

**Annual Report**  
**2009 - 2010**



▶ **BOARD OF DIRECTORS**

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

Shri. Anasaheb R Mohite  
(Chairman cum Managing Director)

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

Mrs. Rama j. Swetta  
(Director)

Shri. Ravi Y. Shiralkar  
(Independent Director)

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

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

▶ **Company Secretary**

Shri. Shrenik U. Nagaonkar

▶ **BANKERS**

Axis Bank Limited

Bank of India

Bank of Baroda

IDBI Bank Ltd

Indian Overseas Bank

Corporation Bank

Punjab National Bank

State Bank of Hyderabad

State Bank of India

State Bank of Patiala

Union Bank of India

▶ **Statutory Auditors**

**B J Ingle & Co.**

Chartered Accountants, 661-E, Shahupuri, 2<sup>nd</sup> lane, Kolhapur – 416001

▶ **Internal Auditors**

**Kunte & Chougule**

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

▶ **Registered Office & Works**

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

▶ **CITY OFFICE**

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

**NOTICE**

Notice is hereby given that Seventeenth Annual General Meeting of members of “Abhishek Corporation Ltd” will be held on Friday, September 17, 2010 at 4.00 p.m. at the Registered Office of the company situated at Gat No.148, Tamgaon, Kolhapur – Hupari Road, Tal- Karveer, Dist – Kolhapur 416234 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ravi Y. Shiralkar, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint the auditors to hold the office from conclusion of this Annual General Meeting until conclusion of next Annual General Meeting and to fix their remuneration and to pass the following resolution thereof:

“**RESOLVED THAT** since the Company has received unwillingness in writing from the retiring auditors M/s. B. J. Ingrole & Co, Chartered Accountants pursuant to the provisions of section 224(2)(b) of the Companies Act, 1956 M/S. Jaykumar D. Shetti & Co, Chartered Accountants (M. No. : F 023957) be and is hereby appointed as a Statutory Auditor of the Company in place of the retiring auditors M/s. B. J. Ingrole & Co, Chartered Accountants, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors”.

**SPECIAL BUSINESS:**

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

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

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

“**RESOLVED THAT** Mr. Manohar D. Kanitkar who was appointed as Additional Director of the company by Board of Directors by passing circular resolution on May 17, 2010 and who holds office up to the conclusion of this annual general meeting and for whom notice under section 257 (1) has been received from member signifying his candidature for the office of Director, be and is hereby, appointed as a Director of the company, liable to retire by rotation”.

**Date: May 27, 2010**

**for and on Behalf of the Board of Directors**

**Place: Kolhapur**

**Anasaheb R Mohite**  
**Chairman & Managing Director**

**Notes:**

1. A member entitled to attend and vote at the General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll instead of him and the proxy need not be member of the company. The instruments appointing proxy should be deposited at the Registered Office of the company not less than 48 hours before commencement of the meeting.
2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified true copy of Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. The Register of Members and Share Transfer Register of the company will remain closed from 13.09.2010 to 17.09.2010 (both days inclusive)
4. Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to
  - a) Notify any change in their Registered Address along with pin code numbers.
  - b) Quote their respective Ledger Folios/Client ID and DP on every communication with the company.
  - c) Bring their attendance slip along with their copy of Annual Report to the meeting.

**EXPLANATORY STATEMENT**

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

**Item No. 4**

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

In terms of section 262 of the Act, Mr. Shreedhar V. Padhye would hold office up to the date of this Annual General Meeting.

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

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

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

**Item No. 5**

The Board of Directors of the company (the Board) has appointed, pursuant to provisions of section 260 of the Companies Act, 1956 (the Act) and Article 130 of the Articles of Association of the company, Mr. Manohar Kanitkar as an Additional Director of the company with effect from May 17, 2010.

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

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

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

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

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

- i. **Mr. Ravi Y. Shiralkar, age 44**, is the independent director of our Company. He is an Advocate by profession. He is having experience of around 19 years in the field of law. Presently, apart from practicing law, Mr. Shiralkar is a lecturer with Shivaji University, Kolhapur and is a member of the management council of D.Y. Patil University, Kolhapur.

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

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

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

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

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

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

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

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

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

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

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

## DIRECTORS' REPORT

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

### Financial Results:

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

(Rs. in Lacs)

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

### Results of Operations

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

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

### Dividend:

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

## Changes in Capital Structure

### Reclassification of Authorised Capital of the Company

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

### Allotment of Equity Shares on Preferential Basis

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

## Fixed Deposits

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

## Industrial Relations

During the year, industrial relations have been cordial

## Directors

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

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

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

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

Board recommends above appointments.



## Corporate Governance

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

- I. Audit Committee:** The primary objective of Audit Committee is to monitor and effectively supervise the company's financial reporting process with a view to provide accurate, timely and proper disclosures and to maintain integrity and quality of financial reporting. Its Constitution, activities of this committee has been elaborated in the report of Corporate Governance. Report on Corporate Governance along with Auditors certificate on compliance with the conditions of Corporate Governance as stipulated in clause 49 of listing agreement is provided elsewhere in the Annual Report.
- II. Share Transfer and Investor Grievance Committee:** The Board of Directors' has constituted "Share Transfer and Investor Grievance Committee" to look after all the works relating to shares and shareholders grievance, i.e., approval of transfer/transmission/demat/remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non receipt of balance sheet, non receipt of declared dividends etc. Its constitution and activities has been elaborated in the report of Corporate Governance
- III. Remuneration Committee:** The Board of Directors has constituted "Remuneration Committee" to decide and approve the terms and conditions for appointment of Executive Directors of the Company and remuneration payable to other Directors and Executives of the Company and other matters related thereto. Its constitution, activities of this committee has been elaborated in the report of Corporate Governance

## Auditors Qualification

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

## II. In Audit Report

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

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

## **Directors' Responsibility Statement**

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

- i. In preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the Loss of the Company for the year ended on that date.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. The Directors have prepared the annual accounts of the Company on a 'Going Concern' basis.

## **Particulars of Employees**

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

## **Auditors**

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

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

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

## **Acknowledgement**

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

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

**for and on Behalf of the Board of Directors**

**Kolhapur**  
**May 27, 2010**

**Anasaheb R Mohite**  
**Chairman & Managing Director**