

29th Annual Report 2013-14



RAJATH FINANCE LIMITED

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

Phone :0281-2447800 Fax: 0281-2454271

E-mail : rajathfin@hotmail.com, investorrelations-rajath@hotmail.com
Web. : www.rajathfinance.com

BOARD OF DIRECTORS

Shri Hitesh M. Bagdai
Shri Bhvdeep V. Vala
Dr. K.K.Khakhar
Shri Ketan G. Dhulesia
Shri Janish N. Ajmera

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)

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RAJATH FINANCE LIMITED

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of the Company will be held on Tuesday, 30th September, 2014 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 the Financial Statements of the Company for the year ended March 31, 2014 including audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ketan Dhulesia, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To re-appoint auditors of the Company to hold office from the conclusion of this AGM and to fix their remuneration and to pass following resolution thereof:

“RESOLVED THAT, pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules made thereunder, and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. SADP & Co., Chartered Accountants (ICAI registration No. 124872W), be and are hereby re-appointed as statutory auditors of the Company, to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting and that the Board of Directors be and are hereby authorized to fix such remuneration as agreed upon between the Auditors and the Board of Directors.”

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Janish Ajmera (DIN: 06708217), who was appointed as an Additional Director by the Board of Directors under the provisions of Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of a non-executive independent director of the Company, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 30th September, 2014 up to 29th September, 2019”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Ketan Dhulesia (DIN 02252208), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 30th September, 2014 up to 29th September, 2019”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the rules framed there under read with Schedule IV to the Act, as amended from time to time, Dr. Kantilal Kalidas Khakhar (DIN 01957569), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 30th September, 2014 up to 29th September, 2019”

Date : 28/05/2014
Place : Rajkot

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

(HITESH BAGDAI)
MANAGING DIRECTOR

❖ **NOTES:-**

- A. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, with respect to the special business set out in Item Nos. 4 to 6 above, is annexed hereto.
- B. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member.
- C. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
- D. The Register of Members and Share Transfer Books of the Company will remain closed from September 25, 2014 to, September 29, 2014 (both days inclusive).
- E. Members holding shares in electronic form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change in address, change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
- F. Members holding shares in physical form are requested to advise any change of address, bank details etc. immediately to the Company's Registrar and Share Transfer Agents, M/s Link Intime (India) Private Limited.

RAJATH FINANCE LIMITED

- G. Electronic copy of the Annual report is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual report is being sent in the permitted mode.
- H. To promote green initiative, members are requested to register their e-mail addresses through their Depository Participants for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number. Members may also note that the Annual Report for FY 2013-14 will also be available on the Company's website www.rajathfinance.com for their download.
- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing facility to the members to exercise their right to vote at the 26th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting platform provided by National Securities Depository Limited (NSDL)
- J. The instructions for e-voting with User Id and Password is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies are being sent by the permitted mode.
- K. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9 A.M. to 5 P.M.) on all working days except Saturdays and Sundays, up to and including the date of the Annual General Meeting of the Company.

Date : 28/05/2014
Place : Rajkot

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

(HITESH BAGDAI)
MANAGING DIRECTOR

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**Item No: 4, 5 & 6**

Dr. K. K. Khakhar, Mr. Janish Ajmera, and Mr.Ketan Dhulesia, are Non-Executive Independent Directors of the Company.

In addition to new provisions of the Companies Act, 2013 being applicable w.e.f. April 1, 2014, the Securities and Exchange Board of India (SEBI)has amended Clause 49 of the Listing Agreement stipulating the conditions for the appointment of Independent Directors by a listed company.

It is proposed to appoint Dr. K. K. Khakhar, Mr. Janish Ajmera, and Mr.Ketan Dhulesia, as Independent Directors under Section149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (Five)consecutive years for a term up to the conclusion of the Annual General Meeting of the Company in the calendar year 2017.

Dr. K. K. Khakhar, Mr. Janish Ajmera, and Mr.Ketan Dhulesia are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to actas Directors.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section160 of the Act proposing the candidatures of each of Dr. K. K. Khakhar, Mr. Janish Ajmera, and Mr.Ketan Dhulesia for the office of Directors of the Company.

The Company has also received declarations from Dr. K. K. Khakhar, Mr. Janish Ajmera, and Mr.Ketan Dhulesia that theymeet with the criteria of independence as prescribed bothunder sub-section (6) of Section 149 of the Act as well as underClause 49 of the Listing Agreement.

After reviewing declarations received from these directors and recommendations of Nomination and Remuneration Committee for the appointment of directors, the Board is of the opinion Dr. K. K. Khakhar, Mr. Janish Ajmera, and Mr.Ketan Dhulesia fulfill the conditions for appointmentas Independent Directors as specified in the Act and the Listing Agreement. Dr. K.K. Khakhar, Mr. Janish Ajmera, and Mr.Ketan Dhulesia are independent of the management.

Brief resume of Dr. K. K. Khakhar, Mr. Janish Ajmera, and Mr.Ketan Dhulesia, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are providedin the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letters for respective appointments of Dr. K. K. Khakhar, Mr. Janish Ajmera, and Mr.Ketan Dhulesia as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Dr. K. K. Khakhar, Mr. Janish Ajmera, and Mr.Ketan Dhulesia interested in the resolutions set out respectively at Item Nos. 4, 5, and 6 of the Notice with regard to their respective appointments. The relatives of Dr. K. K. Khakhar, Mr. Janish Ajmera, and Mr.Ketan Dhulesia may be deemed to be interested in the resolutions setout respectively at Item Nos. 4, 5, and 6 of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, inany way, concerned or interested, financially or otherwise,in these resolutions.

The Board commends the Ordinary Resolutions set outat Item Nos. 4, 5, and 6 of the Notice for approval by theshareholders.

RAJATH FINANCE LIMITED

DIRECTORS' REPORT

To,

The Members,

Your Directors are pleased to present their **29th Annual Report** for the financial year ended on 31st March, 2014.

FINANCIAL RESULTS:

Your Company's performance for the year ended on 31st March 2014 is summarized as under:

(Amt. in Rs)

| SR. NO. | PARTICULARS | 2013-14 | 2012-13 |
|-----------|--------------------------------------|------------------|-------------------|
| 1. | Revenue from Operation | 31,33,790 | 30,75,415 |
| 2. | Other Income | 1,98,557 | Nil |
| 3. | Total Revenue (1+2) | 33,32,347 | 30,75,415 |
| 4. | Depreciation & Amortization Exp. | 1,91,971 | 3,23,836 |
| 5. | Other Expenses | 15,19,829 | 22,14,894 |
| 6. | Profit/(Loss) Before Tax | 12,33,932 | (47,386) |
| 7. | Current Tax | 1,07,693 | 83,828 |
| 8. | Deferred Tax | (3,17,489) | (25,285) |
| 9. | Profit/(Loss) After Tax (PAT) | 11,65,607 | (1,05,929) |

PERFORMANCE HIGHLIGHTS:

During the year under Report, your Company has recorded the total Revenue Rs. 33,32,347/-. Further, due to sustain efforts of the management, the Company has earned net profit of Rs. 11,65,607/- during the year under Report as compared to net loss of Rs. 1,05,929 of last year.

BUSINESS DEVELOPMENT STRATEGY:

During this current fiscal, the Company has reviewed the upcoming prospects of the segment funding lying into the business in diverse areas and the Company has taken necessary steps to spread out the business activities of the Company into segment funding /finance activities.

DIVIDEND:

The Company is in reviving path of operations during year 2013-14, and to preserve resources for future purposes, your Board of Directors does not recommend declaration of dividend.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

As the Company is engaged in service sector, 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. Further, there have been no foreign exchange earnings or expenses during the year under report.

PARTICULARS OF EMPLOYEES:

There are no employees in the Company drawing remuneration more than Rs. 5 Lacs per month or 60 Lacs per annum, the limits specified in the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) (Amendment) Rules, 2011.

BOARD OF DIRECTORS:

Mr. Ketan Dhulesia, Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Further, Mr. Ketan Dhulesia, Mr. Janish Ajmera and Dr K K Khakhar, are Independent Directors of the Company, and in terms of Section

CORPORATE GOVERNANCE:

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. The Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), National Foundation for Corporate Governance (NFCG), Institute of Company Secretaries of India (ICSI) and other such regulatory bodies and organizations are continuously making stringent efforts to strengthen Corporate Governance framework in the country.

Accordingly, a detailed Report on Corporate Governance as well as the Certificate from M/s. S A D P & Co, Chartered Accountants, and the Statutory Auditors of the Company are annexed to this Report of Board of Directors.

STATUTORY AUDITORS:

M/S. S A D P & Co., Chartered Accountants, Rajkot 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.

SUBSIDIARY COMPANY:

During the year under review, M/s Hitraj Developers Private Limited (HDPL) has been removed as subsidiary of the Company. As on 31st March, 2014, the Company does not have any subsidiary.

RAJATH FINANCE LIMITED

REPLY OF THE MANAGEMENT TO THE REMARKS OF THE AUDITORS:

The Statutory Auditors have remarked in Point No. 3 (B) of Annexure to the Auditors Report that the terms and conditions of loans granted by the Company are prima – facie prejudicial to the interest of the Company since there is no stipulation regarding repayment of principal and interest. Here, the management would like to inform, that necessary terms and conditions are being formulated to recover the loan and interest granted by the Company and the same will be implemented shortly.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENTS

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

PERFORMANCE

During the year under Report, the Company has recorded total revenue of Rs. 30,75,415/- and major part of revenue is generated through Interest Income. Further, due to unfavorable conditions prevailing in the market, the Company has recorded Net Loss of Rs. 1,05,929/-. Your directors assure to recover the losses as early as possible.

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 2013-14

The Economy is predicted to continue its consistent performance seen in 2013-14 and the business outlook for Rajath is healthy in its way. In 2014-15, 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.

ACKNOWLEDGEMENT:

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

Date : 28/05/2014
Place : Rajkot

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

| | |
|--------------------------|------------------------|
| (HITESH BAGDAI) | (BHAVDEEP VALA) |
| MANAGING DIRECTOR | DIRECTOR |