

RAJESWARI FOUNDATIONS LIMITED

**13th Annual Report
2005-2006**

Rajeswari Foundations Limited

Board of Directors

Shri G. RAMAMURTHY

Chairman & Managing Director

Smt R. USHA

Whole-time Director

Shri D. SEKARAN

Director

Shri N.P. JAGANATHAN

Director

Shri K.V. SAMBAVADASS

Director

Company Secretary

Shri AMRITLAL BISANI

Bankers

ABN-Amro Bank N.V.

Standard Chartered Bank

UTI Bank Limited

Andhra Bank

Auditor

Shri R. SUNDARARAJAN

Chartered Accountant

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

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

Rajeswari Foundations Limited

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Rajeswari Foundations Limited

NOTICE TO THE MEMBERS

Notice is hereby given that the Thirteenth Annual General Meeting of the Shareholders of the Company will be held on Thursday the 7th September 2006 at 11 00 A 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 2006, the Balance Sheet as at the date and the Auditors' Report there on
- 2 To declare a final dividend on equity shares
- 3 To elect a director in place of Mr D Sekaran 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 Section 255, 257 and other applicable provisions, if any, of the Companies Act, 1956 Mr N P Jaganathan, retiring Additional Director be and is hereby appointed as a Director of the Company liable to retire by rotation

- 6 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 Section 255, 257 and other applicable provisions, if any of the Companies Act, 1956 Mr K V Sambavadass, retiring Additional Director be and is hereby appointed as a Director of the Company liable to retire by rotation

- 7 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 2006, 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 initialed 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

- 8 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 Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, consent and approval of the Company be and is hereby accorded for the appointment of Mrs R Usha as Whole-Time

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Director of the Company for a period of Five Years w e f 01 11 2005, on the following terms and conditions including benefits, perquisites, and allowances from 1st November 2005

- | | | |
|---|-------------------|--|
| 1 | Salary | Rs 18,000/- per month |
| 2 | Other perquisites | No other perquisites except the above salary |

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any of the financial years during the tenure of Mrs R Usha as Whole-Time Director of the Company, she shall be entitled to receive and be paid the substantive remuneration mentioned in above, including all allowances as minimum remuneration

By order of the Board

Place Chennai
Date 26 06 2006

G. Ramamurthy
Chairman and Managing Director

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 AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY SHOULD BE LODGED WITH THE COMPANY AT LEAST FORTY EIGHT HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING**

Revenue Stamp for 15 paise should be affixed on the Proxy Form. Forms which are not stamped or inadequately stamped are liable to be considered invalid. Further, for identification purposes etc., it is advisable that the proxy holder's signature may also be furnished in the Proxy Form.

- 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 to 5 30 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 Registrar of members and Share Transfer Books of the Company will remain closed from Friday 01st September 2006 to Thursday 7th September 2006 (both days are inclusive)
- 6 After declaration of the dividend at the Annual General Meeting, the Dividend Warrants are scheduled to be posted on or after September 7, 2006 In respect of shares held in electronic form the dividend will be paid on the basis of beneficial ownership, as per details to be furnished for this purpose by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)
- 7 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)
8. 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

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**INFORMATION ABOUT DIRECTORS SEEKING APPOINTMENT/
RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING IN
RESPECT OF RESOLUTION NO.3, 5, 6 & 8 ABOVE
(in accordance with Clause 49 VI of the Listing Agreement)**

Name	Age	Qualification	Other Directorship(s)	Committee Memberships
D Sekaran	50	Graduate	Nil	Nil
N P Jaganathan	51	Graduate	Nil	Nil
K V Sambavadass	61	DAE	Nil	Nil
R Usha	40	Metric	Nil	Nil

EXPLANATORY STATEMENT

Pursuant to the provisions of Section 173(2) of the Companies Act, 1956

ITEM NO 5

Mr N P Jaganathan, was appointed as an additional Director on the Board of the Company with effect from 30 12 2005 pursuant to the provisions of section 260 and Article of Association of the Company, he will hold office only upto the date of this Annual General Meeting. The Company has received a Notice in writing from a member in accordance with Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr N P Jaganathan, as a Director of the Company. The information relating to the Directors containing requisite disclosures are given at the end of the notice. A profile of the Director is also given in Board of Directors section in the Annual Report.

Mr N P Jaganathan, it will be in the best interest of the Company to appoint him as a Director.

The appointment of Mr N P Jaganathan, as a Director of the Company, is recommended for approval by the members.

None of the Directors, except the appointee himself, who is interested in the respective resolution relating to his appointment, is concerned or interested in the resolution.

ITEM NO 6

Mr K V Sambavadass, was appointed as an additional Director on the Board of the Company with effect from 30 12 2005 pursuant to the provisions of section 260 and Article of Association of the Company. he will hold office only upto the date of this Annual General Meeting. The Company has received a Notice in writing from a member in accordance with Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr K V Sambavadass, as a Director of the Company. The information relating to the Directors containing requisite disclosures are given at the end of the notice. A profile of the Director is also given in Board of Directors section in the Annual Report.

Mr K V Sambavadass, It will be in the best interest of the Company to appoint him as a Director.

The appointment of Mr K V Sambavadass, as a Director of the Company, is recommended for approval by the members.

None of the Directors, except the appointee himself, who is interested in the respective resolution relating to his appointment, is concerned or interested in the resolution.

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ITEM NO 7

In view of the changing trends 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 08th April 2006 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 40,000 per month
Remuneration	Commission - 1% of Net Profit of the Company
Perquisites	As per the Original agreement
Proposed Limits	– Salary Rs 60,000 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 furnishing, domestic, assistance, use of car with driver, telephone at residence, children's education allowance medical reimbursement and leave 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 section 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 in remuneration of Mr G Ramamurthy, Managing Director, pursuant to Section 302 of the Companies Act, 1956 has 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 00a m and 1 00 p m on all working days upto the date of Annual General Meeting

Mr G Ramamurthy and Mrs R Usha are interested or concerned in the resolution

ITEM No 8

The appointment and payment of remuneration to Mrs R Usha, whole time Director is subject to approval of members as required under Section 269 of the Companies Act, 1956 by way of ordinary Resolution. Mrs R Usha has been functioning as such since 15 3 2004

Approval of the members is sought for the appointment of and payment of remuneration to Mrs R Usha, Whole-time Director of the Company for a period of 5 years w e f 1 11 2005

Terms and conditions of the appointment as follows

- 1 Salary Rs 18,000/- per month
- 2 Other perquisites No other perquisites except the above salary

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Overall Limit

Notwithstanding anything contained above, the remuneration payable to Mrs R Usha shall be subject to the overall limits specified under Sections 198, 309, and 310 and Schedule XII of the Companies Act, 1956 as amended from time to time

Minimum Remuneration

In the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, commission, incentive, perquisites, benefits, amenities and facilities to Mrs R Usha, shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made thereunder or any statutory modification or re-enactment thereof

Mr G Ramamurthy and Mrs R Usha are interested or concerned in the resolution

By order of the Board

Place Chennai
Date 26 06 2006

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***DIRECTORS' REPORT**

Your Directors are pleased to present the 13th Annual Report together with the Audited Accounts of Your Company which has had a successful year of operation, which has resulted in an after tax profit of Rs 59,77,531

Financial Results of your Company are as follows

	Year ended 31 03.2006 (Rs. in lakhs)	Year ended 31 03 2005 (Rs in lakhs)
Income from Operations	531.72	406 12
Non-Operating Income	2.11	5 12
Total Expenditure	444.88	323 50
Interest	4.83	11 56
Gross Profit (after Interest but before depreciation and taxation)	84.12	76 18
Depreciation	19.82	22 43
Profit before tax	64.30	53 75
Provision for Current Taxes	5.68	4 52
Provision for Deferred Taxes	(1.60)	0 71
Fringe Benefit Tax	0.44	—
Profit after Tax	59.78	48 52
Balance brought forward from last year	9.08	(39 43)
Amount available for appropriation	68.86	—
Appropriations have been made us under		
Transfer to General Reserve	5.00	—
Dividend –Interim	23.65	—
Dividend(Proposed) –Final	23.65	—
Dividend Tax	6.64	—
Surplus carried to Balance Sheet	9.92	—

DIVIDEND

The Directors have declared and paid an interim dividend of 5%, on the equity capital for the financial year 2005-2006 and are pleased to recommend a further 5% as final dividend, making for a total dividend of 10% for the year. The amount on this account inclusive of tax on distributed profits and surcharge thereon, works out to Rs 53,94,408 leaving the Company with retained profits of Rs 68,86,211. Out of this, Rs 5,00,000 is being transferred to the General Reserve and Rs 9,91,803 being retained as surplus in the Profit and Loss Account.

OPERATIONS

The sales for the year was at Rs 531 72 lakhs as against Rs 406 12 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 Indian Economy registered another year of impressive growth during 2005-2006 with GDP growth climbing to 8.4% from 7.5% in 2004-2005, owing largely to sustained growth in the industry and service sectors and a growing world economy, despite record high crude oil prices. Another positive feature was that the growth was accompanied by continued maintenance of relative price stability.

Your Company had completed Phase III of 8 Bungalows at Mugalivakkam near Chennai. The Company has also completed a substantial portion of Phase III of 2 Bungalows at Arumugam Nagar, 8 Bungalows at Nanmangalam and Phase II of 10 Bungalows at Madipakkam.

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

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Name of the Project	Total Value of the Project
Pallikaranai	Rs 384 lakhs
Porur	Rs 748 lakhs
Mugalivakkam	Rs 2200 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 a marginal decline during the year. The turnover of this business was Rs 26.08 lakhs compared to Rs 61.08 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.

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 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 director's foresee that, the performance of the Company will be better.

DIRECTORS

Mr. D. Sekaran retires by rotation at the ensuing annual general meeting and is eligible for re-appointment.

During the year, the Board of Directors has appointed Mrs. R. Usha as the Whole-Time Director of the Company with effect from 1.11.2005.

Messrs. Mr. N. P. Jaganathan and Mr. K. V. Sambavadass have been co-opted as Additional Directors by the Board of Directors at their meeting held on 30.12.2005 and hold office up to the date of this Annual General Meeting. Notice have been received from members proposing each one of them as Director.

Messrs. G. Kumar, G. Karthikeyan, K. Vinodhini and K. Vijayalakshmi resigned from the Board of Directors of the Company with effect from 30.09.2005. In the casual vacancy so caused, Shri. N. P. Jaganathan and Shri. K. V. Sambavadass were appointed as Directors of the Company with effect from 30.12.2005. The Directors place on record the appreciation for the valuable advices given by Messrs. G. Kumar, G. Karthikeyan, K. Vinodhini and K. Vijayalakshmi during their tenure of office as Directors of the Company.

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 is eligible for re-appointment.