

22nd ANNUAL REPORT

2006-2007



RAJATH

FINANCE LIMITED

Regd. Office :

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

Phone : 0281-2447800 Fax : 91-281-2454271

RAJATH FINANCE LIMITED

BOARD OF DIRECTORS

Directors

Hitesh M. Bagdai

Poonam H. Bagdai

Bhavdeep V. Vala

V. V. Joshi

Statutory Auditors

M/s. M. P. Sarda & Associates

Chartered Accountants

Rajkot

Secretarial Auditors

M/s. MJP Associates

Practising Company Secretaries

Rajkot

Bankers

Indusind Bank Ltd., Rajkot

Corporation Bank, Rajkot

Registered Office

208-215, "Star Plaza",

Phulchhab Chowk,

Rajkot - 360 001. (Gujarat)

RAJATH FINANCE LIMITED

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of the Company will be held on Friday, 28th September, 2007 at 5:00 PM at the Registered Office of the Company situated at 208-215, Star Plaza, Phulchhab Chowk, Rajkot-360 001, to transact the following businesses :

ORDINARY BUSINESS :

- (1) To receive, consider and adopt the audited Balance Sheet as on 31st March, 2007 and Profit & Loss Account for the year ended on that day along with the Directors' and Auditors Report thereon.
- (2) To appoint Director in place of Shri V. V. Joshi, who is liable to retire by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS :

- (3) To pass, with or without modification, the following Resolution, as an Ordinary Resolution :

"RESOLVED THAT in accordance with provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri Hitesh M. Bagdai, who was appointed as an additional director by the Board, and is eligible for appointment as director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as Director of the Company and he shall be liable to retire by rotation as per provisions of the Companies Act, 1956 read with Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all things, deeds, acts as may be necessary in this regard."

- (4) To pass, with or without modification, the following Resolution, as an Ordinary Resolution :

"RESOLVED THAT in accordance with provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Smt. Poonam H. Bagdai, who was appointed as an additional director by the Board, and is eligible for appointment as director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as Director of the Company and she shall be liable to retire by rotation as per provisions of the Companies Act, 1956 read with Articles of Association of the Company."

22nd ANNUAL REPORT

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all things, deeds, acts as may be necessary in this regard."

- (5) To pass, with or without modification, the following Resolution, as an Ordinary Resolution :

"RESOLVED THAT in accordance with provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri Bhavdeep V. Vala, who was appointed as an additional director by the Board, and is eligible for appointment as director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as Director of the Company and he shall be liable to retire by rotation as per provisions of the Companies Act, 1956 read with Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all things, deeds, acts as may be necessary in this regard."

- (6) To pass, with or without modification, the following Resolution, as an Ordinary Resolution :

"RESOLVED THAT in pursuance of provision of Section 224(2) and proviso to Section 224(6)(a). read with all applicable provisions, if any, of the Companies Act, 1956, M/s. S. G. Bhuptani & Associates, Chartered Accountants, be and is hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to fix remuneration of Statutory Auditors and to do all other things, deeds, acts as may be required in this connection"

By order of the Board of Directors
For **RAJATH FINANCE LIMITED**

Place : Rajkot
Date : 25/06/2007

(Hitesh M. Bagdai)
Director

RAJATH FINANCE LIMITED

NOTES :

1. All the members entitled to attend and vote at Meeting are entitled to appoint a proxy to attend and vote at the Meeting on his/her behalf and the proxy need not be a member of the Company. The proxy to be valid must reach at the Registered Office at least 48 hours before the Meeting.
2. The share transfer books will remain closed from 13th September, 2007 to 27th September, 2007 (Both Days inclusive).
3. Members are requested to address all their correspondence at the Registered Office of the Company.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 3, 4 & 5

Members are aware that Shri Hitesh M. Bagdai, Smt. Poonam H. Bagdai, and Shri Bhavdeep V. Vala, were appointed as additional directors of the Company by the Board of Directors.

The Company has received notices along Rs. 500/- as deposit in cash, proposing candidature of Shri Hitesh M. Bagdai, Smt. Poonam H. Bagdai, and Shri Bhavdeep V. Vala as Directors of the Company liable to retire by rotation.

The Resolution is proposed as ordinary Resolutions. Directors, as they are the proposed appointee are interested in these Resolutions.

Members are requested to appoint Shri Hitesh M. Bagdai, Smt. Poonam H. Bagdai, and Shri Bhavdeep V. Vala as Directors of the Company.

ITEM NO. 6

Members are aware that M/s. M. P. Sarda & Associates, Chartered Accountants, & the statutory auditors of the Company are retiring at the ensuing Annual General Meeting. However, the said firm has shown its unwillingness to continue as Auditors of the Company. Hence, the Board of Directors of the Company is recommending the appointment of M/s. S. G. Bhuptani & Associates, Chartered Accountants, as statutory auditors of the Company. As per provisions of Section 224(6)(a) of the Companies Act, 1956, any vacancy caused in office of the Auditors due to resignation, can be filled by passing a Resolution at the General Meeting only.

Hence, members are requested to pass the resolution as an Ordinary Resolution and appoint auditors.

22nd ANNUAL REPORT**INFORMATION ABOUT THE DIRECTORS SEEKING APPOINTMENT**

Name : Hitesh M. Bagdai
 Age : 41 years
 Qualification : B.Sc.
 Experience : Wide experience in real estate business and has developed Managerial Excellence

Directorship in other Companies :
 1. Hitraj Realities Pvt. Ltd.
 2. Hitraj Developers Pvt. Ltd.
 3. Balaji Nandan Infracon Developers Pvt. Ltd.

Name : Poonam H. Bagdai
 Age : 37 years
 Qualification : B.Sc.
 Experience : Experience in real estate business
 Directorship in other Companies : Nil

Name : Bhavdeep V. Vala
 Age : 39 years
 Qualification : Under Graduate
 Experience : Wide experience in real estate business
 Directorship in other Companies :
 1. Chaitanya Cineworld Pvt. Ltd.
 2. Bleach Marketing Pvt. Ltd.
 3. Radheshyam Land Developers Pvt. Ltd.
 4. Maruti Nandan Hotel Estate Pvt. Ltd.

RAJATH FINANCE LIMITED

Name : Vrajlal V. Joshi
 Age : 59 years
 Qualification : B.E. (Electrial)
 Experience : Wide experience in manufacturing industry.
 Directorship in other Companies :

1. Bell Tower Resorts Pvt. Ltd.
2. Ramboo Prolen (I) Pvt. Ltd.
3. Unicorn Holding Pvt. Ltd.
4. Metropolis Entertainment Pvt. Ltd.
5. Silver Springs Pleasure Resorts Pvt. Ltd.
6. Well Wishers Hotels & Resorts Pvt. Ltd.
7. Sparex Pvt. Ltd.
8. Infotalent Systems Pvt. Ltd.
9. Laguna Kumarakom Resorts Pvt. Ltd.
10. Bell Tower Hotels (Banglore) Pvt. Ltd.
11. Goa International School Pvt. Ltd.

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By order of the Board of Directors
For **RAJATH FINANCE LIMITED**

Place : Rajkot
Date : 25/06/2007

(Hitesh M. Bagdai)
Director

22nd ANNUAL REPORT

REPORT OF BOARD OF DIRECTORS

Your Directors are pleased to present their twenty second Annual Report for the year ended on 31st March 2007.

FINANCIAL RESULTS

Your Company's performance for the year ended on 31st March 2007 is summarized as under :

Particulars	For the year ended on 31 st March, 2007	For the year ended on 31 st March, 2006
Total Income	185545	215929
Total Expenditure	1118258	1826932
Profit (Loss) Before Non-Cash Charges	(932713)	(1611003)
Depreciation & Non-cash Charges	218501	465267
Fringe benefit tax	29000	0.00
Deferred Taxation	(67157)	(62534)
Profit (Loss) after taxation	(1113057)	(2013736)
Deficit from previous years	(6048522)	(4034786)
Balance transferred to Balance sheet	(7161579)	(6048522)

DIVIDEND

In view of loss during the year under review, your Board of Directors regret to inform that no dividend has been recommended for the year 2006-2007.

CAPITAL ADEQUACY RATIO :

The Company has followed the guidelines issued by the Reserve Bank of India for the recognition of Income, Asset classification, investment accounting, provision for non-performing assets. As the Company's exposure in the Hire Purchase Loan reduced substantially, the Capital Adequacy ratio as on 31st March, 2007, is higher than as required by the Reserve Bank of India.

FIXED DEPOSITS :

The Company has no outstanding deposits. Further, the Company has not accepted any Fixed Deposit during the financial year ended on 31st March, 2007.

TAKEOVER OF THE MANAGEMENT

Members might be aware that the Company has been taken over by the new management and substantial shares have been transferred to new management after compliance of Takeover Regulations, 1997 read with all other Rules/Regulations as framed by the SEBI.

RAJATH FINANCE LIMITED

BOARD'S RESPONSIBILITY STATEMENT

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Directors confirm :

- a) That in the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same,
- b) That They have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 accounting year and of the profit and loss account for that year;
- c) That they 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 frauds and other irregularities;
- d) That they have prepared the annual accounts on a going concern basis.

PERSONNEL

Your Company is not carrying out any significant business activities, and hence, it has very few employees. However, your Company considers human resources as the primary drivers for the growth and development of the Company. During the period under review, your Company has continued its efforts for strengthening the relationships with personnel. Your Company has made the workplace-environment free from any physical, psychological, verbal harassment. All employees of the Company are treated with highest dignity and respect.

Your Board sincerely thanks all the employees who have put in their hard work and helped the Company in this tough periods.

PARTICULARS OF EMPLOYEE

The Company has no employee drawing remuneration exceeding limits as specified in the Companies (Particulars of Employees) Rules, 1975, as amended till date, and hence, particulars as mentioned in Section 217(2A) of the Companies Act, 1956, are not required to be given.

DIRECTORS

Shri V V Joshi, Director of the Company, is liable to retire by rotation at the ensuring Annual General Meeting and being eligible offer himself for reappointment. A brief Resume of Shri V V Joshi, is attached with Notice of the AGM. Further, Shri Parag I. Mody, Shri R Srinivasan Rajgopalan, Shri Chamanlal V. Kamani, Shri Rashmi C. Kamani, Shri Deepak C. Kamani, have resigned from the Board of Directors w.e.f. 27th February 2007. The Board took note of appreciation of contribution given by all Directors. The Board has appointed Shri Hitesh M. Bagdai, Smt. Poonam H. Bagdai and Shri Bhavdeep V. Vala, as Additional Directors

22nd ANNUAL REPORT

w.e.f. 27th February, 2007. However, their appointment is subject to final approval of Members in the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

Your Company has adopted Corporate Governance Practices. The Company believes that the Corporate Governance is all about effective management of relationship among constituents of the system, i.e. shareholders, management, employees, customers, vendors, regulatory and the society at large. The Company has strong belief that this relationship can only be built and strengthen through corporate fairness, transparency, and accountability. A detailed report on Corporate Governance is attached to this Report. The Securities and Exchange Board of India (SEBI) has made efforts to strengthen the Clause 49 of the Listing Agreement. Accordingly, a separate Report on Corporate Governance as well as the Certificate from M/s M P Sarda & Associates., Chartered Accountants, and the statutory Auditors of the Company are annexed to this Report of Board.

AUDITORS

The retiring statutory auditors of the Company M/s M P Sarda & Associates, Chartered Accountants, have expressed their inability to continue as statutory auditors of the Company. The Board of Directors, therefore, recommends appointment of M/s. S G Bhuptani & Associates, Chartered Accountants as statutory auditors of the Company. As per provisions of Section 224(6)(a) of the Companies Act, 1956, any vacancy caused in office of the Auditors due to resignation, can be filled by passing a Resolution at the General Meeting only. Hence, members are requested to pass the resolution and appoint auditors.

SECRETARIAL AUDIT

As directed by the Securities and Exchange Board of India (SEBI), Secretarial Audit is being carried out at the specified periodicity by M/s R C Tarapara & Associates, Company Secretaries, Ahmedabad. w.e.f June 2007, M/s MJP Associates, Practising Company Secretaries, Rajkot have been appointed as the Secretarial Auditors of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC SCENARIO

The Country witnessed overall growth in the fiscal 2006-2007 in almost all sectors. The Capital market has been in bullish trend throughout the year due to extremely good performances by corporates. The GDP growth and economic scenario of our Country has been in a developing path.