

RAJESWARI FOUNDATIONS LIMITED

(Formerly known as Rajeswari Graphics Limited)



12th Annual Report
2004-2005

Rajeswari Foundations Limited
(Formerly known as ***Rajeswari Graphics Limited***)

Board of Directors

Shri G. RAMAMURTHY	Chairman & Managing Director
Shri G. KUMAR	Director - Technical
Shri G. KARTHIKEYAN	Director - Technical
Shri D. SEKARAN	Director
Smt R. USHA	Director
Smt K. VIJAYALAKSHMI	Director
Smt K. VINODHINI	Director

Company Secretary	Shri AMRITLAL BISANI
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Bankers	ABN-Amro Bank N.V. Standard Chartered Bank ICICI Bank Limited Andhra Bank
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Auditor	Shri R. SUNDARARAJAN Chartered Accountant
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Registered Office	G-4, Parsn Paradise Apartments 109, G.N. Chetty Road T.Nagar, Chennai - 600 017. E-mail: rajeswarigraphicsltd@vsnl.net Website: www.rajeswarifoundations.com
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Works Division	156, Vannier Street, Choolai Medu Chennai - 600 094.
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Branch Office	29E, Kandasamy Layout Sakthi Theatre Road Tirupur - 641 603.
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Registrar & Share Transfer Agent	Cameo Corporate Services Limited Fifth Floor, Subramanian Building, No.1, Club House Road, Chennai - 600 002. Tel. No.: 91-44-28460390/91/92/93 E-mail: cameosys@satyam.net.in
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Rajeswari Foundations Limited
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NOTICE TO THE MEMBERS

Notice is hereby given that the Twelfth Annual General Meeting of the Shareholders of the Company will be held on Wednesday the 28th September 2005 at 3.30 P.M. at Narada Gana Sabha (Mini Hall), at 314 T.T.K. Road, Chennai - 600 018 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the profit and loss Account for the year ended 31st March 2005, the Balance Sheet as at the date and the Auditors' Report there on.
2. To elect a director in place of Mr. G. Karthikeyan who retires by rotation and being eligible offers himself for reappointment.
3. To elect a director in place of Mr. G. Kumar who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, the Company hereby approves the revision in terms of remuneration payable to Mr. G.Ramamurthy, the Managing Director of the Company, from 1st April, 2005 for the residual term of office till 30.09.2008, as per the terms and conditions set out in the draft supplementary agreement to be entered into by the Company with him, submitted to the Meeting, and initialled for the purpose of identification by Mr. D. Sekaran, Director of the Company."

"Resolved further that all other terms and conditions relating to his appointment and remuneration shall remain unchanged."

"Resolved further that the Board of Directors be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

By order of the Board

G. Ramamurthy

Chairman and Managing Director

Place : Chennai

Date : 17.06.2005

Registered Office

G-4, Parsn Paradise Apartments

109, G.N. Chetty Road

T.Nagar, Chennai - 600 017.

NOTES

1. 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. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to the provisions of section 173 (2) of the Companies Act, 1956 is annexed.
3. All documents referred to in the Notice and Explanatory Statement will be available for inspection by the members at the registered office of the Company between 10.00 a.m. and 1.00 p.m. on all working days upto the date of Annual General Meeting.
4. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday 26th September 2005 to Wednesday 28th September 2005 (both days inclusive).
6. Members holding shares in physical form are requested to notify any change in their address to the Company's Registrar and Transfer Agent, Cameo Corporate Services Limited, Subramanian Building, No.1, Club House Road, Chennai-600 002. Members holding shares in electronic form may intimate any such change to their respective Depository Participants (DPs).
7. The equity shares of the Company are available for trading in dematerialized form (scripless trading in electronic form) through Depository Participants. The ISIN Code is INE 016CO1014.
8. Information pursuant to clause 49 of Listing Agreement regarding proposed Appointment/Re-appointment of Directors:

Name	Age	Qualification	Other Directorship(s) if any
1. Mr. G. Kumar	42	Metric	Nil
2. Mr. G. Karthikeyan	38	Metric	Nil

EXPLANATORY STATEMENT**Pursuant to the provisions of Section 173(2) of the Companies Act, 1956****ITEM NO.5**

In view of the changing trend in compensation of managerial personnel, the Company had undertaken a detailed study of the compensation policy in various comparable companies. The remuneration now proposed is fairly in line with the general pattern for comparable responsibility / job profile. The Board at its Meeting held on 31st March, 2005 revised the limits on overall remuneration payable to Mr. G. Ramamurthy, the Managing Director. The following table shows the overall existing and proposed limits on remuneration and perquisites, payable to Mr. G. Ramamurthy, the Managing Director.

Date of General meeting approving the resolution	– 27.09.2004
Period of existing agreement	– 5 yrs. w.e.f. 01.10.2003
Existing Limits	– Salary - Rs.24,000 per month
Remuneration	Commission - 1% of Net Profit of the Company
Perquisites	As per the Original agreement
Proposed Limits	– Salary - Rs.40,000 per month
Remuneration	Commission - 1% of Net Profit of the Company
Perquisites	No change

For the above purpose,

(i) 'remuneration' includes salary, commission and Personal Allowance.

(ii) 'perquisites' include furnished accommodation or house rent allowance in lieu thereof, gas, electricity, water, furnishings, domestic assistance, use of car with driver, telephone at residence, children's education allowance, medical reimbursement and leave travel concession for self and family, club fees and personal accident insurance etc. in accordance with the rules of the Company.

The aforesaid remuneration and perquisites shall be restricted to the above referred limits and overall limits laid down in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII to the said Act. In addition, the above managerial personnel shall be entitled to Company's contribution to Provident Fund, Superannuation Fund upto tax exemption limit and Gratuity payment in accordance with the rules of the Company. The above modification in remuneration requires Members' approval.

An abstract of the modification/variation in remuneration of Mr. G. Ramamurthy, Managing Director, Pursuant to Section 302 of the Companies Act, 1956 has already been circulated to all the shareholders and the same is available for inspection by the Shareholders at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days up to the date of Annual General Meeting.

All the Directors are interested in the resolution except Mr. D. Sekaran. Since all the Directors are relatives except Mr. D. Sekaran.

By order of the Board

Place : Chennai
Date : 17.06.2005

G. Ramamurthy
Chairman and Managing Director

Registered Office
G-4, Parsn Paradise Apartments
109, G.N. Chetty Road
T Nagar, Chennai - 600 017.

Rajeswari Foundations Limited
(Formerly known as **Rajeswari Graphics Limited**)

DIRECTORS' REPORT

Your Directors have pleased to present the 12th Annual Report together with the Audited Accounts of Your Company for the financial year ended 31st March 2005. Members would be happy to note that your Company has had a successful year of operation, which has resulted in an after tax profit of Rs. 48,51,861.

The Financial Results of your Company are as follows:

	Year ended 31.03.2005 (Rs. in lakhs)	Year ended 31.03.2004 (Rs. in lakhs)
Income from Operations	406.12	237.77
Non-Operating Income	5.12	13.79
Total Expenditure	323.50	193.50
Interest	11.56	1.09
Gross Profit (after Interest but before depreciation and taxation)	76.18	56.97
Depreciation	22.43	20.71
Profit before Tax	53.75	36.26
Provision for Current Taxes	4.52	2.09
Provision for Deferred Taxes	0.71	0.10
Profit after Tax	48.52	34.07
Balance brought forward from last year	(39.43)	(73.50)
Balance carried to Balance Sheet	9.09	(39.43)

OPERATIONS

The sales for the year was at Rs. 406.12 lakhs as against Rs. 237.77 lakhs for the previous financial year. Your Company's performance with regard to overall sales should be regarded as good considering the competitive market condition.

The year 2004-05 has been a good year for the economy, and a bit of a mixed bag for infrastructure and construction. Despite less than normal monsoon, India achieved a GDP growth of 6.9 per cent which, which will be more in the region of 7.1-7.2 per cent when the final national income estimates are released.

Your Company had completed Phase I of 12 Independent Bungalows at Mugalivakkam near Chennai and 8 Independent Bungalows at Madipakkam near Chennai. The Company has also completed a substantial portion of Phase II.

Your directors are pleased to inform that during the year under review, the Company has identified the following projects:

Name of the Project	Total Value of the Project
Pallikaranai	Rs. 224 lakhs.
Selaiyur	Rs. 225 lakhs
Nanmangalam	Rs. 144 lakhs

The Company has also submitted bids for other projects, which are under evaluation. The Company is confident of securing a sizeable share of these new projects.

In the Printing and Graphics Division, the industry registered moderate revenue during the year. The turnover of this business was Rs. 61.08 lakhs compared to Rs. 50.49 lakhs in the previous year. This business witnessed intense competition in the market and the overall margins are under pressure. The printers are working on very thin margin. These factors had an impact on the profitability of this business.

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OUTLOOK

The big potential still unfolding is in the construction sector. Though marked by intense competition and concomitant squeeze in profit margins, domestic construction companies face a bright future, as India steps up its infrastructure expenditure. Infrastructure is the backbone of economic development and the Governments at the Centre and the States, working in tandem, are giving utmost priority to this sector.

The initiatives are intensified by the Central and the State Governments for inviting private sector to develop infrastructure and to provide management of the infrastructure so that the quality of service delivery is assured and price-performance is maintained to the satisfaction of general public.

In the year to come, your company has initiated major cost effective measures to improve the margins. Sustainable medium and long term goals are envisaged and pursued. Your directors foresee that, the performance of the Company will be better.

CHANGE OF NAME

Your company having duly passed special resolution at the Annual General Meeting held on 27th September 2004 in terms of Section 21 of the Companies Act, 1956 and the same have been approved by Registrar of Companies, Chennai vide their Letter No. 18-24868/S.21/2004 dated 05.11.2004. The existing name of **Rajeswari Graphics Limited** was changed to **Rajeswari Foundations Limited** with effect from 05.11.2004.

DIVIDEND

As the profits are insufficient to declare a reasonable dividend, the board of directors are not recommending any dividend for the year 2004-2005.

DIRECTORS

Mr. G. Karthikeyan and G. Kumar Directors retire by rotation at the ensuing annual general meeting and they being eligible offer themselves for re-appointment.

PUBLIC DEPOSITS

During the year under review, the Company has neither invited nor received any deposits from the public.

AUDITORS

Mr. R. Sundararajan, Chartered Accountant, retires at the ensuing annual general meeting and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief, confirm that:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
- ii. that the selected accounting policies were applied consistently and the directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2005 and of the profit of the Company for the year ended on that date;
- iii. that proper and sufficient care has been taken 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 fraud and other irregularities;
- iv. that the annual accounts have been prepared on a going concern basis.

AUDITORS' REPORT

The observation made in the Auditors' Report are self-explanatory and therefore do not call for further comments under Section 217 of the Companies Act, 1956.

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FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings (Previous Year Rs. Nil) – Rs. Nil

	Yearended 31.3.2005		Year ended 31.3.2004	
	INR	In foreign currency	INR	In foreign currency
Foreign Exchange outgo	288413	Aus \$ 2640 US \$ 128 Euro € 2455 Euro TC 1000	Nil	Nil

INFORMATION AS PER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956.

The Company has no activity relating to conservation of energy or technology absorption.

PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration in excess of monetary ceiling prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 during the financial year 2004-05.

INDUSTRIAL RELATIONS

Relations with the staff members and the workmen continued to be cordial and satisfactory during the year under consideration.

CORPORATE GOVERNANCE

A Report on Corporate Governance forms part of this Report. The Management Discussion & Analysis Report is also annexed to this Report. Certificate of the Statutory Auditor, Mr. R. Sundararajan confirming compliances with clause 49 of the Listing Agreement with Stock Exchanges in India, relating to Corporate Governance, is annexed.

DEMATERIALISATION OF EQUITY SHARES

As on 31.03.2005, 3540581 numbers of equity shares are held in Dematerialized Form, which constitutes 74.84% of total shareholding.

CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the listing agreement with Stock Exchanges, the cash flow statement for the year 2004-2005 is annexed hereto.

ACKNOWLEDGEMENTS

The Board placed on record its appreciation for the assistance and co-operation received from the Banks and Government Authorities.

The Board also places on record its gratitude to the employees at all levels for their commitment and dedicated efforts. The Directors are also thankful to the shareholders for their continued support to the Company.

For and on Behalf of the Board of Directors

Place : Chennai
Date : 17.06.2005

G. Ramamurthy
Chairman and Managing Director

Rajeswari Foundations Limited
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REPORT ON CORPORATE GOVERNANCE

Compliance with clause 49 of the listing agreement with the Stock Exchanges

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges, the Compliance Report on Corporate Governance (in the prescribed format), alongwith the Certificate of Statutory Auditors (Annexure I) is given as under:

PHILOSOPHY ON CODE OF GOVERNANCE

Rajeswari Foundations Limited is committed to standards of Corporate Governance in all activities.

A. BOARD COMPOSITION

1. Size of the Board and Independent Directors

The Board, has currently Seven Members comprising the Managing Director, Two Whole Time Director and Four non-executive Directors. As per the current by-laws of the Company, the Board can have up to 12 (twelve) Members. The present Board has one independent director, Three executive directors and Three Non-executive directors.

B. BOARD COMMITTEES

1. The Committees of the Board

Currently, the Board has Three Committees – the Audit Committee, the Investor Relations Committee and Remuneration Committee

a. Board of directors

- ❖ Composition and category of directors as of March 31, 2005 is as follows:

Category	No. of directors	%
Executive Directors	3	43
Non- Executive Directors	4	57

- ❖ During the year ended 31.3.2005, 10 Board Meetings were held on the following dates.

Sl. No.	Date of meeting	No. of Directors Present
1	01.06.2004	4
2	30.06.2004	6
3	30.07.2004	6
4	18.08.2004	6
5	28.10.2004	5
6	29.11.2004	5
7	01.12.2004	5
8	28.12.2004	5
9	27.01.2005	6
10	31.03.2005	6