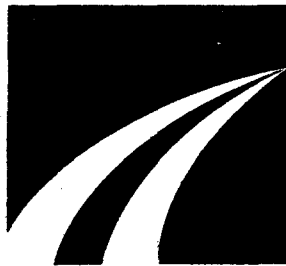


21 st
ANNUAL REPORT
2010 - 2011



ATHARV ENTERPRISES LTD

21th Annual Report 2010-11

BOARD OF DIRECTORS

Nitten Jaju (Managing Director)
Kaushal Ameta - Additional Director (Independent Capacity)
Bhushan Gandhi (Non - Executive, Independent, Chairman)
Jadgish C. Gadia - Additional Director
Arjun Mundra - Additional Director (Independent Capacity)

BANKERS

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

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
info@atharventerprises.com
URL : www.atharventerprises.com

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 : info@adroitcorporate.com

NOTICE IS HEREBY GIVEN THAT THE 21st ANNUAL GENERAL MEETING OF THE MEMBERS OF ATHARV ENTERPRISES LTD WILL BE HELD ON FRIDAY, THE 30TH DAY OF SEPTEMBER, 2011 AT 11.00 A.M. AT 1039 E RAJARAM ROAD, KOLHAPUR - 416008 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and Profit and Loss Account and annexures thereto for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To re-appoint M/s. Sanjay Vhanbatte & Co, Chartered Accountants, as the auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

3. To consider and, if thought fit, to pass, with or without modification, the following Resolution **as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Kaushal Ameta, who was appointed as an Additional Director of the Company pursuant to the provisions Section 260 of the Companies Act, 1956 be and is hereby appointed as the Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company."

4. To consider and, if thought fit, to pass, with or without modification, the following Resolution **as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Jagdish Chandra Gadia, who was appointed as an Additional Director of the Company pursuant to the provisions Section 260 of the Companies Act, 1956 be and is hereby appointed as the Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company."

5. To consider and, if thought fit, to pass, with or without modification, the following Resolution **as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Arjun Mundra, who was appointed as an Additional Director of the

Company pursuant to the provisions Section 260 of the Companies Act, 1956 be and is hereby appointed as the Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company."

6. To consider and if thought fit, to pass, with or without modification, the following Resolution :

RESOLVED THAT subject to the provisions of section 198, 269, 314 and schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 the consent of the shareholders be and is hereby accorded for the appointment of Mr. Nitten Ramswarup Jaju as Executive Director for a period for three years i.e. 01-10-2011 to 30-09-2014 at payment of salary @ Rs. 15000/- p.m. with standard facilities until decided otherwise."

7. **APPOINTMENT OF MR. JAGDISH CHANDRA GADIA AS THE CHAIRMAN & MANAGING DIRECTOR**

To consider and, if thought fit, to pass, with or without modification, the following Resolution **as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 of the Companies Act, 1956 and further subject to the provisions of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and further subject to such other approvals as may be necessary, the Company hereby approves the appointment of Mr. Jagdish Chandra Gadia as the Chairman and Managing Director of the Company for the term of Three years commencing from 1st October, 2011 and ending on 30th September, 2014 upon the terms and conditions including remuneration as set out in the draft agreement submitted to the meeting duly initialed, for the purpose of identification, which draft agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Jagdish Chandra Gadia."

"RESOLVED FURTHER THAT Mr. Nitten Ramswarup Jaju and/or Mr. Jagdish Chandra Gadia, Director of the Company be and is hereby authorized to obtain necessary approvals/to file with the Registrar of Companies, Mumbai, Maharashtra all the necessary Form/documents to carry out the effect of the above resolution and further to initiate and undertake all such steps as may be deemed expedient by him to give effect

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to this resolution for and on behalf of the Board of Directors of the Company."

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. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Chairman, so as to reach the registered office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
4. The Share Transfer Books and the Register of Members of the Company shall remain closed from **Wednesday, 28th September, 2011 to Friday, 30th September, 2011** [both days inclusive]
5. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & Public holidays between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.
6. Members are requested to notify immediately any change in their address / bank mandate to their respective Depository Participant (DP) in respect of their electronic share accounts and to the Company's Registrar & Share Transfer Agent at **ADROIT CORPORATE SERVICES PRIVATE LIMITED** 19, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (East), Mumbai- 400 059 in respect of their physical share folios.
7. Members are requested to bring their copy of Annual Report to the Meeting along with their respective Attendance Slip sent herewith duly filled for attending the Meeting.
8. Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialized at the earliest.

9. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business of the Notice is annexed hereto.

10. **Green Initiative in the Corporate Governance-Registration of email address**

The members are requested to register email address with the Depository Participant/ the Registrar and Share Transfer Agent of the Company, i.e. Adroit Corporate Services Private Limited, as the case may be, for service of documents.

**By order of the Board of Directors of
Atharv Enterprises Ltd**

**Nitten Jaju
Director**

**Bhushan Gandhi
Non-Executive Independent
Chairman**

Place: Kolhapur

Date: 12th August, 2011

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all the material facts relating to the Special Business of the accompanying Notice of the Annual General Meeting of the Company to be held on Friday, the 30th day of September, 2011 at 11.00 a.m.

Item No. 3:

The Board of Directors of the Company has appointed, pursuant to the provisions of Section 260 of The Companies Act, 1956, Mr. Kaushal Ameta as an Additional Director of the Company with effect from 20th July, 2011.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Kaushal Ameta would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. Kaushal Ameta for the office of Director of the Company under the provisions of Section 257 of the Act along with the requisite deposit. The board recommends this resolution for your approval.

Save and except Mr. Kaushal Ameta, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

Item No. 4:

The Board of Directors of the Company has appointed, pursuant to the provisions of Section 260 of The Companies Act, 1956, Mr. Jagdish Chandra Gadia as an Additional Director of the Company with effect from 12th August, 2011.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Jagdish Chandra Gadia would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. Jagdish Chandra Gadia for the office of Director of the Company under the provisions of Section 257 of the Act along with the requisite deposit. The board recommends this resolution for your approval.

Save and except Mr. Jagdish Chandra Gadia, none of the 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 has appointed, pursuant to the provisions of Section 260 of The Companies Act, 1956, Mr. Arjun Mundra as an Additional Director of the Company with effect from 12th August, 2011.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Arjun Mundra would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. Arjun Mundra for the office of Director of the Company under the provisions of Section 257 of the Act along with the requisite deposit. The board recommends this resolution for your approval.

Save and except Mr. Arjun Mundra, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

Item No. 6:

Mr. Nitten Jaju has been the Managing Director of the company for the period from the last AGM to this AGM. He has however tendered his resignation as the Managing Director of the company wef from this AGM and has expressed his interest to continue as the Director of the company in Executive Capacity only.

He is well aware of the company's business. His

continuation as Executive director of the company shall be of great advantage. As such, the Board recommends that he be appointed as the Executive Director of the company at a remuneration of Rs. 15000/- p.m. with standard facilities.

Save and except Mr. Nitten Jaju, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

Item No. 7:

The Board of the Directors of the Company at their meeting held on August 12, 2011 resolved to appoint Mr. Jagdish Chandra Gadia as the Chairman & Managing Director of the Company for a period of Three years commencing from October 01, 2011.

Mr. Jagdish Chandra Gadia, aged 59 years, is the Chairman & Managing Director of our Company and has been with our Company in the capacity of a Director since 12th August, 2011. He has 38 years of trading and manufacturing experience.

The appointment is subject to the approval of members. The terms and conditions of his appointment are as follows:

1. Period of appointment: Three years beginning from 1st October, 2011 and ending on 30th September, 2014,
2. Details of Remuneration as mentioned below.
3. The agreement, executed between the Company and Mr. Jagdish Chandra Gadia, may be terminated by either party by giving three months notice in writing of such termination.
4. Mr. Jagdish Chandra Gadia shall perform such duties as shall from time to time be entrusted to him, subject to the superintendence, guidance and control of the Board of Directors and he shall perform such other duties as shall from time to time be entrusted to him by the Board of Directors.

CATEGORY	PARTICULARS
Basic Salary	Upto maximum Rs. 20,000/- (Rupees Twenty Thousand Only) per month.
Perquisites and Allowances	<p>Category A</p> <p>Medical Reimbursement: Medical expenses actually incurred for self and family shall be reimbursed by the Company under the mediclaim Policy.</p> <p>Leave Travel Concession: Company shall provide leave travel fare for the Chairman and his family once a year, anywhere in India as per the Rules applicable to the Company and per Income Tax Rules.</p> <hr/> <p>Category B</p> <p>The Company shall contribute towards Provident Funds/ Superannuation Fund/Annuity Fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act.</p> <p>The Company shall pay Gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service.</p> <p>Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of</p>

will be allowed to be encashed at the end of the term as per Company rules. The perquisites under this category shall not be included in the computation of ceiling on remuneration.

Category C

The Chairman & Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.

Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed.

Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Chairman & Managing Director.

Sitting Fees

The Chairman & Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meeting of the Board of Directors and the Committees thereof.

Minimum Remuneration

The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Chairman & Managing Director and other Whole Time Directors of the Company taken together. Provided however that in the event of absence or inadequacy of profit, the Chairman & Managing Director shall be entitled to remuneration mentioned above and perquisites as above within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956. However Chairman & Managing Director shall not be paid any sitting fees for attending the Board or Committee meetings.

Liable to retire by rotation

The office of the Chairman & Managing Director shall not be liable to determination to retirement of Directors by rotation.

The resolution seeks the approval of the members for the appointment of Mr. Jagdish Chandra Gadia as the Chairman & Managing Director of the Company for a period of Three years commencing from October 01, 2011.

Save and except Mr. Jagdish Chandra Gadia, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

By order of the Board of Directors

Place: Kolhapur
Date: 12th August, 2011

Nitten Jaju
Managing Director

Bhushan Gandhi
Non-Executive
Independent Chairman

REPORT ON CORPORATE GOVERNANCE FINANCIAL YEAR 2010-11

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 date. 3 are Non-Executive and Independent Directors out of which one is Independent & Non-Executive Chairman of the company. The fourth one is Managing Director of the Company.

The Chief Financial Officer look after the day to day financial affairs and yarn activity of the

The Company presently as on date have Three Directors, the details of which are as follows :

Name of Director	Category	Remuneration Drawn	Perquisites, if any
Mrs.Ritu Jaju	Executive Director	Rs.15000/- p.m	Resigned wef 23/09/2010
Mrs.Pooja Jaju	Whole Time Director	Rs.15000/- p.m	Upto 23/09/2010
Mrs. Pooja Jaju	Non-Executive Director	No remuneration drawn	Resigned wef 29/12/2010
Mr. Nitten Jaju	Managing Director	Rs.15000/- p.m	
Mr.Rajendra Patel	Non Executive-Independent Director	No remuneration drawn	Resigned wef 08/03/2011
Mr.Bhushan Gandhi	Non Executive-Independent Chairman	No remuneration drawn	
Mr. Jayant Kothari	Non-Executive Independent Director	No remuneration drawn	Appointed wef 29/12/2010. Resigned wef 12/07/2011.
Mr. Kaushal Ameta	Non-Executive Independent Director	No remuneration drawn	Appointed as Additional Director wef 20/07/2011.

b) Number of Board meetings :

The company held 7 meetings of its Board of Directors during the year on the following dates :

04 May 2010, 01 July 2010, 31 July 2010, 23 September 2010,
02 November 2010, 29 December 2010 and 02 February 2011.

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

The 20th Annual General Meeting was held on 23rd September, 2010.

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	Board committees of which Director is in India member
Ritu Jaju *	Director – Executive	7	2	Yes	No	1
Pooja Jaju **	Director – Wholetime	7	4	Yes	No	1
Rajendra Patel ***	Director – Independent	7	5	Yes	No	2

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Bhushan J Gandhi	Chairman – Non Executive, INdependent	7	6	Yes	No	2
Nitten Jaju****	Managing Director	7	4	Yes	No	2
Jayant Kothari #	Director - Independent	7	0	No	No	1

* Resigned as Director wef 23 September, 2010.

** Resigned as Wholetime Director wef 23 September, 2010 and Director wef 29 December, 2010

*** Resigned as Director wef 08 March, 2011

**** Appointed as Director / Managing Director wef 23 September, 2010

Appointed as Additional Director in Non-Executive, Independent capacity wef 29 December, 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

Mr. Bhushan Gandhi, Chairman
Mr. Jayant Kothari, Member
Mr. Nitten Jaju, Secretary

Independent, Non-Executive Director
Independent, Non-Executive Director
Managing Director

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.

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 31st March, 2011 :

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 :
04 May 2010, 31 July 2010, 02 November 2010 and 02 February, 2011

The attendance of each member is as under :

Name of the Director	No of Meetings held	No. of Meetings attended
Mr. Bhushan Gandhi	4	4
Mr. Rajendra Patel	4	3
Mrs. Pooja Jaju	3	2
Mr. Nitten Jaju	2	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 as on 31 March 2011 are :

Mr. Bhushan Gandhi, Member	Independent, Non-Executive Director
Mr. Rajendra Patel, Chairman	Independent, Non-Executive Director
Mr. Bippin S Jaju, Member	Compliance Officer

Mr. Bippin S Jaju, Chief Financial Officer is the Secretary of the Committee. The Committee meets not less than twice in a year.

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

04 May, 2010, 02 November, 2010 and 02 February, 2011

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	2
Mrs. Ritu Jaju	1	1
Mr. Bippin S Jaju	2	2

During the year, no complaints were received from the investors. There are no pending share transfers as on 31 March, 2011.

i) Compliance Officer :

Mr. Bippin S Jaju, Chief Financial Officer has been designated as the Compliance officer wef 02 November, 2010.

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, 2011.

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. There has been massive correction in yarn prices to the tune of 25% recently. However, since the company was carrying less stocks, it has not been impacted largely.

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. The investment in this company has yielded very good share of profits for the company.

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.

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 company is not hopeful of this project now since the delay has been substantial. A final call on the project is expected by September, 2011.

The company has given up distribution of Electricals wef 01 April, 2011 in line with its decision taken in the postal ballot of the shareholders. It is presently concentrating on recoveries from the debtors.

The company had entered into a MOU in consortium for Silica Sand Mining with Shri Patil Minerals. However, vide Office Memorandum no J.21011/58/2010-IA-1 dated 16 August, 2010 issued by the Ministry of Environment & Forests (MOEF), Government of India that moratorium is being imposed on all proposals received by the MOEF regarding Ratnagiri and Sindhudurg districts, Maharashtra for TOR and / or EC till June, 2011 during which period The Western Ghats Ecology Expert Panel for conservation, protection and rejuvenation of Western Ghat region will study and suggest effective measures. Hence, the company approached Shree Patil Minerals to cancel the MOU and return the deposits.

Opportunities and threats -

Investment in shares has its pitfalls in terms of market conditions. Amounts which have been lent to parties on call basis have threat of going bad. 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. Electricals Division

operations have limited growth potential. 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.

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.

Segment wise performance -

The company has booked reasonable income from investment in shares and from interest income. This year has been very good for its investment in Green Fuel Tech as Partner. Yarn business and the company has earned decent profits there. There have been Bad Debts provision in yarn business.

Outlook

The yarn business presently is very low due to massive correction in yarn prices. Investment in shares presently is a risk due to potential crisis in USA. The Sri Lankan project remains cloudy.

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.

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 Financial Officer, internal controls are observed.

Financial performance wrt operational performance

The company has had a good profit this year. The operational profit is Rs. 33.72 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.

l) Shares Held by Non-Executive Directors :

The Non-executive Directors do not hold any equity shares of the company directly. However, Mapaex Remedies Pvt Ltd, where Mr. Rajendra Patel is interested as a Director have bought