

17th
ANNUAL REPORT
2006-2007

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ATHARV ENTERPRISES LTD

(Earlier known as **Jaju Enterprises Ltd.**)

17th Annual Report 2006-07

BOARD OF DIRECTORS

Bippin S Jaju (Managing Director)
Ritu N Jaju
Pooja Jaju (Non - Executive, Chairperson)
Rajendra Patel (Non - Executive, Independent)
Bhushan Gandhi (Non - Executive, Independent)

BANKERS

HDFC Bank Ltd.
The Veershaiv Co-op. Bank Ltd.

STATUTORY AUDITORS

M/s. Sanjay Vhanbatte & Co.
Chartered Accountants,
Shahupuri, Kolhapur - 416 001

REGISTERED OFFICE

1039-E, Rajaram Road,
Kolhapur - 416 008 (M.S.)
Ph. : 0231-3254148
Fax : 0231-2654148
E-mail : kpr_nrjaju@bsnl.in

REGISTRAR & TRANSFER AGENTS

M/s. Adroit Corporate Services P. Ltd.
19, Jaferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka,
Andheri (East), MUMBAI
Ph.: 022-28590942, 28503748
Fax : 022-26924438
E-mail : adroits@vsnl.net

ATHARV ENTERPRISES LTD. (Earlier known as *Jaju Enterprises Ltd.*)**NOTICE**

NOTICE IS HEREBY given that the SEVENTEENTH Annual General Meeting of the members of ATHARV ENTERPRISES LIMITED will be held on Friday, the 29th day of September, 2007 at 11.00 a.m. at "Panchvati" 56, Shivaji Park, Kolhapur - 416003 to transact the following business :

ORDINARY BUSINESS :

- 1] To receive, consider and adopt Profit & Loss Account for the year ended 31st March, 2007 and Balance Sheet as on that date together with its Schedules and Notes annexed thereto and Directors Report and Auditor's Report thereon.
- 2] To re-appoint M/s SANJAY VHANBATTE & CO., Chartered Accountants, as the auditors of the Company for the financial year 2007-08, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration and on such terms and conditions as may be decided between the said auditors and the Company.
- 3] To appoint a director in place of Mrs. Ritu Jaju who retires by rotation and being eligible has offered herself for reappointment.

SPECIAL BUSINESS :

- 4] To consider, and if thought fit to pass with or without modification the following resolution as a ordinary resolution-

"RESOLVED THAT Mr. Bhushan Gandhi, who is an additional director and is to retire at the ensuing annual general meeting be and is hereby appointed a Director (in Non-Executive & independent capacity) of the Company, in respect of which appointment the Company has received notice in writing pursuant to section 257(1) of the Companies Act, 1956, from Bhushan Gandhi and that the period of office of Mr. Bhushan Gandhi shall be liable to determination of directors by rotation."

- 5] To consider, and if thought fit to pass with or without modification the following resolution as a special resolution-

"RESOLVED THAT in accordance with the provisions of Section 100 to 104 and other applicable provisions, if any, of the Companies

Act, 1956 and the enabling provisions in the Memorandum and Articles of Association of the Company, the Listing Agreements with Stock Exchange(s) where the shares of the Company are listed, subject to approval of Restructuring Proposal by Corporate Debt Restructuring Cell and subject to confirmation of the High Court/Tribunal as may be applicable and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof) the consent of the Company be and is hereby accorded to the Board for Reduction of issued and paid-up Equity Share Capital of the Company from Rs. 3,04,64,000/- (Rupees Three Crore four lakhs sixty four thousand only) divided into 30,46,400 Equity Shares of Rs.10/- each fully paid up to Rs. 1,88,87,680/- (Rupees One crore eighty eight lakhs eighty seven thousand six hundred and eighty only) divided into 18,88,768 Equity Shares of Rs.10/- each fully paid up."

"RESOLVED FURTHER THAT the reduction of Equity Share Capital be done by cancellation of 38% of existing Equity Shares having face value of Rs. 10/- each on the terms and conditions detailed here inbelow :

- a) Upon the Order of the High Court/Tribunal becoming finally effective, the Company shall determine a Record date for the purpose of cancellation of the existing paid up equity share capital in the ratio of cancellation of thirty eight (38) Equity Shares of Rs. 10/- each out of every Hundred (100) Equity Shares of Rs. 10/- each held by the Equity Shareholders.
- b) The remaining Six (62) Equity Shares of Rs. 10/- each out of the Hundred (100) Equity Shares of Rs. 10/- each shall continue to be held by the Equity Shareholders as fully paid-up Equity Shares of Rs. 10/- each without any alteration to the rights attached thereto.
- c) No fractional Certificates shall be issued by the Company in respect of fractional

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entitlements, if any to which the members may be entitled to, on cancellation of the Equity Shares and the Board shall instead consolidate all such fractional entitlements to the nearest number and thereupon issue and allot equity Shares in lieu thereof to a Director or an Officer of the Company who shall hold such Equity Shares in trust on behalf of the concerned members with the express understanding that such Director or Officer to whom such Equity Shares shall be allotted shall sell the same in the market at the best available price and pay to the Company the net sale proceeds thereof whereupon the Company shall distribute such net sale proceeds to the members in proportion to their respective fractional entitlements.

- d) The remaining Equity Shares shall continue to be listed on the Stock Exchange(s) where the shares are presently listed.
- e) That an amount equivalent to the paid up equity share capital cancelled be set off against the Accumulated losses in the Balance Sheet.

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any committee or any person which the Board may constitute/nominate to exercise its powers) be and is hereby authorised to do all such acts, matters, deeds and things as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise, for the purpose of giving effect to the reduction of the equity share capital of the Company as placed before the meeting."

"RESOLVED FURTHER THAT the Board be and is hereby authorised, in its absolute discretion, to make the reduction by cancellation of the equity shares on such other terms and conditions as they may consider appropriate and to accept such other conditions and modifications as may be prescribed by the High Court, banks, financial institutions and other appropriate bodies/authorities while according their sanction or

consent to the proposed reduction by cancellation of Equity Shares."

"RESOLVED LASTLY THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company inter alia to evolve, decide upon and bring into effect a Proposal/Scheme for capital reduction and make and give effect to any modifications, changes, variations, alterations or revision in the proposal for capital reduction from time to time or to suspend, withdraw or revive the proposal for capital reduction from time to time as may be specified by any statutory authority or as the Board may suo moto decide in its absolute discretion and to do all such acts, deeds, matters and things whatsoever, as it may in its absolute discretion consider necessary, expedient, fit and proper."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing the proxy should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The Share Transfer Books and the Register of Members of the Company shall remain closed from 27-09-2007 to 29-09-2007.

Explanatory Statement

Item No. 4:

Mr. Bhushan Gandhi was appointed as an additional non-executive, independent Director till this Annual General Meeting. The Company has received a notice from him u/s. 257(1) of the Companies Act, 1956 for appointment as a regular non-executive independent director i.e. director retiring by rotation. Members are requested to consider his appointment as a director retiring by rotation.

None of the directors is interested in the resolution except as shareholder of the Company.

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The Company has a balance of accumulated losses of Rs. 1,14,70,130.56 in the balance sheet for the year ended 2006-07. For previous two financial years there has not been any increase in the balance of losses. However the balance of losses is much more to be written off over a period of time. The Board therefore proposes to write off the accumulated losses against the paid up capital of the Company. The share capital will be reduce to the extent of 38% percent and ultimately the paid up value will be reduced accordingly. Members are to pass special resolution for the same. None of the directors is interested in the resolution except as shareholder of the Company.

For & on behalf of the Board
For **ATHARV ENTERPRISES LIMITED**

Place Kolhapur

Pooja Jaju

Date - 20.08.2007

Non Executive
Chairperson**REPORT ON CORPORATE GOVERNANCE****FINANCIAL YEAR 2006-07****1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The company has been practicing good corporate governance, by constituting Board

and Audit Committees disclosing periodically adequate and true information to Board/ Committees, discussing company's affairs in open impartial and transparent manner and ensuring decision making, keeping in mind the interests of stake holder's and other business associates. The Company will strive to improve upon these practices and bring in more accountability with a view to achieve sustained growth in business and value to investors.

2. BOARD OF DIRECTORS**a) COMPOSITION OF THE BOARD :**

The Chief Executive Officer look after the day to day affairs of the Company. The Managing Director looks after the yarn trading activity solely. The Board of Directors review Company's performance and approve, review policies / strategies and evaluate the management performance. The Board ensure legal and ethical conduct of business and accurate financial reporting.

The Board of Directors meet at least once a quarter to review the Company's performance and financial results and more often, if considered necessary to transact other important business.

The Company presently have five directors, the details of which are as follows :

| | | |
|--------------------|--------------------------------------|---------------------------------|
| Mr. Bippin S Jaju | Promoter – Managing Director | - Remuneration Rs. 10000/- p.m. |
| Mrs. Ritu Jaju | Director | - Remuneration Rs.10000/- p.m. |
| Mrs. Pooja Jaju | Non Executive Chairperson | - No remuneration drawn |
| Mr. Rajendra Patel | Non Executive – Independent Director | - No remuneration drawn |
| Mr. Bhushan Gandhi | Non-Executive – Independent Director | - No remuneration drawn |

b) NUMBER OF BOARD MEETINGS :

During the period from 11th August, 2006 to 10th August, 2007, Board meetings were held on the following dates viz. 24 August 2006, 13 November 2006, 07 February 2007, 30 April 2007 and 10 August 2007.

The maximum interval between and two Board meeting was less than 4 months as stipulated in clause 49 of the Listing Agreement.

The 16th Annual General Meeting was held on 29th September, 2006.

The Attendance of each Director in these meetings is as under :

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c) DIRECTOR'S ATTENDANCE RECORD AND DIRECTORSHIPS HELD :

| Name of the Director | Designation | Category | Board meetings held during the period | Board meetings attended during the period | Whether attended last AGM | Directorship in other public limited comp. Incorp. In India |
|----------------------|-------------------|---------------|---------------------------------------|---|---------------------------|---|
| Mr. Bippin S Jaju | Managing Director | Promoter | 5 | 5 | Yes | - |
| Mrs. Ritu N Jaju | Director | | 5 | 5 | Yes | - |
| Mrs. Pooja Jaju | Chairperson | Non-Executive | 5 | 4 | No | - |
| Mr. Rajendra Patel | Director | Independent | 5 | 3 | Yes | - |
| Mr. Bhushan Gandhi | Director | Independent | 1 | 1 | N.A. | - |

None of the Directors is member of more than 10 Board level committees, or a Chairman of more than 5 Committees.

d) INFORMATION SUPPLIED TO THE BOARD :

A detailed Agenda is sent to each Director sufficiently in advance of Board and Committee meetings. The Chairman briefs the Board at every meeting on overall performance of the Company.

Apart from the matters statutorily requiring the Board approval, all major decisions related to investments, capital expenditure, planning thereof are considered by Board.

As per SEBI's code for corporate Governance, the following information is regularly placed before the Board. :-

- Operating plans and budgets and revisions, if any, alongwith comparison of actuals with budget
- Capital budget and revision, if any
- Cash Flow statements
- Quarterly results segment wise
- Minutes of meetings of Audit Committee and other committees of the Board
- Material show cause / demand / prosecution / penalty notices received
- Other issues, including orders / judgements which involves claim of substantial nature and have egative implications on the company.
- Non compliance of regulations / listing requirements and shareholders service.

e) INFORMATION IN CASE OF RE-APPOINTMENT OF DIRECTORS as required under Listing Agreement is given as under :-

Non of the Directors retired by rotation were re-appointed.

f) AUDIT COMMITTEE :

The Board had reconstituted Audit Committee on 05 November, 2005 in accordance with the requirements of clause 49 of the Listing Agreement with qualified, independent and non executive members of the Board of Directors of the Company. With induction of Mr. Bhushan Gandhi Patel as an Independent, non-executive Director, the committiee was again reconstituted on 30 April, 2007. The Broad terms of reference of the Audit Committee are :-

- a) To review the overall financial reporting process and disclosure of financial information
- b) To review the annual accounting /financial statements, policies and practice.
- c) To appraise the adequacy of proper internal control and internal audit systems
- d) To review the company's financials and risk management policies
- e) To recommend the appointment and removal of external auditors

Mr. Bhushan Gandhi, Mr. Rajendra Patel and Mrs. Pooja Jaju form the audit committee. Mr Nitten Jaju is secretary of the Committee.

The Statutory Auditors are invited in the audit committee meeting as and when required by the Committee.

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Audit Committee meetings were held during the period from 11th August, 2006 to 10th August, 2007 on the following dates viz. 24 August 2006, 13 November 2006, 07 February 2007, 30 April 2007 and 10 August 2007. The attendance of each member is as under :

| Name of the Member | Position | Meetings attended |
|--------------------|--------------------------------------|-------------------|
| Mr Nitten Jaju | Chief Executive | 5 |
| Mr. Rajendra Patel | Independent & Non-Executive Director | 3 |
| Mrs. Pooja Jaju | Non-Executive Director | 4 |
| Mr. Bhushan Gandhi | Independent & Non-Executive Director | 1 |

- g) The size of company operations do not merit a separate remuneration committee.

h) INVESTORS GRIEVANCE & SHARE TRANSFER COMMITTEE :

The Board has constituted the Investor Grievances & Share transfer Committee in accordance with the requirement of the clause 49 of the listing agreement. The objective of the Committee is to attend to investors Complaints pertaining to transfer /transmission of shares, non receipt of dividend warrants/ share certificate and share transfer, confirming share transfers & other matter related thereto .

The committee has been reconstituted consequent to appointment of Mr. Bhushan Gandhi as Non-Executive Independent Director of the company. The Committee functions under the Chairmanship of Mr Bhushan Gandhi. The other members are Mr. Rajendra Patel, Mr. Bippin S Jaju and Mr. Nitten Jaju. Mr. Nitten Jaju, Chief Executive is the Secretary of the Committee. The Committee meets not less than twice in a year.

i) COMPLIANCE OFFICER :

Mr. Nitten Jaju, the Chief Executive officer has been designated as the Compliance officer.

During the period 11th August, 2006 to 10 August, 2007 the company has not received any

complaint for non receipt of annual report. As at 10th August, 2007, there were no unresolved complaints.

3. MANAGEMENT

j) MANAGEMENT DISCUSSION AND ANALYSIS :

The activities of the company are limited and the size and the turnover is small. As such, the management discussions are an ongoing process and doesn't merit special mention. However, a gist of discussions and analysis is presented :

Industry Structure and development – The company was an NBFC not allowed to raise deposits. However, the company has been de-registered as an NBFC by RBI. The business is largely by way shares and yarn trading. The yarn trading and consignment agent activity at Ichalkaranji is progressing smoothly.

Opportunities and threats - Further, investment in shares has its pitfalls in terms of market conditions. Yarn trading activity requires huge investment and recoveries of payment can be termed as a threat. However, due care is taken by selling the material largely through reputed brokers. In terms of opportunities, investment in shares can give reasonable returns in the present booming share market. Yarn activity is a sustaining business and hence can provide business opportunity.

Segment wise performance – The company has booked reasonable income from investment in shares and from interest income. There have been no new NPAs. Yarn activity has shown profits in this year.

Outlook – The yarn business is encouraging and so is the investment in shares.

Risks & Concerns - The primary concern is security of advances given. Hence, all new advances are given on the basis of personal standing of the party in the market and any one of the Director personally knowing the concerned party. There is concern in receivables in yarn business and reasonable care is taken.

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Internal control systems & its adequacy –

The audit committee meets once around every 4 months. As the size of business is small, more meetings have not been necessary. Further, after appointment of a full time Chief Executive, internal controls are observed.

Financial performance wrt operational performance – The company has had a good profit this year due to income from investment in shares. The operational profit is Rs. 5.85 lakhs.

Development in HRD – Since the manpower required is not more than 10, no HRD department is made.

k) DISCLOSURE BY MANAGEMENT TO THE BOARD :

All details relating to financial and commercial transactions where Directors may have potential interest are disclosed to the Board, and the interested Directors neither participate in the discussion nor do they vote on such matters.

4. SHAREHOLDERS

a) Annual General meetings :

Details of General Meetings of the Shareholders are under :-

| YEAR | AGM/EGM | LOCATION | DATE | TIME |
|-----------|---------|---|------------|------------|
| 2003-2004 | AGM | 1039, E, Rajaram Road Kolhapur -416008 | 28.09.2004 | 11.00 A.M. |
| 2004-2005 | AGM | 1039 E Rajaram Road Kolhapur - 416008 | 30.09.2005 | 11.00 A.M. |
| 2005-2006 | AGM | 1039, E, Rajaram Road Kolhapur -416008 | 29.09.2006 | 11.00 A.M. |

There were no special resolutions passed by the Company through postal ballot at any of the above meetings.

m) DISCLOSURE :

- i) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large :

There is no material transaction with any related party which may have potential contact with the interests of the Company at large. However, the Company has annexed to the accounts a list of related parties as per the Accountings Standard 18 and the transactions entered into with them.

- ii) Details of non-compliance by the company, penalties, strictures imposed on the company by stock exchanges or SEBI or any statutory authority on any matter related of capital markets during the last three years :

All the non-compliances informed to the company by the Stock Exchange have been complied with. There are no other reported non-

compliances by the company. No penalty, stricture has been imposed by the stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years except that the company scrip is suspended on the stock exchange since 22 June, 2003 due to prior non-compliances which are now fulfilled. The scrip still remains suspended and efforts are being taken to have the scrip re-listed on the stock exchange.

n) MEANS OF COMMUNICATION :

The Annual Report is posted to every shareholder of the Company.

The Company has not made any presentation to the institutions, investors/analysts.

o) GENERAL SHAREHOLDERS INFORMATION :

i. Annual General Meeting :

Day, Date, time and Venue

Saturday, 29th September, 2006 at 11.00 a.m.
1039, 'E' Rajaram Road, Kolhapur

ii. Financial Calendar for 2007-2008 (tentative) :

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Financial reporting for September, 2007 quarter results - 31 October, 2006

Financial reporting for December, 2007 quarter results - End January, 2007

iii. **Book Closure Dates :**

27.09.2007 to 29.09.2007
(both days inclusive)

iv. **Listing on the Stock Exchanges :**

The equity shares of the Company is listed on the Mumbai Stock Exchange. The Company has paid the listing fees to the stock exchange for the period 1st April, 2007 to 31st March, 2008. Presently, the scrip is suspended by the Stock Exchange.

The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers

Dalal Street, Mumbai - 400 001

Scrip Code - 530187

Code in respect of Company's Shares traded in
DEMAT form for both NSDL and CDSL :

ISIN - INE354E01015

v. **Stock price data for the period from 25th August, 2006 to 10th August, 2007 :**

| Month | High (Rs) | Low (Rs) | Volume |
|-------|-----------|----------|--------|
|-------|-----------|----------|--------|

THE SCRIP IS SUSPENDED BY THE STOCK EXCHANGE SINCE 22 JUNE, 2003

vi. **Registrar and Share Transfer Agents :**

For both physical share transfers and dematerialised share transfers -

M/s. Adroit Corporate Services P. Ltd.

19, Jaferbhoy Industrial Estate, 1st floor,

Makwana Road, Marol Naka, MUMBAI - 400 059

Phone : 022 - 2859 0942, 2850 3748 Fax :

022- 2692 4438 Email : adroits@vsnl.net

vii. **Distribution of shareholding as at 10th August, 2007 :**

| No of equity Shares | No of share Holders | % of share Holders | No of shares held | % of share share holding |
|------------------------|------------------------|-----------------------|----------------------|-----------------------------|
| Upto 500 | 2940 | 92.13 | 454800 | 14.93 |
| 501 - 1000 | 128 | 4.01 | 113200 | 3.72 |
| 1001 - 2000 | 55 | 1.72 | 83000 | 2.72 |
| 2001 - 3000 | 23 | 0.72 | 58550 | 1.92 |
| 3001 - 4000 | 4 | 0.12 | 13000 | 0.43 |
| 4001 - 5000 | 10 | 0.31 | 48275 | 1.58 |
| 5001 - 10000 | 11 | 0.34 | 77800 | 2.55 |
| Above 10000 | 20 | 0.63 | 2197875 | 72.14 |
| Total | 3191 | 100.00 | 3046500 | 100.00 |

viii. **Shareholding pattern as at 10th August, 2007 :**

| Category | No of equity Share held | Percentage of Shareholding |
|--|----------------------------|-------------------------------|
| *Promoter & Associates | 1862625 | 61.14% |
| *Financial Institutions /Banks/ Central/State Govt Institutions | 0 | 0 |
| *Mutual Funds and UTI | 0 | 0 |
| *FII's | 0 | 0 |
| *NRIs | 500 | 0.02% |
| *Domestic Corporate Bodies | 179850 | 5.90% |
| *Indian Public | 1003525 | 32.94% |
| TOTAL | 3046500 | 100.00% |