

# 25<sup>TH</sup> ANNUAL REPORT 2009-2010



## **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**

Shri Hitesh M. Bagdai  
Shri Bhvdeep V. Vala  
CA Manish S. Mehta  
Dr. K.K. Khakhar  
Shri Ketan G. Dhulesia

## **STATUTORY AUDITORS**

M/s. SADP & Co.  
Chartered Accountants,  
Rajkot

## **SECRETARIAL AUDITORS**

M/s. MJP Associates  
Practising Company Secretaries  
Rajkot

## **BANKERS**

Indusind Bank Ltd. Rajkot  
Corporation Bank, Main Branch, Rajkot

## **RAGISTRARS & SHARE TRANSFER AGENTS**

M/s. Link Intime India Pvt. Ltd.  
Ahmedabad

## **REGISTERED OFFICE**

208-215, Star Plaz  
Phulchhab Chowk  
Rajkot - 360 001  
(Gujarat)

# RAJATH FINANCE LIMITED

## NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of the company will be held on wednesday, 25th August, 2010 at 11:00 a.m. at the Registered Office of the Company situated at 208-215, Star Piazza, Phulchhob Chowk, Rajkot-360 001, to transact the following business

### ORDINARY BUSINESS:

1. To receive, consider and adopt audited balance Sheet as on 31st March 2010 and Profit & Loss Account for the year ended on that day along with the Directors and Auditors Report and thereon.
2. To appoint Director in place of Dr. K.K Khakhhar, who is liable to retire by rotation and being eligible, offers himself for reappointment.
3. To reappoint, the retiring Auditors M/s. SADP & Co, Chartered Accounts, as auditors of the Company to hold office from the conclusion of this annual general Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration

### SPECIAL BUSINESS :

4. To pass, the following Resolution, with or without modification as a Special Resolution :

" **RESOLVED THAT** pursuant to pursuant to Section 81 (1A) and all other applicable provisions of the Companies act, 1956 ("The Act) and all applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), (including any statutory modification or re-enactment of any of the aforesaid acts, for the time being in force) and enabling provisions of the memorandum and Articles of association of the Company and the Listing Agreements entered into by the Company with the stock exchanges where the shares of the company are listed and subject to the rules and regulations framed there under and in accordance with the applicable regulations and guidelines of the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), including the provisions of Chapter XIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, (herein after referred to as SEBI ICDR Regulations ) Relating to the issue of shares or warrants convertible into shares by way of preferential allotment, the consent of the members of the Company be and is hereby accorded to the Board of Directors, of the Company to offer, issue and allot 4,00,000 ( Four Lacs only warrants of Rs. 300/- (Rupees Three hundred only) each to the persons as listed in the explanatory statement attached to this Resolution on preferential basis convertible into 1 (one) equity share of Rs. 10/- (Rupees ten only) each fully paid-up, being the price as determined in accordance with provisions of SEBI ICDR Regulations."

" **RESOLVED FURTHER THAT** the pricing of said equity shares to be allotted on conversion of the aforesaid warrants, calculated in accordance with provisions of Chapter XIII of the SEBI ICDR Regulations of the 'Relevant Date'"

" **RESOLVED FURTHER THAT** said convertible warrants shall be convertible on following terms & conditions"

- (i) The Warrant holder shall have options to convert the warrants into equity shares within 18 months from the date of allotment of warrants in accordance with SEBI ICDR Regulations, as amended from time to time.
- (ii) The Warrant holder shall pay an amount equal to 25% (Twenty five percent only), i.e. Rs. 75/- (Rupees Seventy Five only) per warrant of the value of warrant while making application for allotment of warrants.

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- (iii) The amount referred to in sub-para (ii) above shall be adjusted against the price payable at the time of acquisition of equity shares by exercising the option by the warrant holder (s)
- (iv) The warrant holder shall pay on or before the date of conversion of such warrants into equity shares, the balance 75%, i.e Rs. 225/- (Rupees Two Hundred twenty five only) for each warrant so exercised to be converted into equity shares.
- (v) The amount referred in above (ii) above (i.e, Rs. 75/- per warrant paid by warrant holder) shall be forfeited, the warrant holder does not exercise the option to convert warrant into equity shares within the stipulated time.
- (vi) The warrants proposed to be issued under this resolution, shall be locked in for a period of 1 (One) year from the date of allotment of such warrants. However, the lock-in on equity shares acquired by conversion of warrants shall be reduced to the extent the warrants have already been locked-in.
- (vii) The allotment of the convertible warrants shall be completed within a period of 15 days from the date of passing of this Resolution by the shareholders provided that where the allotment is pending due to pendency of any approval from any regulatory authority including the Stock Exchanges where share are listed, the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.
- (viii) If the allotment of instruments and dispatch of warrants certificates are not completed within a period of three months from the date of Resolution, a fresh consent of the shareholders shall be obtained.
- (xi) The details of all monies utilized out of the preferential issue proceeds shall be disclosed under an appropriate head in the Balancesheet and/or Directors Report of the Company, indicating the purpose for which such monies have been utilized and that the details of the unutilized monies shall also be disclosed under a separate head in the balancesheet of Company indicating the form in which such unutilized monies have been invested.

**"RESOLVED FURTHER THAT** the equity shares so issued on conversion of warrants shall upon allotment have the same rights or voting as the existing equity shares and be treated for all other purposes pari passu with existing equity shares of the Company and that the equity shares so allotted during the financial year shall be entitled to dividend, if any declared including other corporate benefits, if any, for the financial year in which the allotment has been made and subsequent years"

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the board be and is hereby authorized to agree and accept all such conditions, modification, and alterations as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification and alterations as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in regard to such issue and allotment and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution"

**"RESOLVED FURTHER THAT** the Company shall ensure that whilst any warrants remaining exercisable, it will at all times, keep available and reserved such part of its authorized but un-issued share capital as would enable all outstanding warrants to be satisfied in full"

**"RESOLVED FURTHER THAT** the consent of the Company be and is hereby given to the Board of Directors, to make an application for listing of the new equity shares as may be issued on conversion of warrants with the stock exchanges in which shares of the Company are listed"

**"RESOLVED FURTHER THAT** the consent of the Company be and is hereby given to the Board of Directors to make an application to the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for admission of the new equity shares to be issued on conversion of warrants on preferential basis"

# RAJATH FINANCE LIMITED

**"Resolved Further that board of Directors be and is authorised :**

- (a) to enter into and execute all such arrangements as the case may be with any solicitors, advisors, guarantors depositories registrars, custodians and other intermediaries (the "Agencies"), if required, in relation to the issue of warrants on preferential basis, and to remunerate any of the Agencies in any manner including payment of commission brokerage, fee or payment of their remuneration for their services;
- (b) to settle any questions, difficulties or doubts that may arise in regard to the issue of warrants;
- (c) to seek and obtain the listing of the securities, as may arise out of the issue of warrants as may be legally required and as the Board may consider necessary or expedient, in the best interests of the Company,
- (d) to do all such acts, deeds, matters and things as the board may at its discretion deem necessary or desirable for such purpose, including without limitation to the drafting, finalization, entering into and execution of any arrangements or agreements;
- (e) to delegate from time to time, all or any of the powers conferred herein upon the board to any Committee of the Board or the Managing Director or to any other officer or officers of the Company."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters, and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid Securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Securities, utilization of the issue proceeds or otherwise for the purposes of this resolution and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution

- 5 To pass, with or without modification, if any, the following Resolution as an ORDINARY RESOLUTION:  
Increase in authorised share Capital from Rs. 5 crores to Rs. 7.5 crores.

**"RESOLVED THAT** pursuant to the provisions of section 94(1)(a) and other applicable provisions, if any, of the companies act, 1956, the authorised Capital of the Company be and is hereby increased from Rs. 5,00,00,000/- (Rupees five crores only) divided into 50,00,000 (fifty lacs only) Equity shares of Rs. 10/- each (Rupees Ten only) to Rs. 7,50,00,000/- (Rupees Seven Crores fifty lacs only) divided into 75,00,000 (seventy five lacs only) Equity shares of Rs.10/- (Rupees Ten Only)

**"RESOLVED FURTHER THAT** Board of directors of the Company, be and is hereby authorised to do all things, deeds, acts as may be necessary to give effect to this Resolution"

- 6 To pass, with or without modification, if any, the following Resolution as a SPECIAL RESOLUTION:  
Alteration In Clause V Of The Memorandum Of Association

**RESOLVED THAT** pursuant to Section 16 and 94(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the Clause V of the Memorandum of Association of the Company, be substituted with the following new Clause:-

"The Authorised share capital of the Company is Rs. 7,50,00,000/- (Rupees seven crores fifty lacs only ) divided into 75,00,000 (Seventy five lacs only) Equity shares of Rs. 10/- (Rupees Ten Only)"

**"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 to give effect to this Resolution"

by order of the Board of Directors  
For, RAJATH FINANCE LIMITED,

Date : 25/07/2010  
Place: Rajkot

(HITESH M. BAGDAI)  
Director

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## 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 16th August, 2010 to 24th August 2010 (both days inclusive).
- 3 Members are requested to address all their correspondence at the Registered office of the Company.
- 4 To attend and vote on a poll 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 forty-eight hours before commencement of the Meeting. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy
- 5 Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 6 Members are requested to bring their Attendance Slip
- 7 Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting
- 8 In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

Explanatory Statement Pursuant To Section 173 (2) Of The Companies Act, 1956

## ITEM NO. 4

For issuance of share warrants convertible into equity shares on preferential basis.

**(1) Object and manner of activities for which proceeds of the issue to be utilized:**

The purpose of issue to allot the warrants convertible into the equity shares to raise the funds for its finance business.

**(2) Relevant date and pricing of the issue:**

The issue price of the warrants convertible into the Equity shares shall be Rs. 300/- (Rupees Three hundred only) each. The price has been fixed on conversion of warrants based on the relevant date, i.e. 25th July, 2010 calculated in the manner as specified in SEBI ICDR regulations for pricing of shares

**(3) Intention of the promoter of their associates and relatives to subscribe to the offer:**

No warrant is proposed to be issued to the promoters, their associates, and relatives of promoters or person acting concert, group companies, partnership firms etc.

**(4) Proposed time within which the allotment shall be completed:**

The allotment of warrants shall be completed within a period of 15 days from the date of passing of the Special Resolution by the shareholders provided, that where the allotment is pending of the Resolution on account of pendency of any approval from any regulatory authority including Stock Exchanges, the allotment shall be completed by the company within a period of 15 days from the date of such approvals, if the allotment of instruments and dispatch of warrant certificate is not completed within a period of three months from the date of this Resolution, a fresh consent of the shareholders shall be obtained.

As per SEBI ICDR Regulations, the warrant holders have the option to exercise to convert warrant into equity shares within a maximum period of 18 months from the date of allotment of the warrants.

**(5) Shareholding pattern before and after the offer:**

The shareholding pattern of the company, before and after the preferential allotment would be as follows.

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(A)	Shareholding of Promoter and Promoter Group	Pre-issue shareholding (as on 30th june, 2010)	Percentage	Post-issue (post conversion shareholding)	percentage
1	Indian				
(a)	Individuals/ Hindu Undivided Family	29,90,555	74.7639	29,90,555	67.96715909
(b)	Central Government/ State Governments(s)	0	0.00	0	
(c)	Bodies Corporate	0	0.00	0	
(d)	Financial Institutions/ Banks	0	0.00	0	
(e)	Any Others(Specify)	0	0.00	0	
	Sub Total (A)(1)	29,90,555	74.7639	2990555	
2	Foreign				
a	Individuals (Non-Residents Individuals Foreign Individuals	0	0.00	0	
b	Bodies Corporate	0	0.00	0	
c	Institutions	0	0.00	0	
d	Any Others (Specify)	0	0.00	0	
	Sub Total (A)(2)	0	0	0	
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	2990555	74.7639	2990555	
(B)	Public shareholding				
d	Institutions	0	0	0	
	Sub-total (B)(1)	0	0	0	
B 2	Non-institutions				
(a)	Bodies Corporate	43937	1.0384	443937	10.08947727
(b)	Individuals				
I	Individuals - i. Individual Shareholders Holding nominal Share Capital up to Rs 1 lakh	142592	3.5648	142592	3.240727273
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	818743	20.4686	818743	18.60779545
(c)	Any Other (Specify)				
(c-i)	Clearing Members	4073	0.1018	4073	0.092568182
(c-ii)	Market Nationals				
(c-iii)	Foreign Nationals				

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	Non Resident Indians (Non Repat)	100	0.025	100	0.025
	Sub-Total (B)(2)	1009445	25.2361	1409445	32.03284091
	Total Public Shareholding (B)= (B)(1)+(B)(2)	1009445	25.2361	1409445	32.03284091
	TOTAL (A)+(B)	4000000	100	4400000	

**Note:-** The above post issue pattern is based on the assumption of full subscription of the warrants and the subsequent allotment of equity shares on conversion of warrants into one equity share of Rs. 10 each

**(6) Identity of the proposed allottees and percentage Percentage of post issued capital that may be held**

It is proposed to allot total 4,00,000 warrants, to N K Chem Plast Pvt. Ltd, a Private Limited Company, incorporated under the provisions of the Companies Act, 1956 and having its Registered office at B/15, Mahavir Park, 97, Garodia Nagar, Ghatkopar (E), Mumbai.

The promoters, directors or any other person acting in concert, do not have any relation with the proposed allottee or with persons having control over the allottee.

**(7) Approvals :**

The company is taking necessary steps to obtain the required approvals from the Stock Exchange, SEBI or any other regulatory agency as may be applicable, for the proposed preferential issue of warrants to be converted into equity shares.

**(8) SEBI Takeover Code:**

In terms of the SEBI (Substantial acquisition of Shares and Takeovers) Regulations, 1997, the investors are not required to and do not intend to make an open offer and comply with formalities related to an open offer for this preferential allotment.

**(9) Holding of shares in the Demat Account, non disposal of shares by the proposed allottees and lock in period of shares:**

- (x) The proposed allottee is holding its entire pre-issue shareholding in demat form and they have not disposed off or sold any equity share of the company during the last six months prior to the relevant date and further they will not sell or dispose of any pre- issue shares held by them during the period of six months from the date of issue/allotment of warrants on preferential basis. The warrants, issued to allottee under this. Resolution shall be locked in for a period of 1 (One) year from the date of allotment of such warrants. However, the lock-in on equity shares acquired by conversion of warrants shall be reduced to the extent the warrants have already been locked-in.

**(10) Auditor's Certificate:**

Certificate of the Auditors of the company. M/s SADP & CO, Chartered Accountants, Rajkot confirming that the proposed issue of warrants convertible in to equity shares are in accordance with the SEBI ICDR Regulations, will be available for inspection upto the date of annual General Meeting at the Registered Office of the Company on any working day and also at the place of the meeting on the meeting day.

**(11) Approval under the Companies Act, 1956:**

Section 81 of the Companies Act, 1956 provides, *inter alia*, that whenever it is proposed to increase the subscribed capital of a Company by a further issue and allotment of shares, such shares shall be first offered to the existing shareholders of the company in the manner laid down in the said section, unless the shareholders decide otherwise in general meeting by way of special resolution



# RAJATH FINANCE LIMITED

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of section 81 and all other applicable provision of the companies act, 1956, SEBI ICDR Regulations and the provisions of the listing agreement with the Stock Exchange for authorizing the Board of offer, issue and allot convertible warrants as stated in the resolution, which would result in a further issuance of securities of the Company to persons other than the Promoters, their relatives, person acting in concert on a preferential on a preferential allotment basis, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit

## ITEM NO 5:-

Members are aware that the Company is now thinking of increasing its business activities. The Company requires funds to meet its financial requirements. Thereafter, the Board has decided to increase its paid up capital at different stages. However, as the paid up capital cannot be more than the authorised share capital, the Company has first to increase its authorised share capital

Hence, it is proposed to increase Authorised Share capital of the Company from Rs. 5 crores to Rs. 7.5 crores and new shares, as and when issued, shall rank pari-passu with the existing shares.

The Resolution is proposed to be pass as an Ordinary Resolution

None of the Director is interested in this Resolution.

## ITEM NO. 6

Members are aware that the Clause V of the Memorandum of Association contains the information about the Authorised share Capital of the Company. However, consequent to increase in the Authorised share Capital, the Company also requires to amend the Clause V of the Memorandum of Association

Hence, the Resolution is proposed to be passed as a Special Resolution to amend Clause V of the Memorandum of Association of the Company.

None of the Director is interested in this Resolution

## Details of Directors seeking appointments/reappointment at the Annual General Meeting

Director's Name	Dr. Kantilal Khakhar
Age	07/05/1943
Date of Appointment as Director in Company	05/02/2008
Qualification	M.A., Ph.D,
Experience in specific functional area	Served as Professor and Head of Department of Economics Saurashtra University for 28 year. was Chairman of Saurashtra Kutchh Stock-Exchange, Rajkot Was also a P.R. Director for a term of 3 years in SKSE.
Directorship held in other public limited Indian Companies (excluding Directorship in Rajath Finance Limited)	Nil
Membership/Chairmanship of, Committees public limited Indian, Companies (excluding membership/ Chairmanship of Committees in Rajath Finance Limited)	Nil

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

Date: 25/07/2010  
Place: Rajkot

(HITESH M. BAGDAI)  
Director

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## REPORT OF BOARD OF DIRECTORS

Your Directors are pleased to present their Twenty Fifth Annual Report for the year ended on 31st March, 2010..

### Financial Results

Your Company's performance for the year ended on 31 st March 2010 is summarized as under:

Particulars	For the year ended on 31st March, 2010	For the year ended on 31st March, 2009
Total Income	37,23,519	38,67,485
Operating Expenditure	10,63,774	9,74,662
Profit (Loss) non-cash/non-operating charges	26,59,745	28,92,823
Profit before tax	24,30,405	26,72,986
Provision for current tax	5,29,450	1,48,810
Fringe benefit tax	--	4,354,
Deferred Taxation	(21,910)	(28,864)
Peofit (loss) after taxation	19,22,865	25,48,686
Surplus/(Deficit) from previous years	(52,10,931)	(72,49,880)
balance transferred to balance-sheet	(32,88,066)	47,01,194

### Performance Highlights

During the year under Report, your Company has restarted its operations gradually, and has earned total income of Rs. 37,23,519/- as compared to Rs. 38,67,485/- in the precious year. Further, profit after taxation is arrived at Rs. 19,22,865/- as compared to net profit of Rs. 25,48,686/- in the precious year. The main reason behind the decrease in the net profit is due to taxation provision. Further, the accumulated losses are substantially decreased from Rs. 47,01,914/- of previous year to Rs. 32,88,066/- in the current fiscal.

The Company is striving to bring the business in the profits and in the coming years it is envisaged that the performance of the Company will be very good.

### INCREASE IN AUTHORISED SHARE CAPITAL

Members are aware that the Company requires funds to meet its financial requirements. Thereafter, the Board has decided to increase paid up capital. However, as the paid up capital cannot be more than the authorised share capital, the Company has first to increase its authorised share capital.

Hence, it is proposed to increase Authorised Share capital of the Company From Rs 5 crores to Rs 7.5 crores and new shares, as and when issued, shall rank pari-passu with the existing shares.

### BUSINESS DEVELOPMENT STRATGEY

The Company is seeing opportunities lying into the business of the micro finance, and it believes that the micro finance area is the most thrust area of the economy. The Company has decided to expand the business activities to the Company into micro finance activities also, in a phased and planned manner. Initially, the Company will establish its own outlets or will appoint franchisees in 40 to 50 places in the State of Gujarat, Where the Company has solid base. The Company will adopt the same strategy in rest of parts of the Country also. The Company will appoint experienced core team and supporting manpower for establishing its presence if the micro finance business.