| SPINNING DIV : | | |
| 1 Export Sales - Cotton Yarn | 85,782,098 | 126,473,742 |
| 2 Local Sales - Cotton Yarn | 93,004,386 | 89,764,744 |
| 3 Local Sales - Cotton Waste | 5,130,428 | 29,479,269 |
| | <u>183,916,912</u> | <u>245,717,755</u> |
| FABRIC DIV : | | |
| 1 Export Sales - Cotton Fabric | 4,456,949 | - |
| 2 Local Sales - Cotton Fabric | 307,028,178 | 152,539,449 |
| 3 Local Sales - Fabric Waste | 8,050 | 1,973 |
| 4 Local Sales - Yarn Waste | 572,461 | 252,981 |
| 5 Local Sales - Scrap | - | 58,481 |
| | <u>312,065,638</u> | <u>152,852,884</u> |
| Total | <u>495,982,550</u> | <u>398,570,639</u> |
| SCHEDULE "N" | | |
| OTHER INCOME | | |
| 1 Interest received | 844,983 | 5,411,714 |
| 2 Miscellaneous income | - | 349,490 |
| 3 Dividend received | 5,000 | 5,000 |
| | <u>849,983</u> | <u>5,766,204</u> |
| Total | <u>849,983</u> | <u>5,766,204</u> |
| SCHEDULE "O" | | |
| INCREASE/(DECREASE) IN STOCK | | |
| (Stock of Yarn, Stock-in-Process and Waste Stock) | | |
| Opening Stock of Finished Goods and WIP | 549,804,706 | 423,778,696 |
| Less: Closing Stock of Finished Goods and WIP | 251,806,668 | 549,804,706 |
| (Value of closing stock after considering depletion in the stock value of Rs.25.86 Crores) | | |
| Total | <u>(297,998,038)</u> | <u>126,026,010</u> |
| SCHEDULE "P" | | |
| RAW MATERIAL CONSUMPTION | | |
| Opening Stock | 87,909,309 | 254,020,787 |
| Add: Purchases | 114,169,821 | 95,778,145 |
| | <u>202,079,130</u> | <u>349,798,932</u> |
| Less: Closing Stock | 31,684,502 | 87,909,309 |
| Total | <u>170,394,628</u> | <u>261,889,623</u> |

SCHEDULES CONTD.

| Particulars | 31-03-2011 Rs. | 31-03-2010 Rs. |
|--|---------------------------|---------------------------|
| SCHEDULE "Q" | | |
| MANUFACTURING EXPENSES | | |
| 1 Stores & Spares and Packing Consumption | | |
| Purchases | 108,451,570 | |
| (+) Opening Stock | 129,184,998 | |
| (-) Closing Stock | <u>(99,756,334)</u> | |
| | 137,880,234 | 67,710,702 |
| 2 Power & Fuel | 86,078,875 | 102,453,718 |
| 3 Testing Expenses | 100,771 | 46,730 |
| 4 Transportation | 2,979,007 | 2,414,762 |
| 5 Insurance Premium -Stock | 453,108 | 378,076 |
| 6 Insurance Premium - Plant & Machinery | 873,760 | 912,331 |
| 7 Repair & Maintenance - Plant & Machinery | 8,099,413 | 6,650,847 |
| 8 Repair & Maintenance - Building | 713,636 | 407,547 |
| 9 Waste Disposal Charges (ETP) | 320,487 | 512,019 |
| 10 Job Work Chg. (Fabric weaving) | 1,675,282 | 1,228,428 |
| 11 Loom Operating Chg. | 2,584,381 | 1,480,462 |
| 12 Fabric Sample Exp. | - | 67,538 |
| 13 Excise Duty Expenses | 2,148,459 | - |
| Total | <u>243,907,413</u> | <u>184,263,160</u> |
| SCHEDULE "R" | | |
| EXPENSES ON EMPLOYEES | | |
| 1 Salary, Wages and Allowances | 70,954,761 | 34,148,056 |
| 2 Labour Welfare | 657,066 | 657,923 |
| 3 Production Incentive to workers | 1,096,890 | 856,893 |
| 4 Bonus / Ex-gratia | 8,400,221 | 2,234,636 |
| 5 Company's Contribution to PF and EPF with PF Admn.chg. | 5,897,131 | 2,692,503 |
| Total | <u>87,006,069</u> | <u>40,590,011</u> |
| SCHEDULE "S" | | |
| ADMINISTRATIVE & SELLING EXPENSES | | |
| 1 Printing & Stationery, Xerox | 1,404,053 | 1,467,230 |
| 2 Postage, Telephone , Internet, Courier, Website Exp. | 1,395,396 | 1,367,372 |
| 3 Audit Fees - Statutory | 40,000 | 30,000 |
| 4 Directors Remuneration/Travelling, sitting fees | 6,300,000 | 6,450,000 |
| 5 Yarn Sales Commission | 3,264,146 | 3,508,087 |
| 6 Fabric Sales Commission | - | 31,380 |
| 7 Waste Cotton Expenses/Transportation Receipts | 96,723 | 194,781 |
| 8 Insurance Premium - Yarn In Transit | 100,000 | 100,000 |
| 9 Packing & Forwarding charges | 19,240 | 21,674 |
| 10 Export Shipment Expenses | 2,988,537 | 6,722,018 |
| 11 Foreign Exchange Loss | 150,148 | - |
| 12 Miscellaneous Expenses | 20,599,439 | 17,306,009 |
| 13 Rent, Rates & Taxes | 4,533,406 | 5,198,759 |
| Total | <u>40,891,088</u> | <u>42,397,310</u> |

SCHEDULES CONTD.

| Particulars | 31-03-2011 Rs. | 31-03-2010 Rs. |
|--|--------------------|--------------------|
| SCHEDULE 'T' | | |
| COST OF FINANCE | | |
| 1 Interest paid on Term Loans | 104,190,631 | 136,833,132 |
| 2 Interest paid on Packing Credit & Advances | 80,653,121 | 73,933,027 |
| 3 Bank Commission | 11,484,271 | 6,887,333 |
| 4 Interest paid on Vehicle Loan | 1,058,221 | 1,719,059 |
| 5 Interest paid on Public Deposits | - | 4,316,025 |
| Total | 197,386,244 | 223,688,576 |
| SCHEDULE 'U' | | |
| CONSTRUCTION DIVISION EXPENSES | | |
| 1 Material & Labour Expenses | - | - |
| 2 Expenses on Employee | 111,025 | 131,705 |
| 3 Administrative Expenses | 57,520 | 68,308 |
| Total | 168,545 | 200,013 |

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. Provision for Gratuity and Leave Encashment is made by the company. Actuarial Valuation reports are not available.

7. Miscellaneous expenditure

Preliminary expenses and miscellaneous expenditure are being amortised over a period of 5 years. 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

In view of Losses, no taxation Provision is made during the year.

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.

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, 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 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, and Union Bank of India and Axis 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. In Consideration of prudence, no provision is made in respect of net deferred tax asset, arising due to timing differences after set off of deferred tax liability, against deferred tax asset.

3. Related Party Transactions

| | | | |
|---|---|---|---|
| 1 | Promoters | : | Mr. Ramchandra M. Mohite |
| 2 | Key Management Personnel | : | Mr. Anasaheb R Mohite, Chairman & Managing Director |
| | | : | Mr. Abhishek A. Mohite, Director (Marketing & Strategy) |
| 3 | Others – Enterprises in which Promoters Directors hold Substantial Interest | : | M/s Maruti Construction |
| | | : | M/s R.M. Mohite & Co |
| 4 | Relatives to Key Managerial Personnel | : | Mrs. Anjali A Mohite Associate Vice President |
| 5 | Relatives | : | Miss. Apurva A Mohite. |

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 Management Personnel | Relatives | Total |
|---------|-----------------------------|----------------------|--------------------------|--------------------|---------------------------------------|--------------|----------------------|
| 1. | Managerial Remuneration | - (-) | 60.00 (60.00) | - (-) | - (-) | - (-) | 60.00 (60.00) |
| 2. | Salary paid | - (-) | (-) - | - (-) | 6.00 (6.00) | - (-) | 6.00 (6.00) |
| 3. | Rent paid | 0.25 (0.25) | 20.00 (20.00) | - (-) | - (-) | - (-) | 20.25 (20.25) |
| 4. | Loan Borrowed | 45.00 (30.63) | 114.05 (838.51) | - (-) | 83.82 (-) | - (-) | 242.87 (869.14) |
| 5. | Receivable as at 31.03.2011 | - (-) | - (-) | 502.44 (605.12) | - (-) | - (-) | 502.44 (605.12) |
| 6. | Payables as at 31.03.2011 | 1240.20 (1194.49) | 1920.90 (1807.56) | - (-) | 69.82 (-) | 14.00 (-) | 3244.92 (3002.05) |

4. Earnings per Share (EPS)

In view of Net Loss, EPS is not applicable

5. Segment information for the year ended 31 March 2011

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

Rs. In Lakhs

| | Textile Division | Construction Division | Total |
|--|------------------------|-----------------------|------------------------|
| Revenue | | | |
| Net Sale/ Income from segments | 4959.83 (3985.71) | - (-) | 4959.83 (3985.71) |
| Result | | | |
| Profit from segments before interest, other income & taxes | -5085.83 (-1557.83) | -1.68 (-2.00) | -5087.51 (-1559.83) |
| Add : Other Income | 8.50 (57.66) | - (-) | 8.50 (57.66) |
| Profit from segments before interest & taxes | -5012.65 (-1500.17) | -1.68 (-2.00) | -5014.33 (-1502.17) |
| Less : Interest (net) | 1973.86 (2236.88) | - (-) | 1973.86 (2236.88) |
| Profit Before Taxes | -6986.51 (-3737.05) | -1.68 (-2.00) | -6988.19 (-3739.05) |
| Taxes | 4.01 (493.29) | - (-) | 4.01 (493.29) |

| | Textile Division | Construction Division | Total |
|---|------------------------|-----------------------|------------------------|
| Profit After Tax | -6982.50 (-3243.76) | -1.68 (-2.00) | -6984.18 (-3245.76) |
| Other Information | | | |
| Segment Assets | 35712.65 (34398.12) | 76.34 (562.36) | 35788.99 (34960.48) |
| Segment Liabilities | 35712.65 (34389.12) | 76.34 (562.36) | 35788.99 (34960.48) |
| Capital Expenditure during the year (including Work-in-progress) | 221.24 (557.69) | - (-) | 221.24 (557.69) |
| Depreciation / Amortisation | 1502.00 (1436.56) | - (-) | 1502.00 (1436.56) |

6. The Company has been granted refund of electricity duty under 1993 Package Scheme of Incentives. Out of company's pending claim of Rs.57,67,451.00, an amount of Rs.37,90,602.00 has been received during the year and balance of Rs.19,76,849.00 is written off being non receivable.
7. During the year the Company has made interest refund claim amounting to Rs. 8,44,49,493/- 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. 6,20,21,201/-
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 31.03.2011 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. Paise are rounded off to the nearest rupee
14. Amounts paid to the Auditors

| Particular | Current Year | Previous Year |
|---|-----------------|-----------------|
| As Audit fees | 40,000/- | 15000/- |
| As Other Services (Exclusive of Service Tax) | 30,000/- | 15,000/- |
| Total | 70,000/- | 30,000/- |

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 | 2010-2011 | | 2009-2010 | |
|----|--|-----------------|------------------|-----------------|------------------|
| | | Quantity (Tons) | Value (Rs.Lacs) | Quantity (Tons) | Value (Rs.Lacs) |
| A) | Finished Goods (Cotton Yarn) | | | | |
| | Opening Stock | 379.57 | 1214.84 | 479.71 | 1504.81 |
| | Production | 799.95 | - | 1580.29 | - |
| | Sales | 645.33 | 1787.86 | 1224.61 | 2162.39 |
| | Captive consumption / Reprocessing /Reject | 449.21 | - | 455.82 | - |
| | Closing Stock (Packed Yarn) | 84.98 | 206.99 | 379.57 | 1214.84 |
| B) | Wastes | | | | |
| | Opening Stock | 93.17 | 13.82 | 93.80 | 37.82 |
| | Production | 350.83 | - | 779.11 | - |
| | Sales | 127.19 | 51.30 | 729.25 | 294.79 |
| | Loss Due to Dust & Luwa | 24.42 | - | 50.48 | - |
| | Closing Stock | 292.39 | 89.90 | 93.17 | 13.82 |
| | | Quantity (Mtrs) | Value (Rs. Lacs) | Quantity (Mtrs) | Value (Rs. Lacs) |
| C) | Finished Goods (Cotton Fabric) | | | | |
| | Opening Stock | 243232.04 | 1226.50 | 64407.95 | 271.92 |
| | Production | 2916056.50 | - | 1793227.52 | - |
| | Sales | 2736620.86 | 3114.85 | 1605575.71 | 1525.39 |
| | Reprocessing | 5589.90 | - | 8249.66 | - |
| | Closing Stock (Fabric) | 417077.78 | 524.28 | 243232.04 | 1226.50 |

16. Break-up of Raw Material Consumed - Cotton

(Rs. in Lakhs)

| Particulars | 2010-11 | | 2009-10 | |
|-------------|---------|---------|---------|---------|
| | M.T. | Rs. | M.T. | Rs. |
| Consumption | 1081.63 | 1703.95 | 2333.88 | 2552.46 |

17. Consumption of Raw Material & Spares

(Rs. in Lakhs)

| Particulars | 2010-11 | | 2009-10 | |
|-------------------|--------------|---------|--------------|--------|
| | Raw Material | Spares | Raw Material | Spares |
| Imported Material | 142.38 | 124.44 | 782.07 | 52.61 |
| Percent % | 8.36 | 9.02 | 30.64 | 7.77 |
| Indigenous | 1561.57 | 1254.37 | 1770.39 | 624.50 |
| Percent % | 91.64 | 90.98 | 69.36 | 92.23 |

18. C.I.F. value of Imports

(Rs. in Lakhs)

| Particulars | 2010-11 | 2009-10 |
|-----------------------------------|---------|---------|
| Capital Goods | - | 96.89 |
| Raw Material | 129.29 | - |
| Other (Packing & Stores Material) | 124.44 | 56.77 |

19. Expenditure in Foreign Currency on account of

(Rs. in Lakhs)

| Particulars | 2010-11 | 2009-10 |
|----------------------------|---------|---------|
| Travelling Expenses | 2.12 | 3.30 |
| Commission on Export Sales | 32.64 | 34.50 |
| Consultancy Charges | - | 5.22 |

20. Earning in Foreign Currency

(Rs. in Lakhs)

| Particulars | 2010-11 | 2009-10 |
|---|---------|---------|
| On account of Export of goods on F.O.B. basis | 853.37 | 1189.03 |

21. Contingent liabilities are not provided for: (Rs. In Lacs)

1. Guarantee given by bankers Current Year Rs.64.82/- (previous year Rs. 64.82/-)
2. VAT Audit for the year ended 31.3.2010 is pending. Liability, if any, against VAT cannot be determined and is not provided for.

22. Central Sales Tax & Bombay Sales Tax Assessments are completed up to the accounting year ended on 31.3.2007. The Liability, if any, in respect of pending assessments and appeals, is unascertainable, hence not provided for.

23. Income Tax assessments are completed up to Assessment year 2008-09 (relevant to the Accounting Year ended on 31.3.2008). The Liability, if any, in respect of pending assessments and appeals under the Income Tax Act 1961 is unascertainable, hence not provided for.

Signatures to Schedules A to V

As per our report of even date

For **P.M. Vardhe & Co.**

Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

P.M. VARDHE

Proprietor

MNo.031817

ANASAHEB RMOHITE

Chairman and Managing Director

RAMA J. SWETTA

Director

ANUJA S.MALLIKAR

Company Secretary

PLACE : KOLHAPUR

PLACE : KOLHAPUR

DATE : 12.08.2011

DATE : 12.8.2011

**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 | : | 31-03-2011 |
| II | Capital raised during the year | | (Rs. in 000's) |
| | Public Issue | : | NIL |
| | Right Issue | : | NIL |
| | Bonus Issue | : | NIL |
| | Private Placement | : | NIL |
| III | Position of mobilisation and deployment of funds | | (Rs. in 000's) |
| | Total Liabilities | : | 35,78,899 |
| | Total Assets | : | 35,78,899 |
| | Sources of Funds | | |
| | Paid-up Capital | : | 1,60,085 |
| | Share Application Money | : | - |
| | Reserves & Surplus | : | 5,89,007 |
| | Secured Loans | : | 24,82,932 |
| | Unsecured Loans | : | 3,46,875 |
| | Deferred Tax Liabilities | : | - |
| | Application of funds | | |
| | Net Fixed Assets | : | 24,60,961 |
| | Investments | : | 376 |
| | Net Current Assets | : | 4,32,860 |
| | Misc. Expenditure | : | 7,661 |
| | Accumulated Losses | : | 6,77,041 |
| IV | Performance of Company | | (Rs. in 000's) |
| | Turnover | : | 4,96,833 |
| | Total Expenditure | : | 11,95,210 |
| | Profit/(Loss) before Tax | : | (6,98,377) |
| | Profit after Tax | : | (6,98,418) |
| | Earning per share (in Rs.) | : | - |
| | Dividend Rate % (annualised) | : | - |
| V | Generic Names of Principal Products of Company | | |
| | Item Code No. | : | 5205 & 5208 |
| | Product | : | Yarn & Fabric |

For and on behalf of the Board of Directors

Place: Kolhapur
 Date: 12.08.2011

Anasaheb R Mohite
 Chairman & Managing Director

Rama J. Swetta
 Director

Anuja S. Mallikar
 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 :

| | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|

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 Eighteenth Annual General Meeting of the company to be held on Friday, September 30, 2011 at 11.00 a. 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.

Affix Re. 1/-
Revenue stamp

Signed this _____ Day of _____ 2011.

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

Eighteenth Annual General Meeting - September 30, 2011.

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

| | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|

No of Shares Held :

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | | | |
|--|--|--|--|--|--|--|--|

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

I hereby record my presence at the Eighteenth Annual General Meeting of the company at the Registered Office of the company situated at Gat No. 148, Tamgaon, Kolhapur Hupari Road, Tal- Karveer, Dist Kolhapur on Friday, September 30, 2011 at 11.00 a.m.

_____ Name of the member / proxy
In BLOCK Letters)

_____ 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.

Abhishek Corporation Limited
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 Email : admin@abhishekccorporation.com



MOHITE
G R O U P

