

26TH ANNUAL REPORT 2010-2011



RAJATH FINANCE LIMITED

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

Phone :0281-2447800 Fax: 0281-2454271

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. Dhuiesia

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 Plaza"
Phulchhab Chowk
Rajkot -360 001.
(Gujarat)

RAJATH FINANCE LIMITED

NOTICE

Notice is hereby given that the Twenty sixth Annual General Meeting of the Members of the Company will be held on Thursday, 29th September, 2011 at 11:00 a.m. at the Registered Office of the Company situated at 208-215, Star Plaza, Phulchhab Chowk, Rajkot-360 001, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt Audited Balance Sheet as on 31st March 2011 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 Mr. Manish Mehta who is liable to retire by rotation and being eligible, offers himself for reappointment.
3. To appoint Director in place of Mr. Ketan Dhulesia who is liable to retire by rotation and being eligible, offers himself for reappointment.
4. 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.

Date: 30th May, 2011
Place: Rajkot

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

(HITESH BAGDAI)
Director

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 21st September, 2011 to 28th September, 2011 (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 Extra Ordinary 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.

Details of Directors seeking appointment/reappointment at the Annual General Meeting

Director's Name	CA Manish Mehta
Date of Birth	13/09/1958
Date of Appointment as Director in Company	10/01/2008
Qualification	B.Sc. FCA
Experience in specific functional area	Practising as Chartered Accountant for more than 25 years.
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

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Director's Name	MR. KETAN G. DHULESIA
Date of Birth	13/02/1973
Date of Appointment as Director in Company	31/03/2009
Qualification	Under Graduate
Experience in specific functional area	Nil
Directorship held in other public limited Indian Companies (Excluding Directorship in Rajath Finance Limited)	M/s. Primerose Mercantile Pvt. Ltd.
Membership/Chairmanship of Committees public limited Indian Companies (excluding Membership/ Chairmanship of Committees in Rajath Finance Limited)	Nil

Date: 30th May, 2011
Place: Rajkot

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

(HITESH BAGDAI)
Director

RAJATH FINANCE LIMITED

REPORT OF BOARD OF DIRECTORS

Your Directors are pleased to present their Twenty Sixth Annual Report for the year ended on 31st March, 2011.

Financial Results

Your Company's performance for the year ended on 31st March 2011 is summarized as under:

Particulars	(Rupees in lacs)	
	For the year ended on 31st March, 2011	For the year ended on 31st March, 2010
Total Income	2,09,97,832	37,23,519
Total Expenditure	1,60,78,537	10,63,774
Profit (Loss) non-cash/non-operating charges	49,19,295	26,59,745
Profit before tax	44,39,591	24,30,405
Provision for current tax	14,45,210	5,29,450
Deferred Taxation	(23,293)	(21,910)
Profit (loss) after taxation	30,17,674	19,22,865
Surplus/(Deficit) from previous years	(36,72,639)	(52,10,931)
Balance transferred to Balance- sheet	(6,76,810)	(32,88,066)

Performance Highlights

During the year under Report, your Company has geared up its operations, and has earned total income of Rs. 2,09,97,832/- as compared to Rs. 37,23,519/- in the previous year. Further, profit after taxation is arrived at Rs. 30,17,674/- as compared to net profit of Rs. 19,22,865/- in the previous year. Further, the accumulated losses are substantially decreased from Rs. 32,88,066/- of previous year to Rs. 6,76,810/- 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.

PREFERENTIAL ALLOTMENT

Pursuant to approval of Members in the last Annual General Meeting held on 25th August, 2010, the Board of Directors have allotted 4,00,000 fully convertible warrants at price of Rs. 300/- per warrant to M/s N K Chem Plast Pvt. Ltd., Mumbai. The allotment was made on 18th October, 2010.

BUSINESS DEVELOPMENT STRATEGY

During this year also, the Company has witnessed opportunities lying into the business of the micro finance and the Company has taken necessary steps to expand the business activities of the Company into micro finance activities.

SUBSIDIARY

Members are aware that M/s Hitraj Developers Pvt. Ltd. became subsidiary of the Company w.e.f. October, 2010. In accordance with the general circular issued by the Ministry of Corporate Affairs,

Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of subsidiary company and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the subsidiary company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company

Board's Responsibility Statement

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

- 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,
- 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;
- 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;
- That they have prepared the annual accounts on a going concern basis.

Personnel

Your Company has now recommenced its activities, and is looking to build personnel strength in the organization. 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 Employees

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, as amended, are not required to be given.

Directors

Shri Manish Mehta, and Shri Ketan Dhulesia, Directors of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. A brief Resume of Directors is attached with Notice of the AGM.

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. SADP & Co, Chartered Accountants, and the statutory Auditors of the Company are annexed to this Report of Board.

Auditors

M/s SADP & Co. Chartered Accountants, and retiring statutory auditors of the Company, being eligible offer themselves for reappointment. Members are requested to appoint them as auditors of the Company to hold office from the conclusion of ensuing General Meeting until the conclusion of the next Annual General Meeting of the Company, and to authorize the Board to fix the remuneration of 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. MJP Associates, Practising Company Secretaries, Rajkot.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC SCENARIO

The financial year 2010-11, saw credit growth restored across the World. India saw the return of over 8 per cent growth in Gross Domestic Product (GDP). The Indian economy continued to remain resilient owing to proactive actions on the part of the country's policymakers. GDP Growth The GDP growth in the first half of the financial year 2010-11 was a robust 8.9 per cent year on year and moderated to 8.2 per cent in the third quarter due to lower industrial growth. According to the advance estimates of the Central Statistical Organization (CSO), India's GDP is expected to clock a growth of 8.5 per cent in the financial year 2010-11, thanks to contributions from all the three sectors viz., Agriculture, Industries and Services. Industrial Production For the fiscal year 2010-11, the Index of Industrial Production (IIP) grew at 7.8 per cent compared to 10.5 per cent in the financial year 2009-10. The new IIP series launched in June 2011, with 2004-05 as the base year, is expected to address the shortcomings of the old series, and help economists get a more accurate picture of industrial growth in the years to come.

SEGMENTS

The Company does not have any segments, and hence, comments are not required.

PERFORMANCE

During the year under Report, your Company has geared up its operations, and has earned total income of Rs. 2,09,97,832/- as compared to Rs. 37,23,519/- in the previous year. Further, profit after taxation is arrived at Rs. 30,17,674/- as compared to net profit of Rs. 19,22,865/- in the previous year. Further, the accumulated losses are substantially decreased from Rs. 32,88,066/- of previous year to Rs. 6,76,810/- in the current fiscal.

RAJATH FINANCE LIMITED

INTERNAL AUDIT SYSTEM

The Company has implemented proper and adequate systems of internal control to ensure that all assets are safeguarded and protected against loss from any unauthorised use or disposition and all transactions are authorised, recorded and reported correctly. The System ensures appropriate information flow to facilitate effective monitoring. The internal audit system also ensures formation and implementation of corporate policies for financial reporting, accounting, and information security.

OUTLOOK FOR 2011-2012

The economy is predicted to continue the strong performance seen in 2010-2011 and the business outlook for Rajath is robust. In 2011-12, the company's approach would be to continue to grow by focusing on returns while balancing risk. It will launch new product lines, such as construction equipment finance and retail loans against securities; further strengthen risk management practices; maintain investments in technology and human resources to consolidate its position in the Industry.

CAUTIONARY STATEMENTS

All statements made in Management and Discussion Analysis have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the Management envisages in terms of performance and outlook. Market data, industry information etc. contained in this

Report have been based on information gathered from various published and unpublished reports and their accuracy, reliability, and completeness cannot be assured.

Factors such as economic conditions affecting demand/supply and priced conditions in domestic & international markets in which the Company operates, and changes in Government regulations, tax laws, other statutes and other incidental factors, may affect the final results and performance of the Company.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

As the Company is engaged in service sector, and since few years activities have been closed down, details of consumption of energy are not required to be given. However the Company has made enough efforts for minimizing the electricity expenses at its office, and thereby putting efforts for conservation of energy. The Company has not taken any significant steps for adoption of new technology during the year under Report.

Acknowledgement

Your directors put on record their whole hearted gratitude to bankers, employees of the Company for their sincere efforts for the Company.

Date: 30th May, 2011
Place: Rajkot

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

(HITESH BAGDAI) (BHAVDIP VALA)
Director Director

ANNEXURE 'C' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE

Your directors present the Company's Report on Corporate Governance.

1. Company's Philosophy on Corporate Governance:

The Company believes in setting the highest standard of good and ethical corporate governance practices to enhance the long-term shareholder value and protect the interest of shareholders, customers and others.

The main objectives of Corporate Governance are:

1. Maximizing long-term shareholder value in a legal and ethical manner.
2. Ensuring fairness, courtesy and dignity in all transactions within and outside the Bank with customers, investors, employees, competitors, government and the general public.
3. Open, transparent and merit-based management.

The Company is committed to following high standards of transparency, accountability and propriety. The Company has formed various committees of the Board of Directors to monitor the various aspects of the business.

2. Board of Directors:

Composition of the Board:-

The Company's Board of Directors comprises of Five Directors. Out of them, three directors, Mr. Manish Mehta and Dr. Kantilal Khakhar, & Mr. Ketan Dhulesia are Non-executive & independent directors of the Company. Mr. Hitesh Bagdai and Mr. Bhavdeep Vala are Non-Independent & Promoter-Directors.

Meetings:

Your Company is regularly convening and holding the Board Meetings and all business transacted therein have been duly recorded in the Minutes book maintained for the purpose.

3. Remuneration to Directors:

Looking into the performance of the Company, the Company has not paid any remuneration, including sitting fees to any of its Directors. The Company does not have any Employee Stock Option Scheme at present.

4. Details of Directorship/Committee Membership or Chairmanship:

Name of Director	Designation	Number of Shares held in Company (as on 31 st March, 2011)	Directorship in all Public Limited Companies #	Membership in Committee in all public limited Companies #	Chairmanship of Committee in all Public limited Companies #
Shri Hitesh Bagdai	Director	996853	1	2	Nil
Shri Bhavdeep Vala	Director	996851	1	Nil	Nil
Shri Manish Mehta	Independent Director	Nil	1	2	2
Dr. Kantilal Khakhar	Independent Director	Nil	1	2	Nil
Shri Ketan Dhulesia**	Independent Director	Nil	1	2	Nil

includes Directorship/Membership or Chairmanship of Committee in Rajath Finance Ltd but excludes Directorship in or Membership or Chairmanship of any Committee in any Private Limited Companies/Foreign Companies.

Information placed before the Board of Directors:

The Company circulates alongwith Notice of the Board Meeting, a detailed Agenda which, interalia, contain following items, as and when applicable:

- a) Review of annual business plans of the business, capital budgets, and updates,
- b) Quarterly (including periodic) results of the Company,
- c) Materially important show cause, demand, prosecution and penalty notices, if any.
- d) Fatal or serious accidents or dangerous occurrences,
- e) Any material significant effluent or pollution problems,
- f) Any issue which involves possible public or product liability claims of a substantial nature.
- g) Significant development in the human resources and industrial relations fronts,
- h) Status of compliance with all regulatory, statutory and material contractual requirements.

RAJATH FINANCE LIMITED

The Board of Rajath Finance Limited is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board Meetings.

1. Materially significant related party transactions:

There have been no materially significant related party transaction, pecuniary transaction or relationships between Rajath Finance Limited and its directors for the year ended on 31st March, 2011 that may have a potential conflict with the interests of the Company at large.

Please refer Schedule 11 – Notes to the Accounts

2. Composition of Various Committees:

3.

AUDIT COMMITTEE :

a) Composition

The Company has set up Audit committee of three Directors – Shri Ketan Dhulesia, CA Manish Mehta and Dr. K K Khakhar. CA Manish Mehta being professionally qualified as a Chartered Accountant, acted as the Chairman of the Audit.

b) Terms of Reference:

The Terms of reference as stipulated by the Board to the Audit Committee are, as contained in the Clause 49 of the Listing Agreement are as follows:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information,
- 2) Review of Company's financial and risk management policies,
- 3) Review of accounting and financial policies and practices,
- 4) Review of internal control and internal audit systems,
- 5) Discussion with Internal Auditor and Statutory Auditors on any significant findings and follow-up thereon.
- 6) Reviewing the Company's financial statements and risk management policies.

Shareholders' Grievance Committee

a) Terms of Reference:-

The Committee has been given responsibility to look after complaints, if any, of investors to redress the same expeditiously. The Committee also approves requests for issue of duplicate share certificates, splitting/consolidation of share certificates, transfer and transmission of shares etc.

b) Composition:-

The Committee comprises of CA Manish Mehta, Dr. K K Khakhar, and Shri Ketan Dhulesia. CA Manish Mehta is the Chairman of the Committee.

c) The Committee has resolved almost all complaints received during the year.

Remuneration Committee

The Company is not making any payment to any of Directors, and hence, has not formed the Remuneration Committee.

Communication to shareholders

The quarterly results of the Company are published in any two of leading newspapers of Gujarati and English language.

General Body Meeting

Details of the last three annual general meetings are given below:

Financial Year	Date	Time	Venue	Special Resolution passed
2009-2010	25 th Day of August, 2010	11:00 am	208-215 Star Plaza, Phulchhab Chowk, Rajkot-1	1. Approval of Members u/s 81(1A) of the Companies Act, 1956 for making Preferential allotment of convertible warrants 2. Alteration of Clause V of the Memorandum of Association of the Company consequent to increase in authorised share capital of the Company
2008-2009	26 th Day of September, 2009	11:00 am	208-215 Star Plaza, Phulchhab Chowk, Rajkot-1	No special Resolution was passed
2007-2008	27 th Day of September, 2008	11:00 am	208-215 Star Plaza, Phulchhab Chowk, Rajkot-1	No special Resolution was passed

4. Shareholder information

Registered Office

Rajath Finance Limited, 208-215, Star Plaza, Phulchhab Chowk, Rajkot-360 001

Annual General Meeting

The 26th Annual General Meeting (AGM) of the Company will be held on Thursday, 29th September, 2011 at 11:00 A.M. at registered office of the Company, 208-215 Star Plaza, Phulchhab Chowk, Rajkot-360 001

Financial calendar

1. Annual General Meeting	: 29 th September, 2011
2. Results for Quarter ending 30 th June, 2011	: First/second week of August, 2011
3. Results for Quarter ending 30 th September, 2011	: First/second week of November, 2011
4. Results for Quarter ending 31 st December, 2010	: First/second week of February, 2012
5. Results for year 31 st March, 2012	: Last week of May, 2012

Dates of book Closure

The Company's transfer books will be closed from 21st September, 2011 to 28th September, 2011 (both days inclusive) for purpose of Annual General.

Stock Exchange Listing

The Company's shares are presently listed on the Bombay Stock Exchange Ltd, Mumbai. The Company has already passed Resolution for delisting of its Securities from the Ahmedabad Stock Exchange Ltd., Ahmedabad, and Saurashtra Kutch Stock Exchange Ltd, Rajkot, and the approval is awaited from the Stock Exchanges.

Stock code

	Code
Bombay Stock Exchange Ltd.	507962
ISIN	INE455H01013

Registrar and Transfer Agents

Company has appointed Registrar and Transfer Agent, the name and address is as follow:

Link Intime India Pvt. Ltd
211, Sudarshan Complex,
Nr. Mithakhali Under Bridge,
Ellisbridge,
Ahmedabad-380 009
Phone/Fax- 079-26465179

Share Transfer System

The processing activities with respect to requests received for share transfer are normally completed within 15 working days from the date of request.

Distribution Schedule as on 31st March, 2011:

SHARE OR DEBENTURE	NUMBER OF HOLDERS	% OF HOLDERS	TOTAL SHARES	% OF SHARES/ DEBENTURES
01 to 500	703	93.3600	106621	2.6660
501 to 1000	19	2.5230	16500	0.4130
1001 to 2000	4	0.5310	5800	0.1450
2001 to 3000	2	0.2660	4401	0.1100
3001 to 4000	1	0.1330	4000	0.1000
4001 to 5000	1	0.1330	5000	0.1250
5001 to 10000	4	0.5310	40000	1.0000
10001 & above	19	2.5230	3817678	95.4420
TOTAL	753	100.00	40,00,000	100.00