

# **27<sup>TH</sup> ANNUAL REPORT**

## **2011-12**



**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 Bagdai  
Shri Bhavdeep V. Vala  
Dr. K. K. Khakhar  
Shri Ketan G Dhulesiya

## **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

## **REGISTERED OFFICE**

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

## RAJATH FINANCE LIMITED

### NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of the Company will be held on Monday, 24<sup>th</sup> September, 2012 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 31<sup>st</sup> March 2012 and Statement of Profit & Loss for the year ended on that date together with the Auditors and Directors' Report thereon.
2. To appoint Director in place of Shri Bhavdeep V. Vala 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

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

1. **"RESOLVED THAT** in accordance with provision of section 198, 269, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956 as well as in accordance with provision as contained in the Memorandum and Articles of Association of the Company, and in pursuance of recommendations of the Remuneration Committee of the Board of Directors of the Company, and, approval of Members be and is hereby given for appointment of Mr. Hitesh Bagdai, as the Managing Director w.e.f. 1st October, 2011 for the period of Three Years remuneration of Rs. 1,00,000/- per month till the remaining tenure with authority to the Board of Directors to increase the same from time to time in accordance with limits specified in Schedule XIII to the Companies Act, 1956, as amended from time to time"

**"RESOLVED FURTHER THAT** the Board shall have discretion, authority to modify forgoing terms, and remuneration within the limit prescribed under Schedule XIII of the Companies Act, 1956 AND THAT Mr. Bagdai shall not be entitled to any sitting fees for attending meetings of the Board and / or Committee of directors"

**"RESOLVED FURTHER THAT** notwithstanding anything to contrary herein contained where in any financial year during the currency of tenure of Mr. Hitesh Bagdai, the Company has no profits or has inadequate profits, the Company will pay remuneration by way of salary, incentive remuneration, perquisites and allowances as specified above."

**"RESOLVED FURTHER THAT** where in any financial year, the Company is not having profits or its profits are inadequate, the Company shall pay to Mr. Hitesh Bagdai, the remuneration as said in above paragraphs, subject to provisions of Schedule XIII to the Companies Act, 1956"

Date: 30.05.2012  
Place: Rajkot

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

(HITESH BAGDAI)  
Director

**EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 (3) OF THE COMPANIES ACT, 1956**

The Board of Directors of the Company appointed Mr. Hitesh Bagdai, as Managing Director of the Company w.e.f. 1st October, 2012, subject to approval of Members in the General Meeting. Resolution at Item No. 4 covers the terms/conditions of appointment of Mr. Hitesh Bagdai as Managing Director of the Company.

The appointment and remuneration is approved by the Remuneration committee of the Board of Directors of the Company.

Further, the remuneration which is proposed in the Resolution is in consonance with the remuneration being paid by Companies of similar size in the Industry. Further, details such as financial performance, export performance of the Company, components of the remuneration package of Directors, are given in Directors' Report as well as Report on Corporate Governance.

This may be treated as an abstract of the terms and conditions for increase in remuneration of Mr. Hitesh Bagdai as Managing Director and this is to be treated as an abstract under Section 302 of the Companies Act, 1956.

Resolution is proposed to be passed as a Special Resolution

The Directors recommend the Resolution at Items 4 of the accompanying notice for approval of the Members of Company. Mr. Hitesh Bagdai, being proposed appointee, is concerned or interested in Items no. 4 of the notice

**NOTES:-**

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of him self 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.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
3. Shri Bhavdeep V Vala, Director, is liable to retire by rotation, and being eligible offers himself for reappointment.
4. 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.
5. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s. Link In time India Pvt. Ltd. for consolidation into a single folio.
6. The Register of Members and Transfer Books will be closed from Monday September 17, 2012 to Saturday, September 22, 2012 (inclusive of both days) for determining the names of Members eligible for dividend on Equity Shares, if approved at the Meeting.
7. We request members to update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email.

## RAJATH FINANCE LIMITED

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

Director's Name	HITESH BAGDAI
Age	48
Date of Appointment as Director in Company	27/02/2007
Qualification	B.Sc
Experience in specific functional area	20 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

Director's Name	BHAVDEEP V. VALA
Age	48 years
Date of Appointment as Director in Company	27 <sup>th</sup> February, 2007
Qualification	Undergraduate
Experience in specific functional area	Wide experience in real estate business
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

**REPORT OF BOARD OF DIRECTORS**

Your Directors are pleased to present their Twenty Seventh Annual Report for the year ended on 31<sup>st</sup> March, 2012.

**Financial Results**

Your Company's performance for the year ended on 31<sup>st</sup> March 2012 is summarized as under:

(Amt. in Rs)

SR. NO.	PARTICULARS	2011-12	2010-11
1.	Revenue from Operation	47,38,652.00	2,07,47,222.00
2.	Other Income	Nil	41,179.00
3.	<b>Total Revenue(1+2)</b>	<b>47,38,652.00</b>	<b>2,07,88,401.00</b>
4.	Depreciation & Amortization Exp.	3,22,825.00	3,26,519.00
5.	Other Expenses	47,44,725.00	1,60,22,291.00
6.	<b>Profit / (Loss) Before Tax</b>	<b>(3,28,898.00)</b>	<b>44,39,591.00</b>
7.	Current Tax	4,92,561.00	14,45,210.00
8.	Deferred Tax	(3,74,605.00)	(23,293.00)
9.	Excess/Short Provision relating earlier year Tax	Nil	21,845.00
10.	<b>Profit/(Loss) After Tax (PAT)</b>	<b>(4,46,854.00)</b>	<b>29,95,829.00</b>
11.	Balance Carried forward to the Balance Sheet	58,48,083.00	62,94,937.00

**Performance Highlights**

During the year under Report, your Company has recorded the total Revenue Rs. 47,38,652. Further, due to adverse market conditions, the company has recorded net Loss of Rs. 4,46,854.00 as compared to net profit of Rs. 29,95,829 during the previous 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.

**BUSINESS DEVELOPMENT STRATGEY**

During this year also, the Company has reviewed the up coning prospects lying into the business of the Segment funding in different area and the Company has taken necessary steps to spread out the business activities of the Company into Segment funding / finance activities.

**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.

# **RAJATH FINANCE LIMITED**

## **Personnel**

Your Company is having augmentation in order to build workforce strength in the organization. Your Company considers individual as resources as the prime 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 period.

## **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 Hitesh Bagdai**, Director, was appointed as the Managing Director of the Company by the Board of Directors w.e.f. 1<sup>st</sup> October, 2011, subject to approval of Members in the General Meeting. Members are requested to approve the appointment of Shri Bagdai as the Managing Director.

**Shri Bhavdeep V. Vala**, Directors of the Company, is liable to retire by rotation at the ensuring 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.

## **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: 30/05/2012  
Place: Rajkot

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

(**HITESH BAGDAI**) (**BHAVDIP VALA**)  
Director Director

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **ECONOMIC SCENARIO**

The overall growth of gross domestic product (GDP) at factor cost at constant prices, as per Advanced Estimates, is projected at 6.9 per cent in 2011-12. The growth in real GDP is placed at 6.1 per cent in the third quarter of 2011-12.

Overall growth in the Index of Industrial Production (IIP) was 4.1 per cent in February 2012. During April-February 2011-12, IIP registered a growth of 3.5 per cent. Eight core Infrastructure industries grew by 6.8 per cent in February 2012 as compared to 6.4 per cent growth in February 2011. During April-February 2011-12, these sectors grew by 4.4 per cent.

### **SEGMENTS**

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

### **PERFORMANCE**

During the year under Report, your Company has recorded the total Revenue Rs. 47,38,652.00 and major revenue is generated from Interest Income. Further, due to adverse market the company has recorded net Loss of Rs. 4,46,854.00.

### **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 unauthorized 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 2012-13**

The economy is predicted to continue the strong performance seen in 2011-12 and the business outlook for Rajath is robust. In 2012-13, the company's approach would be to continue to grow by focusing on returns while balancing risk. It will launch new product lines, 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.

Date: 30/05/2012  
Place: Rajkot

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

(HITESH BAGDAI) (BHAVDEEP VALA)  
Director Director



**ANNEXURE 'C' TO THE DIRECTOR'S 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:**

The Company has paid total remuneration of Rs. 6 lacs in the financial year 2011-12 to Mr. Hitesh Bagdai, Managing Director of the Company. No remuneration paid to any other Director of the Company.

**4. Details of Directorship/Committee Membership or Chairmanship:**

Name of Director	Designation	Number of Shares held in Company (as on 31 <sup>st</sup> 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 along with 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.

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 31<sup>st</sup> March, 2012 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.

The Committee held four Meetings during the year 2011-2012 as under:

	No. of Meetings	
	Held	Attended
Mr. Manish Mehta, <i>Chairman</i>	4	4
Dr K K Khakhar	4	4
Mr. Ketan Dhulesia	4	4

**REMUNETATION COMMITTEE**

**a) Composition**

The Company has set up Remuneration committee of three Directors – Shri Ketan Dhulesia, CA Manish Mehta and Dr. K K Khakhar. Dr. Khakhar, has acted as the Chairman of the Remuneration Committee.