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# ATHARV ENTERPRISES LTD

:: Registered Office ::  
1039 E Rajaram Road, KOLHAPUR 416008

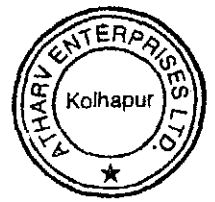
## TWENTYTH ANNUAL REPORT

Financial Year  
2009 - 2010

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**NOTICE IS HEREBY given that the TWENTYTH Annual General Meeting of the members of ATHARV ENTERPRISES LTD will be held on Thursday, the 23rd day of September, 2010 at 11.00 a.m. at 1039 E Rajaram Road, Kolhapur - 416008 to transact the following business :**

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**ORDINARY BUSINESS :**

- 1] To receive, consider and adopt Profit & Loss Account for the year ended 31st March, 2010 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 2009-10, 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 Mr. Rajendra Patel, who retires by rotation and being eligible has offered himself for reappointment.

**SPECIAL BUSINESS :**

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

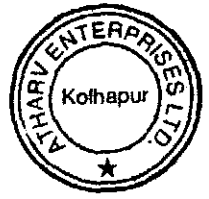
**APPOINTMENT OF MANAGING DIRECTOR**

"Resolved that the pursuant to the provisions of section 198,269 and 309 Schedule XIII and other applicable provisions if any, of the Companies Act 1956 and amendments of the Companies Act 1956, and re-enactments thereof, consent of the Company be and is hereby accorded to the appointment of Shri Nitten Jaju, Managing Director of the Company for a period of three years with effect from 23.09.2010 to 22-09-2013 on the terms and conditions and remuneration as recommended by as set out in the explanatory statement.

"Resolved further that the Board of director's of the Company be and are hereby authorised to vary remuneration and perquisites including monetary value thereof, as specified in explanatory statement or allow any other facilities, perquisites, from time to time within the overall ceiling to the extent, Board of Director's may consider appropriate and as may be authorised in accordance with any provisions under the Companies Act,1956 or Schedule appended thereto for the time being in force or any Statutory modifications or re-enactments thereof and/or in rules and regulations promulgated there under."

**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 21-09-2010 to 23-09-2010.

Place - Kolhapur  
Date - 31.07.2010

For & on behalf of the Board  
For ATHARV ENTERPRISES LTD

  
Bhushan Gandhi  
Non-Executive, Independent Chairman

#### EXPLANATORY STATEMENT

**Pursuant to Section 173 (2) of the Companies Act, 1956 forming part of and attached to the Notice dated 31<sup>st</sup> July, 2010 for the Annual General Meeting Setting out all material facts relating to the Special Business mentioned in the said Notice.**

##### Item No. 4

Mr. Nitten Jaju is one of the Promoters of the company. Aged 40, B.E. (Production) he has been active in the company affairs and has been the Chief Executive of the company since 2002. He has been devoting major time to the day to day affairs of the company.

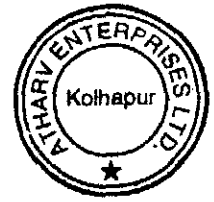
Further, Ritu Jaju, Executive Director has tendered her resignation as a Director of the company w.e.f. AGM date and Pooja Jaju, Whole Time Director of the company have expressed her inability to give complete time for the affairs of the company and shall cease to be a Whole Time Director w.e.f. AGM date. This has necessitated that the company to appoint a Managing Director to be at the helm of the affairs of the company completely.

As such, the board recommends that he be appointed as the Managing Director of the company at a remuneration of Rs.15000/- p.m. with standard facilities.

Place - Kolhapur  
Date - 31.07.2010

For & on behalf of the Board  
For ATHARV ENTERPRISES LTD

  
Bhushan Gandhi  
Non-Executive, Independent Chairman



## **REPORT ON CORPORATE GOVERNANCE**

### **FINANCIAL YEAR 2009-10**

The Securities and Exchange Control board of India (SEBI) has stipulated Corporate Governance Standards for listed companies vide Clause 49 of the Listing Agreement with Stock Exchanges.

Corporate Governance is a corporate discipline extended to transparency, integrity and accountability towards all stakeholders. Corporate governance helps to achieve excellence to enhance stakeholders' value by focusing on long term value creation without compromising on integrity, social obligations and regulatory compliances.

#### **1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The objective of the company is not only to meet the statutory requirements of the code but to go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound.

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. At Atharv Enterprises Ltd, we believe and constantly strive to improve upon these practices and bring in more accountability with a view to achieve sustained growth in business and value to investors. The Board ensured that the company's management and employees work with highest degree of ethical standards.

#### **2. BOARD OF DIRECTORS**

##### **a) Composition of the Board :**

The Board consists of 4 Directors as on 31<sup>st</sup> March, 2010. 2 are Non-Executive and Independent Directors out of which one is Independent & Non-Executive Chairman of the company. Out of the other two, one is a Wholetime Director and one is a Executive Director.

The Chief Executive Officer look after the day to day affairs of the Company. The Whole Time Director looks after the yarn trading activity solely. The Executive Director looks after the Electricals Division. 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.

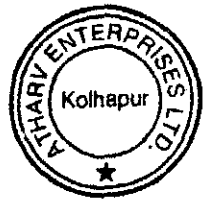
The Company presently as on 31 March, 2010 have four directors, the details of which are as follows :

Name of Director	Category	Remuneration Drawn	Perquisites, if any
Mrs. Ritu Jaju	Director – Executive	Rs. 1,80,000 p.a.	Rs 48090/-
Mrs. Pooja Jaju	Director – Wholetime	Rs. 1,80,000 p.a.	
Mr. Rajendra Patel	Director – Non Executive, Independent	Nil	
Mr. Bhushan Gandhi	Chairman – Non Executive, Independent	Nil	

##### **b) Number of Board meetings :**

The company held meetings of its Board of Directors during the year on the following dates :  
 8 June, 2009,      13 June, 2009,      19 August, 2009,      3 November, 2009,  
 19 December, 2009,      02 February, 2009

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



The 19<sup>th</sup> Annual General Meeting was held on 19<sup>th</sup> August, 2009.

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

c) Director's attendance record and directorships held :

Director Name	Category	Board meetings Held in 09-10	Board meetings attended in 09-10	Attendance at Last AGM	Directorship in other Public Ltd comp. incorporated in India	Board committees of which Director is member
Bippin S Jaju *	Managing Director	6	1	Yes	No	Nil
Ritu N Jaju	Director – Executive	6	6	Yes	No	1
Pooja B Jaju	Director – Wholetime	6	5	Yes	No	1
Rajendra C Patel	Director – Independent	6	4	Yes	No	2
Bhushan J Gandhi	Chairman – Non Executive, Independent	6	5	Yes	No	2

\* Resigned as Managing Director and Director wef 11 June, 2010.

d) Information supplied to the Board :

A detailed Agenda is sent to each Director 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.

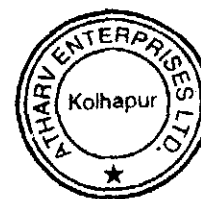
- Operating plans and budgets and revisions, if any, along with comparison of actual with budget
- Capital budget and revision, if any
- Cash Flow statements
- Quarterly results segment wise
- Minutes of meetings of Audit Committee and other committees of the Board
- Material show cause / demand / prosecution / penalty notices received
- Other issues, including orders / judgements which involves claim of substantial nature and have negative 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 :-  
None of the Directors retired by rotation were re-appointed.

f) Audit Committee :

The Broad terms of reference of the Audit Committee are :-

- a) Supervise the Company's 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
- f) To discuss with internal auditors any significant findings for follow-up thereon and to review the quarterly, half-yearly and annual financial statements before they are submitted to the Board of Directors



The Minutes of the Audit Committee meetings are circulated to the Members of the Board, discussed in the Board meetings and taken note thereof.

The Company has complied with the requirements of Clause 49(II)(a) of the Listing Agreement as regards the composition of the Audit Committee.

The Audit Committee of the Board of Directors of the Company comprised of the following members as on 31<sup>st</sup> March, 2010 :

Mr. Bhushan Gandhi, Chairman	Independent, Non-Executive Director
Mr. Rajendra Patel, Member	Independent, Non-Executive Director
Mrs. Pooja Jaju, Member	Whotetime Director

Mr Nitten Jaju, Chief Executive and Compliance Officer of the Company is secretary of the Committee.

The Audit Committee has reviewed the Management Discussion and Analysis of financial condition and results of operations forming part of this Annual Report and other information as mentioned in Clause 49 (II)(E) of the Listing Agreement.

The Audit Committee meetings are also attended by senior finance & accounts executives and Internal Auditors as required. The Statutory Auditors are invited in the audit committee meeting as and when required by the Committee.

The Audit Committee met on the followings dates during the last financial year :  
8 June, 2009, 02 November, 2009, 02 February, 2009

The attendance of each member is as under :

Name of the Director	No of Meetings held	No. of Meetings attended
Mr. Bhushan Gandhi	3	3
Mr. Rajendra Patel	3	3
Mrs. Pooja Jaju	3	2

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

h) Investors Grievance & Share Transfers 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 members of the committee are :

Mr. Bhushan Gandhi, Member	Independent, Non-Executive Director
Mr. Rajendra Patel, Chairman	Independent, Non-Executive Director
Mrs. Ritu Jaju, Member	Executive Director

Mr. Nitten Jaju, Chief Executive is the Secretary of the Committee. The Committee meets not less than twice in a year. The authority to deal with the matters related thereto has been delegated by the committee to Mr. Bhushan Gandhi, Independent, Non-Executive Chairman of the company.

The Shareholders Grievance and Share Transfer Committee met on the followings dates during the last financial year :

8 June, 2009, 02 November, 2009, 02 February, 2009

The attendance of each member is as under :



Name of the Director	No of Meetings held	No. of Meetings attended
Mr. Bhushan Gandhi	3	3
Mr. Rajendra Patel	3	3
Mrs. Ritu Jaju	3	3

During the year, no complaints were received from the investors. There are no pending share transfers as on 31 March, 2010.

i) Compliance Officer :

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

During the year, the company has not received any complaint for non receipt of annual report. there were no unresolved complaints as on 31 March, 2010.

### 3. MANAGEMENT

j) Management Discussion and Analysis :

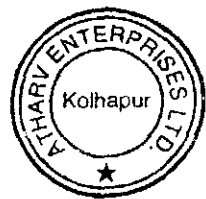
The activities of the company are limited and the size and the turnover is small. As such, the management discussions are an ongoing process and doesn't merit special mention. However, a gist of discussions and analysis is presented :

Industry Structure and development -

- The business is largely by way investment, yarn trading and Electrical Products Distribution.
- The yarn trading and consignment agent activity at Ichalkaranji is progressing smoothly.
- The company has ventured as a partner having 25% share in Biomass Briquetting plant in the name of 'Green Fuel Tech' having its plant at Chiplun, dist. Ratnagiri.
- It has under partnership in the name of 'Jai Mining Corporation' entered into mining agreement with a party in consortium with like minded company. A bauxite mine is being leased by the Government of Maharashtra to the party which shall be operated by our consortium. The consortium has been allotted a bauxite mine by the Government of Maharashtra. The Environmental Clearance & Approval process from the Union Ministry of Environment is being initiated. The consortium has also filed a review application with the statutory body for review of allotment of mining rights of 2 more blocks to other party in which the consortium was the first applicant.
- 'Shubh Labh Mines' is being closed since the clay sand for mining does not look any more remunerative.
- The company is also a co-promoter of 'Sunchemie Industries Pvt Ltd' Sri Lanka which is a registered company with ROC, Sri Lanka and has signed an agreement with the Board of Investment of Sri Lanka to put up a plant to manufacture Base Lube Oils by re-refining of Used and Waste Oils. The proposed project has got delayed due to delay in term loan arrangement. The proposed project is expected to take some form only after august, 2009.
- The company is a distributor for CFL, C-Lums & fans of Havells India Ltd. and these operations are accounts are maintained under Electricals Division. M/s. Energia Electrical Corporation is a working partner in this project and is entitled to 30% net profits. The business has limitation in terms of sales and growth. Further, considering that there is an associate who is also entitled to profits from the activity, the company has proposed to sell off the electrical division.
- The company has entered into a MOU with M/s. Shree Patil Minerals in consortium with other parties for Silica Sand Mining. The Silica Sand Mines has been allotted to M/s. Shree Patil Minerals by the Government of Maharashtra and the process of Environmental clearance is going on.

Opportunities and threats -

- Investment in shares has its pitfalls in terms of market conditions. It is also prone to error in judgement during investment in equity market.



- Amounts which have been lent to parties on call basis have threat of going bad. However, the amounts earmarked for specific projects are presently lent to parties of repute or to whom one of the Director know well.
- 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. Generally, advance payments are to be made to Mills for booking yarn. This may also be termed as a limited risk.
- Electricals Division operations have limited growth potential. Credit of a month or above have to be given to Retailers who are the customers of the company since the sales are limited to sales by distribution network. There are reasonable chances of non-recoverability of amounts. However, as a practice, a collection executive is appointed whose primary job is to collect due payments. This reduces the threat of the amounts going bad considerably.
- The amounts invested / proposed to be invested in Sri Lanka project M/s. Sunchemie Industries Pvt Ltd have a risk in terms of the project not taking off at all.
- The investment along with consortium partners in M/s. Shree Patil Minerals can be considered a threat since the mining can start only in case environmental clearance from the Union Ministry of Environment. For the same, a public hearing is also conducted by the Authorities to seek views of the Local people in the panchayat where this mines is located.

In terms of opportunities, investment in shares can give reasonable returns if invested pragmatically. Yarn activity is a sustaining business and hence can provide business opportunity. The Sri Lankan project can yield high returns. Green Fuel Tech has given decent returns on the investment of the company. The Silica Sand mines is a high return opportunity with long term prospects of at least 20 years considering the total estimated reserves in the mines.

#### Segment wise performance –

- The company has booked reasonable income from investment in shares and from interest income.
- This year has been good for yarn business and the company has earned decent profits there.
- The Electricals Division has taken shape. However there is limitation in growth and sales due to structure of the business.

#### Outlook –

The yarn business is encouraging and so is the investment in shares. Electricals Division will give sustained income. The Sri Lankan project still lacks fair amount of clarity in terms of the project taking shape. The Briquettes activity in which the company is a partner is expected to do good.

#### 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.

There is a concern relating to present investment in Sunchemie Industries P Ltd, Sri Lanka in case the project doesn't come up.

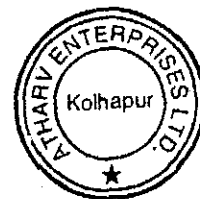
The advances to M/s. Shree Patil Minerals are non-refundable in case of proper surface rights being arranged by them of the lease mining area and the approach road to the mines. Then, if the environmental clearance gets delayed, there could be substantial concern of the advances paid to them.

#### 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, due to appointment of a full time Chief Executive, internal controls are observed. Also, Internal audit is conducted routinely.

#### Financial performance wrt operational performance –





The company has had a good profit this year due to income from yarn and electricals division. The operational profit (EBITDA) is Rs. 29.76 lakhs.

Development in HRD –

Since the manpower required is not more than 15, 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.

l) Shares Held by Non-Executive Directors :

The Non-executive Directors do not hold any equity shares of the company.

#### 4. SHAREHOLDERS

m) Annual General Meetings :

Details of General Meetings of the Shareholders are under :-

YEAR	AGM / EGM	LOCATION	DATE	TIME
2006-07	AGM	1039 E Rajaram Road, Kolhapur 416008	30.09.2007	11.00 am
2007-08	AGM	1039 E Rajaram Road, Kolhapur 416008	29.09.2008	11.00 am
2008-09	AGM	1039 E Rajaram Road, Kolhapur 416008	19.08.2009	11.00 am

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

n) 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 :

No non-compliances are reported to the company by the Stock Exchange. 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 03 June, 2003 due to prior non-compliances which are now fulfilled. The suspension of the scrip was revoked by the Bombay Stock Exchange and the scrip got re-listed on the BSE wef 19 February, 2010. The company has paid Rs. 2,80,000/- towards re-listing of the scrip to BSE as directed by them.

o) 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.

d) General Shareholders information :1. Annual General Meeting :

Day, Date, time and Venue Thursday, 23rd September, 2010 at 11.00 a.m.  
Panchvati, 56, Shivaji Park, Kolhapur 416003

2. Financial Calendar for 2010-2011 (tentative) :

Financial reporting for September, 2010 quarter results - 2 November, 2010  
Financial reporting for December, 2010 quarter results - 2 February, 2011

p) Book Closure Dates : 21.09.2010 to 23.09.2010  
(both days inclusive)4. Listing on the Stock Exchanges :

The equity shares of the Company is listed on the Bombay Stock Exchange. The Company has paid the listing fees to the stock exchange for the period 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011. The scrip's suspension has been revoked wef 19 February, 2011.

The Bombay Stock Exchange Ltd  
Phiroze Jeejeebhoy Towers, 14<sup>th</sup> floor,  
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

5. Stock price data for the FY 2009-10 :

MONTH	HIGH (Rs)	LOW (Rs)	VOLUME no of shares traded	BSE SENSEX HIGH	BSE SENSEX LOW
April 2009 to January 2010	SCRIP SUSPENDED				
February 2010	50.00	19.81	5,20,656	16669.25	15651.99
(Scrip relisted on 19 Feb, 2010)					
March, 2010	20.00	10.45	1,08,539	17793.01	16438.45

6. 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,  
1<sup>st</sup> floor, Makwana Road, Marol Naka,  
MUMBAI - 400 059  
Phone : 022 - 2859 0942, 2850 3748  
Fax : 022- 2692 4438  
Email : info@adroitcorporate.com

1. Distribution of shareholding as at 31 March, 2010 :

No. of Equity Shares	No of Share Holders	Percentage of Share holders	No of shares held	Percentage of shareholding %
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