

19th ANNUAL REPORT
2003-2004



RAJATH

FINANCE LIMITED

Regd. Office :

208-215, "Star Plaza",
Phulchhab Chowk,
Rajkot - 360 001.

Phone : 2447800-1. Fax : 91-281-2454271

RAJATH FINANCE LIMITED

BOARD OF DIRECTORS

Chairman

C. V. Kamani

Directors

R. C. Kamani

D. C. Kamani

N. D. Popat

P. I. Mody

R. Srinivasan

Auditors

M/s. M. P. Sarda & Associates

Chartered Accountants

Bankers

State Bank of Saurashtra

Canara Bank

Registered Office

208-215, "Star Plaza",

Phulchhab Chowk,

Rajkot - 360 001.

RAJATH FINANCE LIMITED

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Company will be held at 208-215, Star Plaza, Phulchhab Chowk, RAJKOT on Thursday, the 30th day of September 2004 at 5 :00 p.m. to transact the following businesses;

ORDINARY BUSINESS ;

- (1) To receive, consider and adopt the audited Balance Sheet and Profit & Loss Account as at and for the year ended 31 st March, 2004 and the report of the Directors' and Auditors' thereon.
- (2) To appoint a Director in place of Mr. R.C.Kamani who retires by rotation and being eligible offers himself for reappointment.
- (3) To appoint a Director in place of Mr. N.D.Popat who retires by rotation and being eligible offers himself for reappointment.
- (4) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

- (5) To consider and if thought fit to pass with or without modification the following resolution as on **Ordinary Resolution**;

“RESOLVED THAT, Mr. Vrajlal V. Joshi, be and is hereby appointed as a Director of the Company.”

- (6) To consider and if thought fit to pass, with or without modifications, the following Resolution as a **Special Resolution**;

“RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the “Delisting Guidelines”) and subject to the Provisions of the Companies Act, 1956, and the Rules framed there under, Listing Agreements, and all other applicable Rules, Regulations, and Guidelines and subject to the approval, consent, permission or sanction of the Securities and Exchange Board of India, concerned Stock Exchanges and any other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by any authority while granting such approvals, permission and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which terms shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board

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to delist the Equity Shares of the Company from The Stock Exchange, Ahmedabad, Stock Exchange, Mumbai, and Saurashtra Kutch Stock Exchange Ltd.. where the shares of the Company are listed.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to the resolution, if the Board decides to apply for delisting.”

Place : Goa
Date : 28th July 2004

**By Order of the board
For and on behalf of the Board
For RAJATH FINANCE LIMITED**

**(P. I. Mody)
Director**



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NOTES ;

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and **A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The Deed of Proxy shall be received by the Company at least 48 hours before the meeting.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is enclosed herewith.
3. The Register of Members and the Transfer Book of the Company shall remain closed from Friday, the 24th September, 2004 to Thursday, the 30th September, 2004 (Both Days inclusive)
4. The members are requested to intimate the Company regarding any change of address at the Registered Office of the Company.
5. Members are requested to bring their copy of the Annual Report along with them, to the Annual General Meeting.
6. Members are requested to send their queries, if any, ten day in advance of the meeting so that the information can be made available at the time of the meeting.
7. Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividend up to financial year ended 31.03.1996 transferred to the General Revenue Account of the Central Government. All Shareholders who have not encashed the dividend for the period before that date, can claim the same from the office of the Registrar of Companies, C.G.O. Complex, Opp. Rupal Park, Ankur Char Rasta, Naranpura, Ahmedabad. Pursuant to the amended provisions Dividend for the Financial Year ended 31st March 1997 and thereafter, which remains unpaid and unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed the Dividend Warrants so far for the Financial Year ended 31st March, 1997 and any subsequent financial year are requested to make their claim at the Registered Office of the Company. It may be noted that once the unclaimed dividend is transferred to the Government, as above, no claim shall lie in respect of such amount.

19th ANNUAL REPORT**ANNEXURE TO THE NOTICE :****A. Information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges****Item no. 2**

Mr. R.C.Kamani is 52 years of age. He is a Non resident businessman of repute based at Nairobi with a long-standing experience of international trade. He joined the Board on 26.03.1998 as a Director. The details of his directorship in other companies are as follows;

| Position | Company |
|--|----------------|
| Metropolis Entertainment Pvt. Ltd. | Director |
| Silver Springs Pleasure Resorts Pvt. Ltd. | Director |
| Well Wisher Hotel & Resorts Pvt. Ltd. | Director |
| Ramboo Prolen (India) Pvt. Ltd. | Director |
| Unicorn Holdings Pvt. Ltd. | Director |
| Unicorn Hotel Management Academy Pvt. Ltd. | Director |
| Goa International School Pvt. Ltd | Director |
| Laguna Kumarakom Resorts Pvt. Ltd. | Director |
| Bell Tower Hotels (Bangalore) Pvt. Ltd. | Director |
| Kamsons Ltd.- Kenya | Director |
| Corona Ltd. - Kenya | Director |

Mr. R.C.Kamani retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

Item no. 3

Mr. N.D.Popat is 66 years of age. He is a businessman of repute. He is a managing partner of shipping and forwarding agency for the last seven decades. He joined the Board on 13.12.1984 as a Director of the Company.

Mr. N.D.Popat retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

B. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.**Item 5**

The Company has received a Notice under Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- from a Member signifying the intention to propose at the ensuing Annual General Meeting, the appointment of Mr. Vrajlal V. Joshi as Director.

RAJATH FINANCE LIMITED

Mr. Vrajlal V. Joshi is 56 of age. He has rich experience of more than 15 year in the field of management. The details of his directorship in other companies are as follows;

| Position | Company |
|---------------------|---|
| Whole Time Director | Ramboo Prolen (India) Pvt. Ltd., |
| Additional Director | Unicorn Holdings Pvt. Ltd. |
| Additional Director | Well Wisher Hotels & Resorts Pvt. Ltd. |
| Additional Director | Silver Springs Pleasure Resorts Pvt. Ltd. |
| Additional Director | Metropolis Entertainment Pvt. Ltd. |
| Additional Director | Goa International School Pvt. Ltd. |
| Additional Director | Bell Tower Hotels (Bangalore) Pvt. Ltd. |
| Additional Director | Laguna Kumarakom Resorts Pvt. Ltd. |

Accordingly, the Ordinary Resolution set out in Item no. 5 of the Notice is submitted for the approval of the Members.

Interest of Directors

Mr. Vrajlal V. Joshi is interested in the resolution. None of the other Directors is concerned or interested in the resolution.

Item 6

As the Members of the Company are aware that Unicorn Holdings Pvt. Ltd., (the Acquirer), an incorporated under the Companies Act, 1956 and having its Registered Office at 907, Star Plaza, Phulchhab Chowk, Rajkot - 360 001 along with Shri Chamanlal V. Kamani, Shri Rashmi C. Kamani and Shri Deepak C. Kamani, Persons Acting in Concerts (PACs), Directors of the Company, made a public offer ("the Offer"), pursuant to Regulation 11(1) of the Securities & Exchange Board of India (Substantial Acquisition & Takeovers) Regulations, 1997 (Regulations) and subsequent amendments thereto and in terms of SEBI Order no. CO/25/04/04/TO dated 30.04.2003 to acquire the Shares of the Company. The Offer was made on 16th April, 2004 and closed on 15th May, 2004 and total 800,000/- (Eight Lacs) Equity Shares of Rs. 10/- were acquired by the Acquirer. Consequently, the public Shareholding in the Company has reduced below 10% after the aforesaid public offer.

The Equity Shares of the Company are listed on the following Stock Exchanges in India.

The Stock Exchange Mumbai (BSE)

The Stock Exchange Ahmedabad (ASE)

Saurashtra Kutch Stock Exchange Limited (the Regional Stock Exchange)

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The Securities and Exchange Board of India (SEBI) has issued The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines"). The delisting guidelines contain, provisions for delisting of securities of the body corporate voluntarily by the promoter or an acquirer or any person other than the Stock Exchanges. By virtue of the Public Offer made by the "Acquirer", the present public shareholding has gone below prescribed minimum level. Therefore, the Board of Directors has put the above resolution as a Special Resolution for the approval of Members of the Company at the ensuing Annual General Meeting of Members of the Company. After the Special Resolution, as above, if passed, with or without modification, further approval of other authorities as set out in resolution will be obtained as and when the Board decided to delist.

The Board in the meeting held on 30th August, 2004, decided to defer the matter of delisting for the time being, but as a matter of abundant precaution decided to obtain the consent of the shareholders in the ensuing Annual General Meeting, to enable them to apply for delisting as and when they think deem fit in the interest of shareholders.

None of the Directors, except Unicorn Holdings Pvt. Ltd, (the Acquirer) and Shri Chamanlal V. Kamani, Shri Rashmi C. Kamani and Shri Deepak C. Kamani, Persons Acting in Concerts (PACs), are deemed to be concerned or interested in the resolution.

**By Order of the board
For and on behalf of the Board
For RAJATH FINANCE LIMITED**

Place : Goa
Date : 28th July 2004

**(P. I. Mody)
Director**

RAJATH FINANCE LIMITED

DIRECTORS' REPORT

Dear Shareholder

Your Directors have pleasure in presenting the Nineteenth Annual Report of your Company together with Audited Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

| | (In Lacs) | (In Lacs) |
|---|----------------|----------------|
| | March 31, 2004 | March 31, 2003 |
| Total Income | 95.06 | 125.23 |
| Operating Expenditure | 68.14 | 157.04 |
| Profit (Loss) Before Non-Cash Charges | 26.91 | (31.81) |
| Depreciation & Non-cash Charges | 10.14 | 29.04 |
| Tax | 00.58 | 00.00 |
| Deferred Tax Provision during the year | 00.35 | +10.37 |
| Net profit (Loss) | 15.85 | (50.49) |
| Adj. Of previous Year | 00.00 | +0.32 |
| Transfer to Reserves | 00.00 | 0.00 |
| Brought down profit(loss)of previous year | (41.70) | 8.47 |
| Profit/(Loss) carried forward | (25.85) | (41.70) |

DIVIDEND

In view of inadequate profit during the year and carried forward losses, the Board of Directors regret to inform that they have not recommended any Dividend for the year under review.

PERFORMANCE HIGHLINGS

The performance of your Company during the year covering this report was not satisfactory. The total Hire Purchase disbursement for the year was Rs. Nil as compared to Rs. 178.31 lacs previous year. The Company has disbursed Rs. 140.00 lacs by way of short-term loan during the year under review.

The Company has not entertained any fresh business in Hire Purchase considering the imposition and increase of rate of Service Tax., bad economic conditions and intense competition with National level NBFC's and Banks in this region. As decided, the Company has repaid all liability towards depositors and has not entertained any new business in the Hire purchase during the year. The Short Term Loan disbursed for the year was Rs. 140.00 Lacs. The Company has decided to restrict business for financing activities.

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CAPITAL ADEQUACY

The company has followed the guidelines issued by the Reserve Bank of India for recognition of Income, Asset Classification, Investment Accounting, Provisioning for non-performing Assets. As the Company's exposure in Hire Purchase Loan reduced substantially, the Capital adequacy Ratio as on 31st March, 2004 is above 15 as required by the guidelines issued by the Reserve Bank of India.

FIXED DEPOSITS

During the year under review, the company has neither accepted nor renewed any Deposits. The Company has repaid all deposits and there are no outstanding deposits as at the year ended 31st March, 2004. Further, the Company did not have any overdue and unclaimed public deposits as on 31st March, 2004.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with the Auditors certificate are annexed hereto as Annexure A as part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

The Finance Industry is passing through consolidation phase since last few years and some of the leading NBFC's are converted into banks and only few leading companies are surviving. The cost of funds of Large NBFCs and Banks are decreasing and so the finance rates reduced substantially. The Banks have entered into the traditional NBFC activities i.e. financing and refinancing on commercial vehicles, Two Wheelers, Consumer Durables. Hence, the future of small and medium NBFC's is not encouraging.

Opportunities

Company is in operation since 1985 and has a good reputation in financing of used vehicles and consumer durables in the region and ready infrastructure. The Company can provide non-fund based marketing services. But, considering the adverse economic situation, increase in the rates of Service Tax and severe competition with national level NBFC's, the Board of Directors have decided to restrict business for financial activity.

Company performance and Discussion on Financial performance.

The performance of the company during the year was not satisfactory.

Considering the multiplicity of taxes, bad economic conditions and intense competition with National level NBFC's and Banks in this region the company has decided not to entertain by fresh business in Hire Purchase and reduce funds based exposure. The Company has substantially repaid outside liabilities.