

## **Corporate Information**

### **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**

**Indian Overseas Bank  
Standard Chartered Bank  
Corporation Bank  
Kotak Mahindra Bank  
Andhra Bank  
Yes Bank**

### **Auditor**

**Shri R. SUNDARARAJAN**  
Chartered Accountant

### **Registered Office**

18/23, 2nd Cross Street  
East CIT Nagar, Nandanam  
Chennai - 600 035.  
E-mail: rajeswarifoundationsltd@yahoo.com  
Website: www.rflindia.org

### **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

## *Disclaimer*

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## **NOTICE TO THE MEMBERS**

Notice is hereby given that the Seventeenth Annual General Meeting of the Shareholders of the Company will be held on Thursday the 30<sup>th</sup> September 2010 at 11.30 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 31<sup>st</sup> March 2010, the Balance Sheet as at the date and the Auditors' Report there on.
2. To declare a dividend of 5% 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 a Director in place of Mr. K.V. Sambavadass who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and for this to consider and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution.

"RESOLVED THAT the retiring Auditor **R. SUNDARARAJAN**, Chartered Accountant, be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company on such remuneration as may be fixed by the Board of Directors."

By order of the Board

-sd-

**G. Ramamurthy**

*Chairman & Managing Director*

Place : Chennai  
Date : 06.08.2010

*Registered Office*  
18/23, 2nd Cross Street,  
East CIT Nagar, Nandanam,  
Chennai - 600 035.

### **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. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Registered Office of the company, a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The Registrar of Members and Share Transfer Books of the Company will be closed from Monday 27<sup>th</sup> September 2010 to Thursday 30<sup>th</sup> September 2010 (both days inclusive)
4. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification.

5. Securities and Exchange Board of India (SEBI), vide Circular No.MRD/DoP/Cir-05/2009 dated May 20, 2009, has informed that in respect of Securities Market transactions and off-market/private transaction involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferees to furnish copy of PAN card to the Company/Registrars and Transfer Agents for registration of such transfer of shares.  
In view of the above circular dated 20-05-2009, all requests for transfer of shares received after 20.05.2009 will be processed only if the requests are accompanied by a copy of the PAN card.
6. Shareholders seeking any information with regard to accounts are requested to write to the Company at any early date so as to enable the Management to keep the information ready.
7. After declaration of the dividend at the Annual General Meeting, the Dividend Warrants are scheduled to be posted on or after September 30, 2010. 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).
8. 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).
9. 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 016C01014
10. Pursuant to the provisions of Section 205A of the Companies Act, as amended, read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules 2001, dividend which remain unpaid or unclaimed for a period of 7 years will be transferred to the investor Education and Protection Fund of the Central Government, shareholders/investors who have not encashed the dividend warrant(s) so far are requested to make their claim to the Secretarial Department, 18/23, 2<sup>nd</sup> Cross Street, East CIT Nagar, Nandanam, Chennai-600035. Shareholders are requested to please note that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, no claim shall lie in respect thereof.

The particulars of due dates for transfer of such unclaimed dividend to Investor Education and Protection Fund are furnished below:

Financial year	Date of Declaration of Dividend	Date of Transfer to Special Account/ Unclaimed Account	Date of Transfer to IEPF
2005-2006 (Interim Dividend)	04.01.2006	04.02.2006	04.02.2013
2005-2006 (Final Dividend)	07.09.2006	07.10.2006	07.10.2013
2006-2007	26.09.2007	26.10.2007	26.10.2014
2007-2008	26.09.2008	26.10.2008	26.10.2015
2008-2009	26.09.2009	24.10.2009	24.10.2016

## *Rajeswari Infrastructure Limited*

### **INFORMATION ABOUT DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING IN RESPECT OF RESOLUTION NO.3 AND 4 ABOVE**

**(In accordance with Clause 49 VI of the Listing Agreement)**

<b>Name of the Director</b>	<b>Age</b>	<b>Qualification</b>	<b>Other Directorship(s) if any</b>	<b>Committee Memberships</b>
D. Sekaran	54	Graduate	Nil	Nil
K.V. Sambavadass	65	DAE	Nil	Nil

By order of the Board

-sd-

**G. Ramamurthy**

*Chairman & Managing Director*

Place : Chennai  
Date : 06.08.2010

*Registered Office*  
18/23, 2nd Cross Street,  
East CIT Nagar, Nandanam,  
Chennai - 600 035.

**DIRECTORS' REPORT**

Your Directors are pleased to present the 17<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

Financial Results of your Company are as follows:

	<b>Year ended 31.03.2010 (Rs. in lakhs)</b>	<b>Year ended 31.03.2009 (Rs. in lakhs)</b>
Income from Operations	755.93	1009.78
Non-Operating Income	6.67	4.52
Total Expenditure	668.53	847.69
Interest	21.20	41.39
Gross Profit (after Interest but before depreciation and taxation)	72.87	125.57
Depreciation	16.96	16.56
Profit before tax	55.90	109.00
Provision for Current Taxes	20.35	42.51
Provision for Deferred Taxes	(2.93)	2.94
Fringe Benefit Tax	—	0.85
Profit after Tax	38.49	62.68
Balance brought forward from last year	0.17	0.07
Amount available for appropriation	38.67	62.76
Appropriations have been made us under:		
Transfer to General Reserve	—	1.70
Dividend(Proposed)	27.65	52.03
Dividend Tax	4.59	8.84
Surplus carried to Balance Sheet	6.42	0.17

**DIVIDEND**

Your Directors take pleasure on recommending equity dividend of 5% (Re.0.50 per share of Rs.10/- face value) on the paid-up equity share capital for the approval of members. The dividend, if approved, at the 17<sup>th</sup> Annual General meeting by the members, will be paid to all those equity shareholders whose names appear in the register of members as on 27<sup>th</sup> September and also to those, whose names as beneficial owners are furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited.

**OPERATIONAL PERFORMANCE**

You will be glad to note that your company achieved a turnover of Rs.755. 93 lakhs as against Rs.1009.78 lakhs achieved in the previous year. The earned gross profit of Rs.72.87 lakhs after interest and before depreciation as against Rs.125.57 lakhs in the previous year. After deducting interest of Rs.21.20 lakhs, providing a sum of Rs.16.96 lakhs towards depreciation, income tax provision of Rs.20.35 lakhs, the operations resulted in a net profit of Rs.38.49 lakhs as against Rs.62.68 lakhs in the previous year.

The Company has developed excellent engineering, planning and project execution skills during this period. It is well recognized for quality consciousness and timely completion of the projects without cost over-run.

**FUTURE OUTLOOK**

India leads the pack of top real estate investment markets in Asia for 2010, according to a study by Pricewaterhouse Coopers (PwC) and Urban Land Institute, a global non-profit education and research institute, released in December 2009, Accordingly to the report of the Technical Group of Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the eleventh year plan (2007-12) provides a big investment opportunity.

## *Rajeswari Infrastructure Limited*

According to the data released by the Department of Industrial Policy and Promotion (DIPP), housing and real estate sector including Cineplex, multiplex, integrated townships and commercial complexes etc., attracted a cumulative foreign direct investment (FDI) worth US\$ 8.4 billion from April 2000 to March 2010 wherein the real estate and the housing sector witnessed FDI amounting US\$ 2.8 billion in the fiscal year 2009-10.

The Indian construction industry is an integral part of the Indian economy. It is the second largest Industry of the country after agriculture. The investment in construction accounts for nearly 11 percent of India's Gross Domestic Product (GDP) and nearly 50 percent of its Gross Fixed Capital Formation (GFCF)

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. The track record of the Company and proven skills of its employees of various levels will be useful in further improving the performance of the Company in the years to come.

### **PREFERENTIAL ISSUE OF EQUITY SHARES TO PROMOTERS OF THE COMPANY & OTHERS**

As approved by the members at the Extra-ordinary General Meeting of the company held on 22nd June 2009, the Board of Directors at their meeting held on 31/08/2009 has made allotment of 2,50,000 equity shares on conversion of warrants of face value of Rs.10/- each to non-promoters and 9<sup>th</sup> October 2009 has made allotment of 5,50,000 equity shares on conversion of warrants of face value of Rs.10/- each to promoters of the company as per SEBI Guidelines on preferential basis.

### **CHANGE IN CAPITAL STRUCTURE**

At the Last Annual General Meeting of the company held on 24<sup>th</sup> September 2009 the Authorised Capital of the Company was increased from Rs.10 crores to 15 Crores. Now the Authorised Capital is Rs.15 crores divided into 1,50,00,000 Equity shares of Rs.10/- each.

### **CHANGE OF NAME OF THE COMPANY**

After complying with all statutory formalities the name of the company was changes from Rajeswari Foundations Limited to Rajeswari Infrastructure Limited with effect from 29.10.2009 fresh certificate of Incorporation consequent to the change of name was issued by the registrar of companies, Tamilnadu, Chennai on 29.10.2009.

### **DIRECTORS**

Mr. D. Sekaran and K.V. Sambavadass retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

### **PUBLIC DEPOSITS**

Your Company has not accepted any deposits an, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

### **AUDITORS**

Mr. R. Sundararajan, Chennai Chartered Accountant, who are the statutory auditors of the Company retire at the ensuing annual general meeting and is eligible for re-appointment. The retiring Auditor have furnished a Certificate of his eligibility for re-appointment under Section 224 (1B) of the Companies Act, 1956 and have indicated their willingness to be re-appointed.

### **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, 2010 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**

With regard to the remarks of the Auditors in their report to the members, the Directors have to state that the note no.2, and referred to by the Auditors are self explanatory and no further comments are called for.

Your Directors have to comment as under on the point regarding confirmation of balances. The Company had sent circulars to most of the suppliers but the confirmation from them were not received except in a few cases. However, from the current year the Company will be writing for confirmation of all debit and credit balances.

The Report of the Auditors being self-explanatory needs no further comments.

## **INVESTOR EDUCATION & PROTECTION FUND**

As at March 31, 2010 dividends amounting to Rs. 10,25,221 have not been claimed by shareholders of the Company. The Company has been intimating the shareholders to lodge their claim for dividend from time to time.

As per the provisions of Section 205A of the Companies Act, 1956, dividends that have not been claimed by the shareholders for a period of seven years from the date of transfer to the unpaid dividend account will be transferred to the Investor Education and Protection Fund in accordance with the current regulations.

## **LISTING**

The securities of the Company are listed on the Bombay Stock Exchange Limited and Madras Stock Exchange Limited. The Company has duly paid the listing fees to all the aforesaid Stock Exchanges for the year 2009-2010.

## **CORPORATE GOVERNANCE**

The Company has complied with the mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock Exchanges, with which the Company's shares have been enlisted. A separate Report on Corporate Governance is enclosed as a part of this Annual Report. A certificate as to Compliance of the conditions of Corporate Governance as stipulated under Clause-49 of the Listing Agreement is annexed to the Report on Corporate Governance.

## **COMPLIANCE CERTIFICATE**

A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

## **DEPOSITORY SYSTEM**

Trading in Equity shares of the Company is permitted only in dematerialized form. All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e. NSDL and CDSL within the stipulated time. Upto 31<sup>st</sup> March 2010, 74.31% Equity Shares of the Company have been dematerialized.



## **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 2009-2010 is annexed hereto.

## **DISCLOSURES**

### **INFORMATION AS PER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956 –CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Company's core activity at present is civil construction which is not power intensive. The Company is making every effort to reduce the consumption of power.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange Earnings Rs. Nil (Previous Year Rs. Nil/-)

Particulars	Year ended 31.3.2010		Year ended 31.3.2009	
	INR	In foreign currency	INR	In foreign currency
<b>Foreign Exchange Outgo</b>				
Imports	Nil	Nil	Nil	Nil
Foreign Travel	6,47,535	—	2,72,559	—

## **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 2009-2010.

## **INDUSTRIAL RELATIONS**

Industrial relations continued to be cordial and contributed significantly to the record results achieved during the year.

## **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  
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**G. Ramamurthy**  
*Chairman and Managing Director*

Place : Chennai  
Date : 06.08.2010

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management of Rajeswari Infrastructure Limited presents the Industry Overview, Opportunities and Threats, Initiatives by the Company and overall strategy of Rajeswari Infrastructure Limited for the year 2009-2010 and its outlook for the future. This outlook is based on assessment on the current business environment; it may vary due to future economic and other developments.

This Management Discussion and Analysis statement of the Annual Report has been included in adherence to the spirit enunciated in the code of Corporate Governance approved by the Securities and Exchange Board of India.

### **Macro-Economic and Industry Development**

In India, the economic recovery, which began around the second quarter of 2009-2010, has since shown sustained improvement. Industrial recovery has become more broad-based and is expected to continue in the wake of rising domestic and external demand. Reversing a nearly yearlong decline, exports and imports have both grown since October/November 2009. Flow of credit from both bank and non-bank sources has picked up and overall business sentiment has turned distinctively positive. India's GDP growth in 2009-10 has been estimated at 7.4% driven by 9.3% growth in the industrial sector and 8.5% in the services sector. The abundance of liquidity in the system ensured that interest rates remained reasonable for most part.

The outlook for the Indian economy remains broadly positive, with GDP projected to grow at 8.5% in 2010-11, subject to the assumption of a normal monsoon and continued robustness in the growth of the manufacturing and service sectors. On the downside, global commodity and energy prices remain volatile and could adversely impact growth.

As an Industry, the growth of the construction sector exceeds that of India's national projected GDP growth, creating a myriad of possibilities for development in the near future. The industry employs approximately 31 million people throughout India.

The key factors behind this growth are continuing government investment in infrastructure creation, as well as real estate construction to meet the demands for residential and commercial real estate, but the fact remains that infrastructure bottlenecks, particularly in energy and roads, remain the constraining factors for stepping up growth to a higher level.

### **Industry Structure and Developments**

The Indian construction industry is an integral part of the Indian economy. It is the second largest industry of the country after agriculture. India has the world's second largest road network, aggregating over 3.34 million kilometers(km). The Tamilnadu government has allocated US\$ 2.25 billion for project envisaging laying of roads of international standard in 11 cities.

The Indian construction industry grew by 6.5% in the last fiscal against 5.9% growth in 2008-09.

### **Housing Sector and Real Estate**

India leads the pack of top real estate investment markets in Asia for 2010, according to a study by Pricewaterhouse Coopers (PwC) and Urban Land Institute, a global non-profit education and research institute, released in December 2009. Accordingly to the report of the Technical Group of Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the eleventh year plan (2007-12) provides a big investment opportunity.

According to the confederation of Real Estate Developers' Associations of India (CREDAI), the affordable housing segment is set to play an important role in India's real estate sector in 2010 on the back of substantial demand.