

**RAGHAVA ESTATES & PROPERTIES LIMITED**

**Twenty Second Annual Report**

**2009 - 2010**

## **BOARD OF DIRECTORS**

<b>Sri L.Ravindra Rao</b>	<b>Chairman &amp; Managing Director</b>
<b>Sri L.Tulasi Prasad</b>	<b>Joint Managing Director</b>
<b>Sri T.Sri Rambabu</b>	<b>Executive Director</b>
<b>Sri K.Harischandra Prasad</b>	<b>Director</b>
<b>Sri CH.Anjaneyulu</b>	<b>Director</b>
<b>Sri K.Koteswara Rao</b>	<b>Director</b>
<b>Sri M.K.S.Prakasa Rao</b>	<b>Director</b>
<b>Sri A.Srinivas</b>	<b>Director</b>
<b>Sri P.S.P.Bhushan Maruthi</b>	<b>Additional Director</b>
<b>Sri B.V.R.Kumar Maruthi</b>	<b>Additional Director</b>

## **AUDITORS**

**SURESH AND BABU**  
**Chartered Accountants**  
**36-14-3/1,Mogalrajapuram**  
**Vijayawada – 520 010**

## **BANKERS**

**State Bank of India**  
**ING Vysya Bank Ltd**

## NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Company will be held at 10.00 a.m. on Wednesday, the 29<sup>th</sup> day of the September, 2010 at the Registered Office of the company at Door No.64-9-2, Patamatalanka, Vijayawada-10 to transact the following business:-

### ORDINARY BUSINESS:

01. To receive, consider and adopt the audited balance sheet as at 31<sup>st</sup> March, 2010 and the Profit & Loss Account for the year ended on that date and the report of the Directors' and Auditors' thereon.
02. To appoint a Director in place of Sri K.Harischandra Prasad who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint a Director in place of Sri Ch.Anjaneyulu who retires by rotation and being eligible, offers himself for re-appointment.
04. To appoint a Director in place of Sri M.K.S Praksasa Rao who retires by rotation and being eligible, offers himself for re-appointment.
05. To consider, and if thought fit, to pass, with or without modification (s) the following resolution as Ordinary Resolution.

“RESOLVED THAT the retiring Auditors M/s.SURESH AND BABU Chartered Accountants be and are hereby re-appointed as auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration in addition to reimbursement of actual out of pocket expenses incurred in connection with the Company's audit.”

### SPECIAL BUSINESS:

06. Appointment of Sri P.S.P.Bhushan Maruthi as Director.

To Consider and if thought fit to pass with or without Modification(s) the following Resolution as a Ordinary Resolution

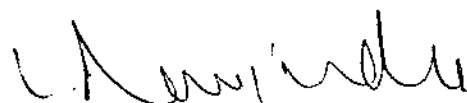
“RESOLVED THAT Sri P.S.P.Bhushan Maruthi who was appointed as additional Director of the company pursuant to section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting be and is hereby appointed as Director of the Company, liable to retire by Rotation.”

07. Appointment of Sri B.V.R.Kumar Maruthi as Director.

To Consider and if thought fit to pass with or without Modification(s) the following Resolution as a Ordinary Resolution

“RESOLVED THAT Sri B.V.R.Kumar Maruthi who was appointed as additional Director of the company pursuant to section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting be and is hereby appointed as Director of the Company, liable to retire by Rotation.”

For and on behalf of the Board



(L.RAVINDRA RAO)

Chairman & Managing Director

Place : Vijayawada

Date : 02-09-2010

**Note:**

1. A member entitled to attend and vote 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 proxy should, however, be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of the members will also remain closed from 20-9-2010 to 29-9-2010(both days inclusive). The transfer books of the Company will remain closed for the aforesaid period.
3. Explanatory statement pursuant to Section 173(2) of the companies Act, 1956 is annexed hereto.
4. The members are requested to :-
  - (a) Intimate change, if any, in their registered address immediately
  - (b) Quote ledger folio number in all their correspondence.

Additional information on Directors seeking reappointment at the Annual General Meeting (Pursuant to Clause (49) of the listing Agreement)

**Item no. 2:**

Sri K.Harischandra Prasad aged 55 years is a Graduate in Mechanical I Engineering and has rich experience in trading and marketing business. He is the member of the Share holders committee, Share Transfer Committee and Audit Committee of the Company.

**Item no.3 :**

Sri Ch.Anjaneyulu aged 57 years is a Post Graduate in Structural Engineering and has rich experience in trading and marketing business. He is the member of the share holders committee , Share Transfer and Audit Committee of the Company.

**Item no.4 :**

Sri M K S Prakasa Rao Aged 51 years is a Graduate In commerce and has rich experience in trading and marketing business. He is the member of the Audit Committee of the Company.

Item no.5 :

Sri P.S.P. Bhushan Maruthi Aged 51 years is a Graduate In commerce and has rich experience in marketing and Administration of business.

Item no.6 :

Sri B.V.R.Kumar Maruthi Aged 40 years is a Graduate In commerce and has rich experience in Trading and marketing in business.

### EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act. 1956)

#### Item no. 7

Sri. P.S.P.Bhushan Maruthi was appointed as Additional Director of the company by the Board of Directors at their meeting held on 25<sup>th</sup> January,2010, and he holds office to the date of forthcoming Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Sri. P.S.P.Bhushan Maruthi for the office of Director under the provisions of Section 257 of the Companies Act,1956, together with the requisite deposit. Your Directors recommend the resolution for approval of the shareholders.

None of the Directors except Sri. P.S.P.Bhushan Maruthi is concerned or interested in the said resolution.

#### Item no. 8

Sri. Sri B.V.R.Kumar Maruthi was appointed as Additional Director of the company by the Board of Directors at their meeting held on 25<sup>th</sup> January,2010, and he holds office to the date of forthcoming Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Sri B.V.R.Kumar Maruthi for the office of Director under the provisions of Section 257 of the Companies Act,1956, together with the requisite deposit. Your Directors recommend the resolution for approval of the shareholders.

None of the Directors except Sri B.V.R.Kumar Maruthi is concerned or interested in the said resolution.

## DIRECTORS' REPORT

Your Directors have great pleasure in presenting 22<sup>nd</sup> Annual Report together with the Annual Audited Accounts for the financial year ended 31<sup>st</sup> March, 2010.

	For the Year Ended 31-03-2010	For the Year Ended 31-03-2009
<b>FINANCIAL RESULT</b>	Rs.	Rs.
Profit before interest and depreciation	1,13,21,366	1,34,92,198
Interest	87,62,057	84,14,762
Depreciation	16,29,402	16,80,895
Profit for the Year	9,29,907	33,96,541
Miscellaneous Expenditure written off	0	0
Profit before tax	9,29,907	33,96,541
Provision for Income Tax	-----	-----
--- Current Tax	(2,87,397)	(5,92,329)
--- Fringe Benefit Tax	0	(84,284)
--- Deferred Tax	55,899	94,010
Profit after tax	6,98,409	27,94,486
Profit/Loss brought forward from Previous period	9,04,23,589	8,76,29,103
Profit carried to Balance Sheet	9,11,21,998	9,04,23,589
Earning per share		
---Basic/Diluted.	0.17	0.69

### DIVIDEND:

In view of the working capital requirements for the on going & forth coming projects, the board has not recommended any dividend.

### PERFORMANCE:

The Progress of new apartment ventures called Aananda Vihar at Edupugallu near Sreenivasapuram Colony and Pakruthi Vihar adjacent to Narayanapuram Colony, are going to be completed in the next financial year.

### FUTURE PROSPECTS:

Your company views the future with optimism, as the demand for Housing is growing day by day and keeping in view the demand the management is anticipating good increase in turnover during the forthcoming years.

### DIRECTORS :

Sri K.Harischandra Prasad who retires by rotation and being eligible offers himself for re-appointment.

Sri Ch.Anjaneyulu who retires by rotation and being eligible offers himself for re-appointment.

Sri M.K.S Prakasa Rao who retires by rotation and being eligible offers himself for re-appointment.

Sri P.S.P.Bhushan Maruthi, was appointed as Additional Director at the Board meeting held on 25<sup>th</sup> January,2010, to hold office till the conclusion of ensuing Annual General meeting. Company has received proposal along with requisite deposit from the shareholders to appoint him as Director liable to retire by Rotation at the ensuing Annual General meeting. Board recommends for his appointment.

Sri B.V.R.Kumar Maruthi, was appointed as Additional Director at the Board meeting held on 25<sup>th</sup> January,2010, to hold office till the conclusion of ensuing Annual General meeting. Company has received proposal along with requisite deposit from the shareholders to appoint him as Director liable to retire by Rotation at the ensuing Annual General meeting. Board recommends for his appointment.

#### AUDITORS :

M/s SURESH AND BABU, Chartered Accountants, Vijayawada Auditors of the Company, retire and are eligible for re-appointment for the Current Year.

#### INFORMATION AS PER SEC.217(2A) OF THE COMPANIES ACT, 1956.

#### PARTICULARS OF EMPLOYEES:

There were no employees in receipt of remuneration in excess of the amounts specified in Section 217(2A) of the Companies Act, 1956.

#### CONSERVATION of Energy ,Technology absorption, Foreign Exchange and outgo :

Information regarding compliance of Rules relating to conservation of Energy and Technology absorption is not provided, as the same is not applicable to the Company.

Foreign Exchange earning and outgo nil

#### CORPORATE GOVERNANCE:

As per clause 49 of the Listing Agreement your company has obtained corporate governance report from the statutory auditors of the company and annexed to this report and a separate section on Management Analysis and Discussion has been forming part of this report.

#### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement U/s 217(2AA) of the Companies Act, 1956, with respect to Directors responsibility statement, it is hereby confirmed

- i) That in the presentation of Annual accounts, Applicable accounting standards have been followed and there is no material departure.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review.
- iii) That 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.
- iv) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2010 on a going concern basis.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to express their thanks to the various State Government Departments, Development Authorities, Banks & Financial Institutions, Customers and Suppliers for their valuable assistance & support.

Yours Directors wish to place on record their appreciation of the efforts put in by the employees of your company at all levels.

Place : Vijayawada

Date : 02.09.2010

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'L. Ravindra Rao', written in a cursive style.

L.RAVINDRA RAO  
Managing Director



## **Management Discussion and Analysis:**

### **Over view:**

The financial statements have been prepared in compliance with the requirements of the provisions of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The estimates and judgments relating to the financial statements have been on a prudent and reasonable basis, in order that the statements reflect, in a true and fair manner, the state of affairs and profits for the year. This report may also contain certain statements that the company believes are or may be considered to be 'Forward Looking Statements' which are subject to certain risks and uncertainties.

## **INDUSTRY AND STRUCTURE**

### **Construction Industry**

India by population stood in second place in the World. India has a vast land and natural resources but they are not utilizing proportionately. Each and every common man wanted primary needs such as food, shelter & clothes. The Indian Real Estate sector after being on a high for almost three years is witnessing a slight correction throughout the country. Growth over these last three years was characterized by strong economic fundamentals, increasing purchase capacity of the investors, leading to rise in demand which in turn, led to increase in supply by developers who wanted to capitalize on the opportunity.

The company feels that the fundamentals will remain positive in 2010 and prices may moderate in the markets, however, the property market may witness a slowdown with some moderate correction which will vary from region to region. The demand-supply gap is anticipated to be much closer this year. The company expects that developers will be reluctant to reduce prices and may indulge in adding sweeteners to their deals rather than engaging in direct reduction in prices. The company's main aspect is to provide shelter within the affordable price and quality construction.

### **Company Infrastructure:**

Your company operates from its registered office at Vijayawada. The company's site offices are at 2 locations one at Poranki, Penamaluru Mandal, Krishna district about 6 KM from the registered office at Vijayawada and the second one at Edupugallu Village, Krishna district about 9 Kms from the registered office at Vijayawada.

### **Internal Control Systems:**

The Company has an effective internal control system in place and this is continually reviewed for effectiveness and is amplified by written policies and guidelines. The company's overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control procedures.

The internal control system of the company is subject matter of Audit Committee's periodical review and suggestions and recommendations, if any, made by the committee will be carried out.

## OPPORTUNITIES AND THREATS

With the tax exemptions offered by the Government and ample services of the private and public financial institutions, Geographical area of city limits are expanding vastly by mobilization of the people from one place to another for getting employment, which results the more opportunities for the company.

In rare occasions, uncertainty of land and material costs, chronic deviations in getting of land acquisition permits from the competent authorities.

### Risks and concerns:

The Company's Current and Fixed assets are adequately insured against various risks. The Company constantly strives to adequately protect itself from various business risks and concerns and takes appropriate measures to address the same.

### Operational Performance:

Particulars	2009-2010	2008-2009
Net Sales	9,59,79,591	11,41,28,727
Other Income	1,16,113	1,02,843
Work in Progress	2,44,81,499	2,36,52,093
Total Income	9,60,95,704	11,42,31,570
PBDIT	1,13,21,366	1,34,92,198
Finance charges	87,62,057	84,14,762
Depreciation	16,29,402	16,80,895
Profit before Tax	9,29,907	33,96,541
Profit after Tax	6,98,409	27,94,486
EPS – Basic	0.17	0.69
Net Worth	13,13,39,498	13,06,41,089

### Sales Turnover:

Your Company is developing Housing colonies and Apartments in various locations. The On-going venture called 'Padmanabhapuram Colony', 'Jaganadhapuram colony' and 'Sreenivaasapuram colony'. In this financial year major part of construction and infrastructure activities are completed. Your company achieved a turn over of Rs. 959.80 Lakhs.

### Expenses:

The Company has achieved cost efficiency due to overall control on overheads. This increased the profits of the company for the previous year.