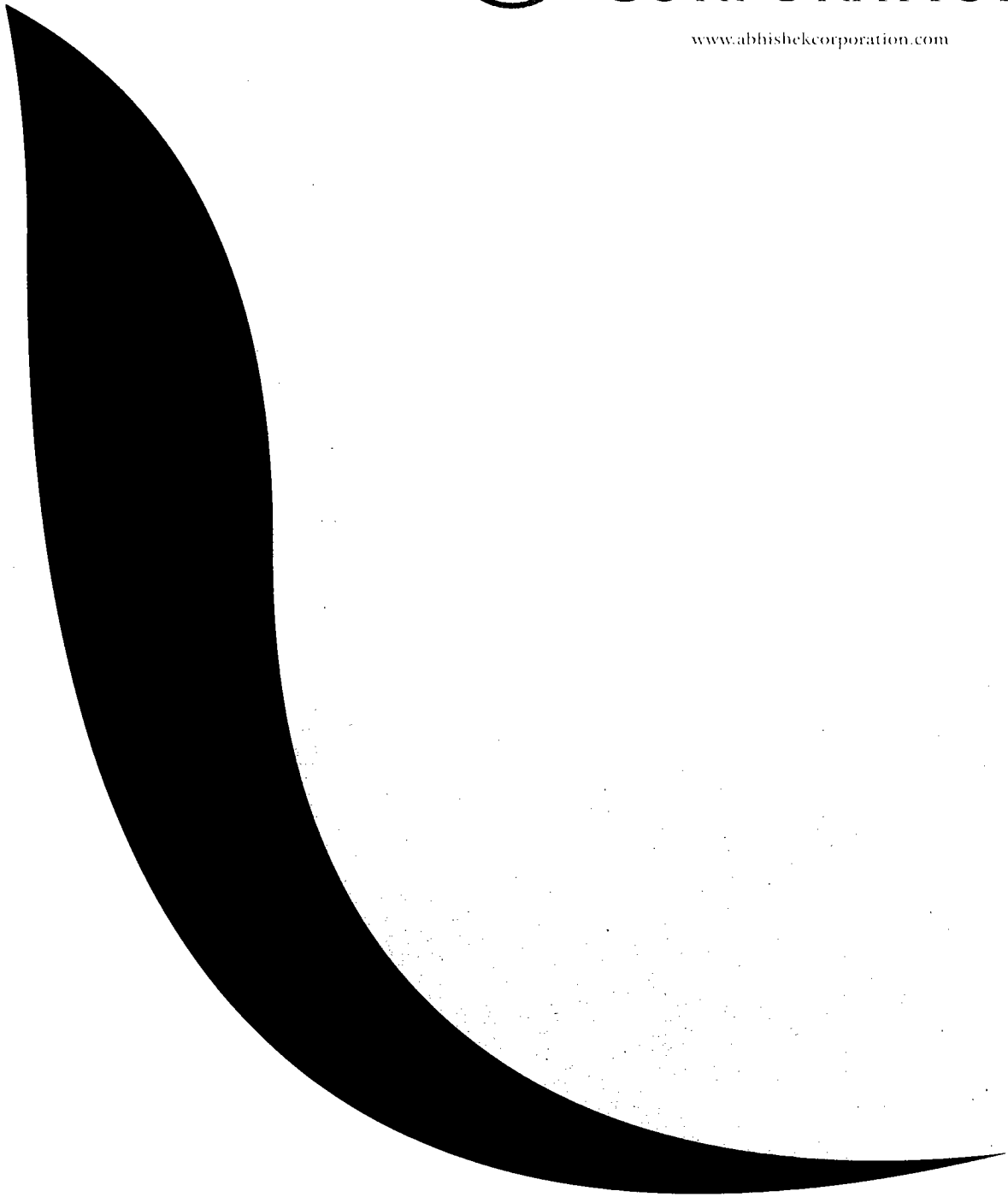




ABHISHEK
CORPORATION

www.abhishekccorporation.com



19th

Annual Report 2011- 2012

► BOARD OF DIRECTORS :

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. 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 Baroda

Indian Overseas Bank

Punjab National Bank

State Bank of India

State Bank of Patiala

Union Bank of India

Bank of India

IDBI Bank Ltd

Corporation Bank

State Bank of Hyderabad

► 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 Nineteenth Annual General Meeting of members of "Abhishek Corporation Ltd" will be held on Friday, September 28, 2012 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, 2012 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. Abhishek A. Mohite, 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 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 special resolution
"RESOLVED THAT pursuant to provisions of Section 198, 309, 310 and other applicable provisions, if any, and subject to approval of Central Government, read with schedule XIII of the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, approval be and is hereby accorded for renewal of appointment of Mr. Anasaheb R Mohite as a Managing Director of the company w.e.f. October 1, 2012 for a period of 3 years i.e. till September 30, 2015 on such terms and conditions mentioned below.
 - a. **Salary:** - Rs. 4,00,000/- (Rs Four Lac only) per month.
 - b. **Perquisites:** i) Free unfurnished accommodation or alternatively House Rent Allowance @ 20% of the salary. ii) Reimbursement of medical expenses incurred for Managing Director, his wife, dependent children and dependent parents subject to a ceiling of 10% of salary, which can be accumulated upto three years. iii) Leave Travel Concession to the Managing Director and his wife, dependent children and dependent parents, once in a year subject to the ceiling of one month's salary. iv) Personal Accident Insurance, premium of which shall not exceed Rs. 1000/- per annum. v) Fees of clubs subject to maximum of two clubs (Excluding Lifetime membership fees).
 - c. **Retirement Benefits:** i) Provident Fund: Company's contribution towards Provident Fund subject to ceiling of 12% of salary. ii) Company's contribution to Superannuation Fund: -As extends to other Senior Executives of the Company. The Company's contribution in respect of Provident Fund and Superannuation put together shall not exceed limits laid down under Income Tax Act, 1961. iii) Gratuity: A sum not exceeding one month's salary for each completed year of service as Managing Director on the basis of last salary drawn.
 - d. **Other Perquisite:** i) All expenses for the maintenance, running and upkeep of the motorcar for business purpose to be borne and paid by the Company. ii) Telephone at residence, all charges including rental and all charges of the telephone being paid by the company. iii) Leave facilities as applicable to other executives of the Company. iv) Such other benefits or amenities as may be applicable to other Senior Executives of the Company.
 - e. **Commission:** Commission upto 3% p. a. of net profit of the company to be decided by the remuneration committee depending upon performance of the company.

Minimum Remuneration:

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

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

5. To consider and, if thought fit, to pass, with or without modification (s) the following resolution as special resolution **"RESOLVED THAT** pursuant to provisions of Section 198, 309, 310 and other applicable provisions, if any, and subject to approval of Central Government, read with schedule XIII of the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, approval be and is hereby accorded for renewal of appointment of Mr. Abhishek A. Mohite as a Director (Marketing & Strategy) w.e.f. June 12, 2013 for the period of three years i.e. till June 11 2016 on following terms and conditions."

- a. **Salary:** - Rs. 1,00,000/- (Rupees One Lac only) per month.
- b. **Perquisites:** Free unfurnished accommodation or alternatively House Rent Allowance @ 20% of the salary. ii) Reimbursement of medical expenses incurred for Director (Marketing & Strategy), and his dependent parents subject to a ceiling of 10% of salary, which can be accumulated upto three years. iii) Leave Travel Concession to the Director (Marketing & Strategy) and his dependent parents, once in a year subject to the ceiling of one month's salary. iv) Personal Accident Insurance, premium of which shall not exceed Rs. 1000/- per annum. v) Fees of clubs subject to maximum of two clubs (Excluding Lifetime membership fees)
- c. **Retirement Benefits:** i) Provident Fund: Company's contribution towards Provident Fund subject to ceiling of 12% of salary. ii) Company's contribution to Superannuation Fund: As extends to other Senior Executives of the Company. The Company's contribution in respect of Provident Fund and Superannuation put together shall not exceed limits laid down under Income Tax Act, 1961. iii) Gratuity: A sum not exceeding one month's salary for each completed year of service on the basis of last salary drawn.
- d. **Other Perquisite:** i) All expenses for the maintenance, running and upkeep of the motorcar for business purpose to be borne and paid by the Company. ii) Telephone at residence, all charges including rental and all charges of the telephone being paid by the company. iii) Leave facilities as applicable to other executives of the Company. iv) Such other benefits or amenities as may be applicable to other Senior Executives of the Company.

Minimum Remuneration:

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

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

Date: July 2, 2012
Place: Kolhapur

For and on Behalf of the Board of Directors

Abhishek A. Mohite
Director (Marketing & Strategy)

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 September 24 to September 28, 2012 (both days inclusive)
4. 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.
5. 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.

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.

EXPLANATORY STATEMENT

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

Item No. 4

Mr. Anasaheb R Mohite was reappointed as a Managing Director of the company on October 1, 2009 for a period of 3 years. On September 30, 2012 his tenure as a Managing Director will expire.

Mr. Anasaheb R Mohite, Managing Director of the company has been associated with your company from its inception. He also looks after marketing activities with the active support of Mr. Abhishek A. Mohite, Director {Marketing & Strategy} of the company. He is involved in meetings/negotiation with prospective overseas customers who comprises of noted branded garment manufacturers.

Considering the present scenario of the company, level of responsibilities and efforts undertaken by him and his contribution to the value addition to the company and shareholders, your Board of Directors, on the recommendation of the Remuneration Committee, at its Meeting held on July 2, 2012 has re-appointed Mr. Anasaheb R Mohite as a Managing Director of the company w.e.f. October 1, 2012 for a period of 3 years (i.e. from October 1, 2012 to September 30, 2015).

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

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

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

Item No. 5

The Board of Directors of the company (the Board) had appointed Mr. Abhishek A. Mohite as a Director (Marketing & Strategy) on June 12, 2010 for the period of 3 years. His tenure as a Director (Marketing & Strategy) will expire on June 11, 2013.

Considering the level of responsibilities, efforts undertaken by him and for the sake of continuity of present management and for efficient running of the company and on the recommendation of remuneration committee the Board of Directors have re-appointed Mr. Abhishek Mohite as a Director (Marketing & Strategy) of the company for a further period of 3 years w.e.f. June 12, 2013 (i.e. from June 12, 2013 to June 11, 2016)

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

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

The Board recommends the resolution set out in Item No. 5 of the Notice for your approval as a special resolution pursuant to Schedule XIII of the Companies Act, 1956

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 19th Annual Report for the year ended on 31st March 2012.

Financial Results:

The performance of the company for the financial year ended March 31, 2012 is summarized below:

(Rs. in Lacs)

Particulars	2011-12	2010-11
Total Income	2115.92	4968.33
Usual Working Expenses	3515.62	8444.09
Gross Profit/(Loss) before Interest and Depreciation	(1399.70)	(3475.76)
Less: Interest	5132.89	1933.44
Depreciation	1571.94	1574.58
Profit /(Loss) Before Tax	(8104.53)	(6983.78)
Less: Provision for Current Tax	-	-
Provision for Deferred Tax	-	-
Provision for Fringe Benefit Tax	-	-
Profit /(Loss) After Tax before Extra Ordinary and Exceptional Items	(8104.53)	(6983.78)
Less: Exceptional Items	-	-
Profit /(Loss) After Tax & After Extra Ordinary Items before Exceptional Items	(8104.53)	(6983.78)
Add: Extra Ordinary Items	-	4.01
Profit /(Loss) After Tax & After Extra Ordinary & Exceptional Items	(8104.53)	(6979.77)
Add: Balance brought forward from last Year	-	-
Balance Transferred to Balance Sheet	(8104.53)	(6979.77)

Results of Operations

During the year under review sale has been decreased by 57.53% from Rs. 4959.83 Lacs in previous year to Rs. 2106.59 Lacs in the current year. Company has started receiving orders gradually. But still orders are very less comparing to production capacity of the company. Management is constantly focused on marketing. Due to lack of funds and lower orders Company's sale is decreasing as compared to previous year.

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. 8104.53 Lacs (before Extra Ordinary Item) as against the net loss of Rs. 6979.77 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

Mr. Abhishek Anasaheb Mohite, Director of the Company retires by rotation and being eligible, has offered himself for reappointment at the ensuing Annual General Meeting.

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

- **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. The company is taking necessary steps to pay off its statutory dues.

Point No. x: Due to lower capacity utilization, higher debt cost and lower margin the company has incurred cash loss of Rs. 6532.59 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. The company is exploring different ways of reducing the debt burden.

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, 2012 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

M/s. 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
July 2, 2012

Abhishek A. Mohite
Director (Marketing & Strategy)

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

- Variable frequency drives instead of traditional motor starters.
- PLC based process control systems instead of traditional relay/contactor logics.
- 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.
- 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

- Plant is designed for maximum utilization of daylight. This will save electricity for lighting during day time.
- We have used energy efficient CFL lamps at maximum places.
- We have used electronics ballast instead of conventional copper chokes
- 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.