

RAJESWARI FOUNDATIONS LIMITED

15th Annual Report
2007 - 2008

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.

Contents

Notice	2
Directors' Report	4
Report on Corporate Governance	11
Auditors' Report	21
Balance Sheet	24
Profit & Loss Account	25
Schedules	26
Notes on Accounts	32
Cash Flow Statement	36
Balance Sheet Abstract	38

Corporate Information

Board of Directors

Shri G. RAMAMURTHY	<i>Chairman & Managing Director</i>
Smt R. USHA	<i>Whole-time Director</i>
Shri D. SEKARAN	<i>Director</i>
Shri N.P. JAGANATHAN	<i>Director</i>
Shri K.V. SAMBAVADASS	<i>Director</i>

Company Secretary

Shri AMRITLAL BISANI

Bankers

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

Auditor

Shri R. SUNDARARAJAN
Chartered Accountant

Registered Office

B-3, 'C' Block, 3rd Floor
Parsn Paradise Apartments
109, G.N. Chetty Road
T.Nagar, Chennai - 600 017.
E-mail: rajeswarifoundationsltd@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

NOTICE TO THE MEMBERS

Notice is hereby given that the Fifteenth Annual General Meeting of the Shareholders of the Company will be held on Friday the 26th September 2008 at 12.05 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 Audited Balance Sheet as at March 31, 2008 and the profit and loss Account for the year ended on that date together with the Reports of the Directors and the Auditors there on.
2. To declare a dividend of 10% on equity shares.
3. To elect a Director in place of Mr. K.V. Sambavadass who retires by rotation and being eligible, offers himself for re-appointment.
4. To elect a Director in place of Mr. D. Sekaran who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and 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 Mr. **R. SUNDARARAJAN**, Chartered Accountant, be and is 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

G. Ramamurthy
Chairman & Managing Director

Place: Chennai
Date : 09.06.2008

Registered Office
B-3, 'C' Block, 3rd Floor
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. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification.
3. The Registrar of members and Share Transfer Books of the Company will remain closed from Friday 19th September 2008 to Friday 26th September 2008 (both days are inclusive)

Rajeswari Foundations Limited

4. After declaration of the dividend at the Annual General Meeting, the Dividend Warrants are scheduled to be posted on or after September 26, 2008. 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).
5. 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).
6. 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
7. 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, B-3, "C" Block, 3rd Floor, Parsn Paradise Apartments, No.109, G.N. Chetty Road, T.Nagar, Chennai-600 017. Shareholders are requested to please note that once the unclaimed dividend is transferred to the Central Government, 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

By order of the Board

Place: Chennai
Date : 09.06.2008

G. Ramamurthy
Chairman & Managing Director

Registered Office
B-3, 'C' Block, 3rd Floor
Parsn Paradise Apartments, 109, G.N. Chetty Road
T.Nagar, Chennai - 600 017.

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

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

Name of the Director	Age	Qualification	Other Directorship(s) if any	Committee Memberships
K.V. Sambavadass	63	DAE	Nil	Nil
D. Sekaran	52	Graduate	Nil	Nil

DIRECTORS' REPORT

Your Directors are pleased to present the 15th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2008.

Financial Results of your Company are as follows:

	Year ended 31.03.2008 (Rs. in lakhs)	Year ended 31.03.2007 (Rs. in lakhs)
Income from Operations	970.14	863.41
Non-Operating Income	6.47	7.70
Total Expenditure	828.28	757.83
Interest	32.57	23.12
Gross Profit (after Interest but before depreciation and taxation)	115.77	90.15
Depreciation	17.60	19.77
Profit before tax	98.17	70.38
Provision for Current Taxes	45.66	24.88
Provision for Deferred Taxes	2.86	3.34
Fringe Benefit Tax	0.82	0.56
Profit after Tax	54.56	48.30
Balance brought forward from last year	1.37	9.92
Amount available for appropriation	55.93	58.22
Appropriations have been made us under:		
Transfer to General Reserve	0.50	1.50
Dividend(Proposed) –Final	47.31	47.31
Dividend Tax	8.04	8.04
Surplus carried to Balance Sheet	0.08	1.37

DIVIDEND

Your Directors take pleasure on recommending equity dividend of 10% (Rs.1.00 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 15th Annual General meeting by the members, will be paid to all those equity shareholders whose names appear in the register of members as on 26th 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. 970.14 lakhs as against Rs.863.41 lakhs achieved in the previous year registering a growth of 12%. The earned a gross profit of Rs.148.34 lakhs before interest and depreciation as against Rs.113.27 lakhs in the previous year. After deducting interest of Rs.32.57 lakhs, providing a sum of Rs.17.60 lakhs towards depreciation, income tax provision of Rs.45.66 lakhs, the operations resulted in a net profit of Rs. 52.51Lakhs as against Rs. 45.50 lakhs in the previous year, recording a growth of 15.4%.

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.

FUTURE OUTLOOK

The Indian construction industry is an integral part of the Indian economy and an important portion of investments into the development of the Indian Economy takes place through the construction industry. The construction industry is expected to grow with further economic development, industrialization, urbanization and improvements in the standard of living.

Rajeswari Foundations Limited

According to Indian infrastructure, the Indian construction industry accounts for more than 5% of India's GDP and is the second largest employer after agriculture, employing nearly 32 million people. The financing of infrastructure development has largely shifted to the private sector, primarily through the use of public, private partnership (PPP), which are based on a partnership between the public and the private sectors for the purpose of delivering a project or service traditionally provided by the public sector.

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.

PREFERENTIAL ISSUE OF EQUITY SHARES TO PROMOTERS OF THE COMPANY

As approved by the members at the Annual General Meeting of the company held on 26th September 2007, the Board of Directors at their meeting held on Friday, 19th October 2007 has made allotment of 7,95,000 convertible warrants of Rs.10 each at a premium of Rs.13 per share as per SEBI Guidelines to the promoters of the Company on preferential basis.

DIRECTORS

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

PUBLIC DEPOSITS

Your Company has not accepted any deposits and, 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, 2008 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 notes no.2, 3 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, 2008 dividends amounting to Rs. 5,12,036 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 2007-2008.

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 31st March 2008, 85.61% 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 2007-2008 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/-)

Rajeswari Foundations Limited

Particulars	Year ended 31.3.2008		Year ended 31.3.2007	
	INR	In foreign currency	INR	In foreign currency
Foreign Exchange Outgo				
Imports	18,77,842	US \$ 46,069/95	Nil	Nil
Foreign Travel	5,61,000	Euro Currency 3000 Euro TC 7000	2,02,675	US \$ 4500

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 2007-2008.

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

Place : Chennai
Date : 09.06.2008

G. Ramamurthy
Chairman and Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of Rajeswari Foundations Limited presents the Industry Overview, Opportunities and Threats, Initiatives by the Company and overall strategy of Rajeswari Foundations Limited for the year 2007-2008 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

India's GDP maintained its steady rise in 2007-08 to clock 9% growth. The average GDP for the last four years has been 8.6%, signifying stable economic growth and domestic demand. The per capita income, which is a parameter for judging purchasing power, increased from Rs.11672 in 2003-04 to Rs.24,321 in 2007-08. This consistent growth of the economy has catapulted India as the fastest growing economy after China for the following reasons:

- * Changing composition of GDP; reduced dependence on agriculture and growing industrial and services sectors
- * Strong outsourcing growth momentum – IT and financial services, healthcare and manufacturing.
- * Strong improvement in the external sector and a gradual fiscal deficit correction.

Industry Structure and Developments

The Indian construction industry is an integral part of the Indian economy and an important portion of investments into the development of the Indian Economy takes place through the construction industry. The construction industry is expected to grow with further economic development, industrialization, urbanization and improvements in the standard of living.

According to Indian Infrastructure, the Indian construction industry accounts for more than 5% of India's GDP and is the second largest employer after agriculture, employing nearly 32 million people. In the course of liberalization of the Indian economy, the Government has placed a priority on infrastructure development and emphasized the involvement of private capital and management in order to respond to the growing demand for new infrastructure projects. Accordingly, the financing of infrastructure development has largely shifted to the private sector, primarily through the use of Public Private Partnership (PPP), which are based on a partnership between the public and the private sectors for the purpose of delivering a project or service traditionally provided by the public sector.

According to the Indian Central Statistical Organisation, investments in construction in India grew at a compounded annual growth rate of 12% during the last ten years.

Housing Sector

Construction spending for urban infrastructure is expected to amount to Rs.827 bn (US\$ 18.8 bn) i.e. 23% of the total construction spending in the Eleventh Five Year Plan. The key drivers include a growing Indian industry and economy, increasing urbanization and household growth. The mounting demand for building and housing construction is due to the strong growth in the industrial, manufacturing and real estate sectors. Entertainment spending on malls, multiplexes and auditoriums are bound to rise in major cities, strengthening the demand for construction activity.

The Government of India introduced policies aiding public-private participation (PPPs) to bridge the gap between demand and supply of urban infrastructure. Urbanisation is the inevitable outcome and it is expected that over the next 10 to 15 years, about 40 per cent of India's population is stated to live in urban areas.

Real Estate

The Indian real estate market is worth around US\$ 40-45 billion and can be segregated into residential, commercial and the retail and hospitality segments. The residential sector forms 90-95 percent of the Indian real estate space, while

Rajeswari Foundations Limited

commercial segment forms 4-5 percent and organized retail around 1 percent. The reality segment is growing at an exponential pace of CAGR 19.50% and is expected to reach US\$ 97.5 billion by 2010.

Overview of the Business of the Company

Your Company has been focusing in the development of construction of independent Bungalows. The growth and progress of the Company depends on the potential buyers. In the opinion of the Directors, the growth in the industry is fairly good and the demand for Independent Bungalow is expected to grow.

Besides, the Company also has expertise in the following areas:

- 1) Civil & Structural work
- 2) Prepress of Reprographic work for the printing Industry
- 3) Offset printing
- 4) Pressure sensitive adhesive labels and non-adhesive labels.

The market for building activities is growing steadily while competition also increases by many folds. The market acceptance of our product and the creation of Brand Equity have provided good credibility to the Dream Bungalows.

The printing division market has growth potential, due to severe competition between a large numbers of suppliers in the market; the profit margins have dropped down substantially resulting in reduced profit.

Recent development in printing technology, particularly in offset printing, both in prepress and press activities has revolutionized the printing and publishing industry. It is expected that the share held by offset printing will increased.

In case of label industry, growth in self-adhesive label market is considerable and hence there is no immediate threat even though the prices have dropped due to aggressive competition.

Opportunities and Threats

Building activities

Opportunities

Your Company's performance with regard to overall sales should be regarded as good considering the competitive market condition.

Your Company had completed phase II of 14 Bungalows situated at Rajeswari Nagar at Mugalivakkam near Chennai and also completed Phase III of 16 Bungalows situated at Rajeswari Nagar at Mugalivakkam near Chennai.

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 (Service Apartments)	Rs.2400 lakhs
Rajeswari Nagar, Mugalivakkam (Phase IV)	Rs.754 lakhs
Rajeswari Nagar, Mugalivakkam (Phase V)	Rs.580 lakhs
Nanmangalam	Rs. 1344 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.

The market for our product is so large that the growth potential seems unlimited.

Threats

- Demand is dependent on general economic conditions. A downturn can adversely affect the Company's business and earnings.

- Increasing competition from domestic and international construction companies affect the market share and profitability.
- Uncertainties regarding government policies can significantly affect operations.
- Volatility in prices of inputs and / or changes in assumptions may cause cost overruns affecting the profitability delay in completion of project could result in liquidated damages and / or additional costs affecting profitability.
- Risk of accidents, fire, theft etc., to Company's properties and stocks will affect the company's operations affecting profitability. Similarly the breakdowns to the Company's machinery will affect operations and profitability.

Printing Division

Opportunities

Since the Company's products have various applications in all industries, it is difficult to project the demand for the products but it can be safely said that the demand will be quite high and it may also be mentioned that this industry is a recession free industry since printing is required in all the industries. Therefore the prospects of this line of business are very good.

Threats

- Company may face competition from existing and new units as is normal and prevalent in any industry.
- The business witnessed intense competition in the market and the overall margins are under pressure. The printers are working on very thin margin.

Segmental Analysis

Segment wise revenue, profit and capital employed have been reported in the notes on accounts for the year ended 31st March, 2008. The segmental report has been prepared in the manner prescribed in Accounting Standard 17 issued by the Institute of Chartered Accountants of India and audited by the statutory auditors of the Company.

Internal Controls and Their Adequacy

The Company has adequate system of internal controls to ensure that all the assets are safeguarded and are productive. Checks and balances are in place and are reviewed at regular intervals by the Audit Committee in consultation with the internal auditors and corrective action(s) are initiated, wherever deemed necessary.

Human Resources

Human resources continued to be one of the biggest assets of the Company. The management has been paying special attention to various aspects like training, welfare and safety and thereby further strengthening the human resources. Relations with the employees remained cordial throughout the year.

Future Outlook

Your Company is aware of the risks and threats noted above and have devised its business strategy accordingly. By leveraging its brand value and strategically positioning its divisions, the Company believes that it will largely de-risk itself from pricing pressures and competitions.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections are forward looking statements and progressive within the meaning of applicable security laws and regulations. Actual results may vary depending upon economic conditions, Government policies and other incidental/related factors.

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 Five Members comprising the Managing Director, Whole Time Director and three 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 three independent directors and Two 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, 2008 is as follows:

Category	No. of directors	%
Executive Directors	2	40
Non- Executive Directors	3	60

- ❖ During the year ended 31.3.2008, 11 Board Meetings were held on the following dates.

Sl. No.	Date of meeting	No. of Directors Present
1	26.04.2007	5
2	16.05.2007	5
3	06.06.2007	3
4	22.06.2007	5
5	02.07.2007	5
6	03.07.2007	5
7	29.08.2007	5
8	26.09.2007	5
9	17.10.2007	5
10	19.10.2007	5
11	24.01.2008	5

❖ Attendance of each director at the Board Meetings and the last AGM

Sl. No.	Name of Director	Category •	Board Meetings		Attendance in last AGM on 26.9.2007
			Held Nos.	Attended Nos	
1	G. Ramamurthy	ED	11	10	Yes
2	R. Usha	ED	11	10	Yes
3	D. Sekaran	NED/ID	11	11	Yes
4	N.P. Jaganathan	NED/ID	11	11	Yes
5	K.V. Sambavadass	NED/ID	11	11	No

• ED - Executive Director; NED - Non Executive Director; ID - Independent Director

No Director of the Company is a member in other Board Committee or Committee Chairmanship

Equity Shares held by Executive Directors		Equity Shares held by Non-Executive Director	
Name	No. of Share	Name	No. of Share
G. Ramamurthy	2162496	D. Sekaran	30000
R. Usha	67301		

b. Audit Committee

D. Sekaran, Chairman of the Committee.

❖ **Brief description of terms of reference**

The Committee reviews the quarterly, half-yearly and annual financial statements before they are submitted to the Board.

Overall assessment of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

Recommending the appointment of external auditor, fixation of audit fee and also approval for payment for any other services.

Composition of committee:

- Mr. D. Sekaran - Chairman
- Mr. N.P. Jaganathan
- Mr. K.V. Sambavadass

❖ Meetings and attendance of members during the year

Director	Held	Attended
D. Sekaran	4	4
N.P. Jaganathan	4	4
K.V. Sambavadass	4	4

REMUNERATION COMMITTEE

Remuneration Policy

The compensation of the executive directors comprises of a fixed component and/or a performance incentive by way of commission. The compensation is determined based on levels of responsibility and scales prevailing in the industry. The commission is determined based on certain pre-agreed performance parameters. The Executive Directors are not paid sitting fees for any board/committee meetings attended by them.

Rajeswari Foundations Limited

Role of Committee

The main scope/role of remuneration and Nomination Committee is to recommend to the Board the appointment/reappointment of the executive/non-executive directors. The committee has also been vested with the authority to determine the periodic increments in salary and annual incentives of the Executive Directors.

The committee elects one of its members as chairman for each meeting. The committee met twice during the year ended 31st March 2008.

The Composition of the committee and the attendance of each member at these meetings is given below.

Name of the Member	Number of meetings attended
D. Sekaran - Chairman	2
N.P. Jaganathan	2
K.V. Sambavadass	2

Remuneration to Non-Executive Directors

The Company presently doesn't pay any salary or remuneration to non-executive directors.

Remuneration for the year

The details of remuneration provided for the year ended 31st March, 2007 are as follows:

Executive Directors

(Amount in Rs.)

Name of the Director	Salary	Allowance	Perquisites & contributions	Total
Mr. G. Ramamurthy	2,16,000	9,84,000	7,30,000	19,30,000
Mrs. R. Usha	96,000	5,04,000	—	6,00,000

C. INVESTOR GRIEVANCE COMMITTEE

A Sub-Committee of the Board of directors of the Company consisting of D. Sekaran (Chairman of the Committee)

❖ Brief description of terms of reference

The terms of reference of this Committee encompasses formulation of shareholders'/investors' servicing policies, looking into redressal of shareholders and investors complaints viz., transfer of shares, non receipt of balance sheet, etc., and deciding on any other matter as may be required in connection with the shareholders'/investors servicing and redressal of their grievances.

The Board has delegated the power of Share Transfer to Registrar & Share Transfer agents, who process the transfers. The Committee also looks after the performance of the Registrar and Transfer Agents of the Company.

Compliance Officer:

Mr. G. Ramamurthy, Managing Director of the Company has been appointed as compliance officer and is responsible for the compliance.

Composition of Committee

The Members of the Company's Shareholders' Committee are:

- D. Sekaran - Chairman
- N.P. Jaganathan
- K.V. Sambavadass

❖ **Number of shareholders complaints received, number not solved to the satisfaction of the shareholder and number of pending transfers**

- The details are provided in the "shareholders information" section of this report.
- Representatives of your company are continuously in touch with Cameo Corporate Services Limited, Share Transfer Agents of the Company, and review periodically the outstanding complaints.

General Meetings

❖ **Location and time for the last three Annual General Meetings**

Year	Date	Time	Venue
2004-2005	28.09.2005	3.30 P.M.	Naradha Gana Sabha (Mini Hall) at No.314 (Old No. 254) T.T.K. Road, Chennai-600 018
2005-2006	07.09.2006	11.00 A.M.	Naradha Gana Sabha (Mini Hall) at No.314 (Old No. 254) T.T.K. Road, Chennai-600 018
2006-2007	26.09.2007	10.15 A.M.	Naradha Gana Sabha (Mini Hall) at No.314 (Old No. 254) T.T.K. Road, Chennai-600 018

❖ **Location and time for the last three Extra-ordinary General Meetings**

Date	Time	Venue
08.05.2006	3.30 P.M.	Naradha Gana Sabha (Mini Hall) at No.314 (Old No. 254) T.T.K. Road, Chennai-600 018
02.01.2002	10.00 A.M.	G-4, Parsn Paradise Apartment , No.109, G.N. Chetty Road, T.Nagar, Chennai-600 017
09.03.1995	4.30 P.M.	36, Arcot Road, Kodambakkam, Madras-600 024.

Postal Ballot

None of the subjects placed before the shareholders in the last annual general meeting required approval by a postal ballot.

Pecuniary Relationship or transactions of Non-Executive Directors

There are no pecuniary relationship or transactions between any of the Non-Executive Directors and the Company.

Disclosures

- ❖ Disclosures on materially significant Related Party Transactions that may have potential conflict with the interest of the company at large.
- ❖ During the year, the Company has not entered into any transaction of material nature with the directors, their relatives or management which were in conflict with the interest of the Company.
- ❖ The transaction with the promoters, its associate companies etc., or routine nature have been reported elsewhere in the annual report as per Accounting Standard 18 (AS18) issued by the Institute of Chartered Accountants of India.
- ❖ Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. - NIL

Means of communication

- a) The un-audited Financial Results on quarterly basis subject to Limited Review by the Auditors of the Company, are taken on record by the Board of Directors at its meeting within one month of the close of every quarter/half

Rajeswari Foundations Limited

year respectively and the same are furnished to all the Stock Exchanges where the Company's Shares are listed. Results of the Company were published in the newspapers viz., Business Line/Economic Times/ Financial Express and the Tamil version of the financial results in a Tamil daily viz., Maalai Sudar.

- b) Management's Discussions & Analysis forms part of this Annual Report, which is also being posted to all the shareholders of the Company.

COMPLIANCE WITH CLAUSE 49

Mandatory Requirements

The Company has complied with all the applicable mandatory requirements of the revised Clause 49.

Non-Mandatory Requirements

1. The Board:

No separate office is maintained since chairman is Executive.

2. Remuneration Committee:

The Company has constituted a Remuneration Committee; full details are furnished under this Report.

3. Shareholders Communications:

The Company displays its quarterly (unaudited), half yearly (unaudited) and annual (audited) result on its website at www.rajeswarifoundations.com, which is accessible to all. The results are also published in English newspaper having a wide circulation and in Tamil newspapers having a wide circulation in TamilNadu respectively.

4. Audit Qualifications:

During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

5. Training of Board Members:

The Company's Board of Directors consists of professionals with expertise in their respective field and industry. They endeavor to keep themselves updated with changes in global economy & legislation. They attend various workshop and seminars to keep themselves abreast with the changing business environment.

6. Mechanism for evaluating Non-Executive Board Members:

The Company has adopted a policy for evaluation of Non-Executive Board members based on primarily of attendance and a few other factors including contribution at the Board Meeting and at Meeting of the Audit Committee of the Board.

7. Whistle Blower Policy:

The Company has adopted whistle blower policy. All the employees have the access to Board and Audit Committee. Further Board / Audit Committee ensure that no victimization is done to such employee.

Shareholders' Information

A separate Section has been included in the Annual Report furnishing various details, viz., time and venue of Annual General Meeting, share price movements, financial calendar, BSE Index, etc.

For and on Behalf of the Board of Directors

Place : Chennai

Date : 09.06.2008

G. Ramamurthy
Chairman and Managing Director

General Shareholder Information

1. AGM: Date and venue Friday, 26th September 2008, at 12.05 p.m.
At Narada Gana Sabha, Mini Hall, 314, T.T.K. Road, Chennai-600 018.
2. Date of Book Closure 19th September, 2008 to 26th September 2008
3. Financial Calendar. Financial Reporting for 2008-2009
First Quarter June30, 2008 : on or before July 31, 2008
Second Quarter Sep. 30, 2008 : on or before Oct. 31, 2008
Third Quarter Dec. 31, 2008 : on or before Jan. 31, 2009
Fourth Quarter Mar. 31, 2009 : on or before Apr. 30, 2009
AGM for year ending March 2009 : September 2009
4. Registrar and Transfer Agents M/s.Cameo Corporate Services Ltd.
"Subramanian Building " No.1, Club House Road, Chennai-600 002.
Tel: 28460390, Fax: 28460129
5. Share Capital Details Authorised 1,00,00,000 equity shares of Rs.10/- each
Paid-up 47,30,900 equity shares of Rs.10/- each
6. Listing of Company's Shares i) Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.
ii) The Madras Stock Exchange Limited
P.B. No. 183, No. 11, Second Line Beach, Chennai-600 001.
7. Works Location **(Printing and Graphics Division)**
i) 29E, Kandasamy Layout, Sakthi Theatre Road, Tirupur— 641 603.

Stock Market Data

Monthly high and low quotations along with the volume of shares traded at BSE for 2007-2008 are:

Date	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares	No. of Trades
April 2007	24.15	26.65	21.15	23.75	71997	494
May 2007	23.25	24.15	20.00	20.65	114637	790
June 2007	21.45	25.50	21.10	24.20	62764	533
July 2007	24.00	24.50	20.10	21.50	71884	422
August 2007	22.00	24.85	19.80	21.70	126681	519
September 2007	22.30	29.25	21.55	26.15	84169	538
October 2007	25.30	36.00	22.50	27.60	474940	2090
November 2007	29.25	35.45	21.00	31.10	279631	1823
December 2007	31.40	42.75	30.05	42.75	761776	2326
January 2008	44.85	48.85	28.55	28.65	420003	2209
February 2008	28.50	30.75	22.85	24.60	73001	475
March 2008	25.50	25.50	14.70	15.70	143300	714

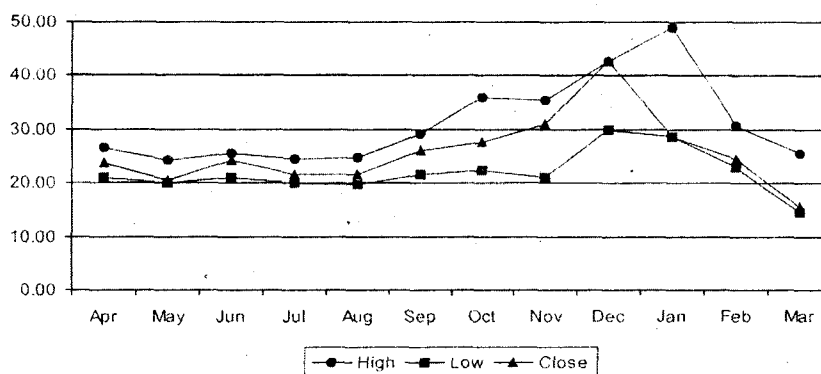
Dematerialisation of equity shares

The trading in the Company's Equity Shares on the specified Stock Exchanges have to be compulsorily settled in the electronic form by all investors. The Company has entered into tripartite agreement along with the registrar and Share transfer Agents of the Company with two depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Equity Shares of the Company have been admitted for dematerialisation by these depositories with the International Securities Identification Number (ISIN)-INE 016CO1014.

As on 31st March 2008, out of total 47,30,900 Equity Shares of the Company 40,50,485 Equity Shares representing 85.61% of total shares have been dematerialised.

**Share Price Movement
BSE-April 2007 to March 2008**



Nomination Facility

The Companies Act, 1956 and the Rules prescribed thereunder provides for nomination of shares. The shareholders can now nominate a person with whom the shares shall vest in the event of death of the shareholders. The nomination can be made only by individuals holding shares of the company either in sole name or jointly with another (not exceeding one joint holder). The nominee shall be individual. In the case of nominee being a minor he/she may be represented by his/her natural guardian or a court appointed guardian. The transfer of shares in favour of a nominee shall be a valid discharge by the company against the legal heirs. The nomination shall stand rescinded upon transfer of shares. The nomination by a shareholder can be changed or cancelled at any time by giving due notice and upon execution of a fresh nomination form.

Communication

All share transfers should be forwarded to the Registrars & Share Transfer Agents of the Company. All communications should be forwarded to the Registered Office of the Company marked to the attention of the Managing Director.

Distribution of Shareholding (as at the year end)

No. of Equity Shares held	2007-2008			
	No. of shareholders	% of shareholders	No. of Shares held	% of shareholding
1 to 100	3157	56.3146	256244	5.4163
101 to 500	1858	33.143	513348	10.8509
501 to 1000	293	5.2265	251565	5.3174
1001 to 2000	137	2.4438	209451	4.4272
2001 to 3000	54	0.9632	139208	2.9425
3001 to 4000	16	0.2854	56889	1.2024
4001 to 5000	22	0.3924	104119	2.2008
5001 to 10000	36	0.6421	254950	5.3890
10001 and above	33	0.5886	2945126	62.2529
Total	5606	100	4730900	100

Categories of Shareholding (as at the year end)

Category of shareholder	No. of shareholders	Total no. of shares	Total no. of shares held in dematerialized form	Total shareholding as a % of total no. of shares	
				As a % of (A+B)	As a % of (A+B+C)
(A) Shareholding of Promoter and Promoter Group					
(1) Indian					
Individuals / Hindu Undivided Family	18	2314267	2296767	48.92	48.92
Sub Total	18	2314267	2296767	48.92	48.92
(2) Foreign					
Total shareholding of Promoter and Promoter Group (A)	18	2314267	2296767	48.92	48.92
(B) Public Shareholding					
(1) Institutions					
Mutual Funds / UTI	2	1500	—	0.03	0.03
Sub Total	2	1500	—	0.03	0.03
(2) Non-Institutions					
Bodies Corporate	146	469797	465697	10.35	10.35
Individuals					
Individual shareholders holding nominal share capital up to Rs. 1 lakh	5364	1545057	961542	32.66	32.66
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	12	322988	269188	6.83	6.83
Any Others (Specify)	—	—	—	—	—
Clearing Members	13	22383	22383	0.47	0.47
Hindu Undivided Families	44	28357	28357	0.60	0.60
Non Resident Indians	7	6551	6551	0.14	0.14
Sub Total	5586	2415133	1753718	51.05	51.05
Total Public shareholding (B)	5588	2416633	1753718	51.08	51.08
Total (A)+(B)	5606	4730900	4050485	100.00	100.00
(C) Shares held by Custodians and against which Depository Receipts have been issued	—	—	—	—	—
Total (A)+(B)+(C)	5606	4730900	4050485	—	100.00

SHAREHOLDER'S SERVICES (AS AT THE END OF THE YEAR)

No. of Compliants Received From 01.04.2007 to 30.06.2007 1	Redressed 1	Pending NIL
No. of Compliants Received From 01.07.2007 to 30.09.2007 NIL	Redressed NIL	Pending NIL
No. of Compliants Received From 01.10.2007 to 31.12.2007 NIL	Redressed NIL	Pending NIL
No. of Compliants Received From 01.01.2008 to 31.03.2008 3	Redressed 3	Pending NIL

Insider Trading

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 the Company has prescribed a code of conduct for prevention of Insider Trading. All the employees including directors of the Company complies with Insider Trading Regulations framed by the Company. None of the employee/director has contravened the regulations during the year.

Secretarial Audit

As directed by Securities and Exchange Board of India (SEBI), Secretarial Audit is being carried out at the specified periodicity by a Practising Company Secretary. The findings of the Secretarial Audit have been satisfactory.

Conversion of Pending Instrument

As per the consent of the shareholders by way of special resolution under Section 81(1A) of the Companies Act, 1956, at the Annual General Meeting, the Board of Directors in its meeting dated 19.10.2007, has allotted 7,95,000 convertible warrants of Rs.10/- each at a premium of Rs.13 per share to the Promoters of the Company.

During the year, Company has not converted any of the warrants into Equity Shares.

**CHIEF EXECUTIVE OFFICER (CEO)/CHIEF FINANCIAL OFFICER (CFO)
CERTIFICATION**

I, G. Ramamurthy, Chairman and Managing Director of Rajeswari Foundations Limited, to the best of our knowledge and belief hereby certify that:

- (a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit Committee:
- (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Chennai
Date : 09.06.2008

G. Ramamurthy
Chairman and Managing Director

DECLARATION

I G. Ramamurthy, Chairman and Managing Director of Rajeswari Foundations Limited, to the best of my Knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed Compliance with the Code of Conduct of the Company for the year ended 31st March 2008.

Place : Chennai
Date : 09.06.2008

G. Ramamurthy
Chairman and Managing Director

AUDITOR'S CERTIFICATE

To
The Members of Rajeswari Foundations Limited

We have examined the compliance of conditions of Corporate Governance by Rajeswari Foundations Limited for the year ended 31.03.2008, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has broadly complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing.

We state that no investor grievance(s) against the Company is/are pending exceeding one month as per records maintained by the shareholders' Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Chennai
Date : 09.06.2008

R. Sundararajan, F.C.A.
Chartered Accountant
(Membership No.25762)

AUDITORS' REPORT

To
The Members of **Rajeswari Foundations Limited**

I have audited the attached Balance Sheet of **RAJESWARI FOUNDATIONS LIMITED** as at 31st March 2008 and the Profit and Loss Account and the cash flow statements for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

I report as follows:

- 1) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India and on the basis of such checks as I considered appropriate and according to the information and explanations given to me, I give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 2) Further to my comments in the Annexure referred to in paragraph 1 above:-
 - a) I have obtained all the information and explanations, which to the best of my knowledge and belief, were necessary for the purpose of my audit;
 - b) In my opinion, proper books of account as required by law have been kept by the Company, so far as appears from my examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) On the basis of the written representation received from the Directors, as on 31st March 2008 and taken on record by the Board of Directors. I report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Act;
 - e) In my opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Subsection (3C) of Section 211 of the Companies Act, 1956.
 - f) In my opinion and to the best of my information and according to the explanations given to me, the said Balance Sheet and Profit and Loss Account read together with the notes thereon and attached there to, give in the prescribed manner, the information required by the Companies Act, 1956, and also give a true and fair view; in conformity with the accounting principles generally accepted in India.
 - i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March 2008 and
 - ii) In so far as it relates to the Profit and Loss Account, of the PROFIT for the year ended on that date.
 - iii) In so far as it relates to the Cash flow Statement, of the cash flows for the year ended on that date.

Place : Chennai
Date : 09.06.2008

R. SUNDARARAJAN, F.C.A.
Chartered Accountant
(Membership No.25762)

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of my report of even date

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
(b) These fixed assets of the Company have been physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
(c) In my opinion, and according to the information and explanations given to me, no substantial part of fixed assets has been disposed off by the Company during the year.
2. (a) The inventory of the Company has been physically verified by the Management during the year. In my opinion the frequency of verification is reasonable.
(b) In my opinion and according to the information and explanations given to me the procedure of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In view of the complexities in nature of the process involved which consumes multi various inputs of heterogeneous sizes giving rise to varied outputs of different sizes according to customer tolerances the company is unable to maintain proper records of inventory .
3. (a) According to the informations and explanations given to us the Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly paragraphs 4(iii)(b),(c) and (d) of the order are not applicable.
(b) According to the informations and explanations given to us the Company has not taken any loans, secured or unsecured, to Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly paragraphs 4(iii) (f) and (g) of the order are not applicable.
4. In my opinion and according to the information and explanations given to me there are adequate internal control systems commensurate with the size of the company and the nature of its business, for purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of my examination and information and according to the explanations given to me I have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
5. (a) In my opinion, and according to the information and explanations given to me the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) This item does not arise as there are no transactions exceeding the value of five lakh rupees in respect of any party covered in the register to be maintained under section 301 of the Companies Act, 1956 during the financial year under consideration.
6. According to the information and explanations given to us the Company has not accepted any deposits from the public therefore the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the company.
7. In my opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. In my opinion and according to the information and explanations given to me the Central Government order for the maintenance of cost records, under Section 209 (1) (d) of the Companies Act, 1956, has no application to the Company.

Rajeswari Foundations Limited

9. (a) According to the information and explanations given to me and according to the books and records as produced and examined by me in my opinion, the undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, customs duty, excise duty and other material statutory dues as applicable, have been regularly deposited by the Company during the year with the appropriate authorities.
- (b) According to the information and explanations given to me and according to the books and records as produced and examined by me I have not come across any case of sales tax/income tax/custom tax/wealth tax/excise duty/cess not deposited on account of any dispute.
10. The Company has neither accumulated losses exceeding 50% of its net worth as at 31st March 2008 nor has it incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the company examined by us and the information and explanations given to me, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet Date.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares and other securities.
13. In my opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund/societies are not applicable to the Company.
14. In my opinion and according to the information and explanations given to me the Company is not a dealer or trader in securities.
15. The Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof, in my opinion, are not prima facie prejudicial to the interest of the Company.
16. In my opinion, and according to the information and explanations given to me and on overall examination, the term loans have been applied for the purpose for which they were raised.
17. Based on the information and explanations given to me and on an overall examination of the balance sheet of the Company, in my opinion, there are no funds raised on short term basis which have been used for long term investments, and vice versa.
18. The Company has made preferential allotment of convertible warrants to parties covered in register maintained u/s 301 of the Act. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the Company.
19. The Company has not issued any debentures and hence this clause is not applicable.
20. The Company has not raised any money by public issue during the year.
21. During the course of my examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to me I have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have I been informed of such case by the management.

Place : Chennai
Date : 09.06.2008

R. SUNDARARAJAN, F.C.A.
Chartered Accountant
(Membership No.25762)

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedules	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
I. SOURCES OF FUNDS			
1) Shareholders Funds			
Share Capital	1	47309000	47309000
Share application money received		1828500	—
2) Reserves & Surplus	2	707967	787084
3) Loan Funds			
Secured Loan	3	25482324	21926737
Unsecured Loan	4	3299477	3966612
Total		<u>78627268</u>	<u>73989433</u>
II. APPLICATION OF FUNDS			
1) Fixed Assets	5		
Gross Block		35460433	40160115
Less: Depreciation		19445368	22767789
Net Block		<u>16015065</u>	<u>17392326</u>
2) Investments	6	9000	1509000
3) Deferred Tax Asset	7	437594	151733
4) Current Assets, Loans And Advances			
(a) Inventories	8	68468533	60730729
(b) Sundry debtors	9	344325	175937
(c) Cash and bank balances	10	3527322	1264531
(d) Loans & advances	11	14476579	7553542
		<u>86816759</u>	<u>69724739</u>
Less: Current Liabilities & Provisions	12	24651150	14788366
Net Current Assets		<u>62165609</u>	<u>54936373</u>
Total		<u>78627268</u>	<u>73989433</u>
Notes on accounts & Significant accounting policies	19		

As per my Report of even date

R. SUNDARARAJAN, F.C.A.
Chartered Accountant
(Membership No.25762)

Place : Chennai— 17
Date : 09.06.2008

D. SEKARAN
Director

AMRITLAL BISANI
Company Secretary

For and on behalf of the Board

G. RAMAMURTHY
Chairman and Managing Director

R. USHA
Whole-time Director

Rajeswari Foundations Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedules	Current Year 2007-2008 Rs.	Previous Year 2006-2007 Rs.
INCOME			
Sales of Bungalow Units	13	97013959	86340759
Other Income	14	647839	770388
		<u>97661798</u>	<u>87111147</u>
EXPENDITURE			
Cost of Goods Sold	15	67006211	66865318
Staff Costs	16	3575600	2097237
Administrative & Selling Expenses	17	12246445	6821274
Finance Charges	18	3256709	2312131
		<u>86084965</u>	<u>78095960</u>
Profit/(Loss) before depreciation		11576833	9015187
Depreciation	5	1759549	1976731
Profit after depreciation and before tax		9817284	7038456
Provision for Taxation		4565535	2485788
Deferred Tax Cr/(Dr)		285861	333952
Fringe Benefit Tax		81812	56423
Profit/(Loss) for the year		5455798	4830197
Balance brought forward from last year (profit)		137084	991803
Profit available for appropriation		5592882	5822000
Less: Transferred to General Reserve		50000	150000
Profit available for distribution		5542882	5672000
Proposed Dividend		4730900	4730900
Dividend Tax		804016	804016
Balance carried to Balance Sheet		7967	137084
Earning per Share (Basic) (face value of Rs.10/-)		1.15	1.02
Notes on accounts & Significant accounting policies	19		

As per my Report of even date

R. SUNDARARAJAN, F.C.A.
Chartered Accountant
(Membership No.25762)

Place: Chennai— 17
Date : 09.06.2008

D. SEKARAN
Director

AMRITLAL BISANI
Company Secretary

For and on behalf of the Board

G. RAMAMURTHY
Chairman and Managing Director

R. USHA
Whole-time Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH 2008**

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SCHEDULE 1: SHARE CAPITAL		
Authorised:		
1,00,00,000 Equity Shares of Rs.10/- each (Previous Year— 1,00,00,000)	<u>100000000</u>	<u>100000000</u>
Issued, subscribed & paid-up:		
47,30,900 equity shares of Rs.10/- each (Previous Year— 47,30,900)	<u>47309000</u>	<u>47309000</u>
	<u>47309000</u>	<u>47309000</u>
SCHEDULE 2: RESERVES AND SURPLUS		
General Reserve		
Opening Balance	650000	500000
Add: Amount transferred from Profit & Loss Account	<u>50000</u>	<u>150000</u>
	<u>700000</u>	<u>650000</u>
Profit & Loss Account	<u>7967</u>	<u>137084</u>
	<u>707967</u>	<u>787084</u>
SCHEDULE 3: SECURED LOANS		
IOB Term Loan A/c.— 1 (Secured by way of mortgage on immovable properties ie. company owned construction lands and immovable property of Managing Director)	5255682	16305205
Corporation Bank Term Loan A/c. (Secured by way of mortgage on immovable properties ie. company owned construction lands)	—	4725000
Kotak Mahindra Prime Ltd (Secured by hypothecation of movable asset car)	726642	896532
IOB Term Loan A/c.— 2	<u>19500000</u>	<u>—</u>
	<u>25482324</u>	<u>21926737</u>
SCHEDULE 4: UNSECURED LOANS		
Citifinancial Consumer Finance India Ltd. (Secured by personal guarantee given by Directors)	2691364	3095913
Cholamandalam DBS Finance Ltd.	325287	468273
Kotak Mahindra Bank Ltd.	<u>282826</u>	<u>402426</u>
	<u>3299477</u>	<u>3966612</u>

**SCHEDULE 5: FIXED ASSETS
DEPRECIATION AS PER THE COMPANIES ACT 1956**

Fixed Assets	Depre- ciation (%)	Gross Block			Depreciation				Net Block		
		As at 1.04.07 Rs.	Additions Rs.	Deletions Rs.	As at 31.03.08 Rs.	Upto 31.03.07 Rs.	For 2007-08 Rs.	Deductions Rs.	Upto 31.03.08 Rs.	As at 31.03.08 Rs.	As at 31.03.07 Rs.
Land & Buildings		—	3845500	—	3845500	—	—	—	—	3845500	—
Plant & Machinery	4.75	36192156	219375	8891373	27520158	21240091	1424937	5081969	17583060	9937098	14952065
Computer	16.21	226547	59200	—	285747	90303	43666	—	133969	151778	136244
Furniture & Fixtures	6.33	2059347	19690	—	2079037	1092567	130476	—	1223043	855994	966790
Vehicles	9.50	1682065	47926	—	1729991	344827	160470	—	505297	1224694	1337238
Total		40160115	4191691	8891373	35460433	22767788	1759549	5081969	19445368	16015065	17392326
Previous Year		41958410	1649113	3447408	40160115	21584836	1976731	793778	22767789	17392326	20373574

**As at
31.03.2008
Rs.** **As at
31.03.2007
Rs.**

SCHEDULE 6: INVESTMENTS

LONG TERM INVESTMENTS

<i>Non— Trade (Valued at cost)</i>	No.of		
<i>In shares (Quoted and fully paid up)</i>	Shares		
Munoth Investments Limited	300	9000	9000
Jaisal Securities Limited	150000	—	1500000
Market value of quoted securities:			
Munoth Investment - Rs. 1380/-			
(Previous Year - Rs.795/-)			
		9000	1509000

SCHEDULE 7: DEFERRED TAX ASSET

Opening Balance	151733	182219
Less: For the Current Year	285861	333952
	437594	151733

**SCHEDULE 8: INVENTORIES
(As per inventories taken, valued & certified by Managing Director)**

a) Materials (Valued at Cost)		
Construction	4501155	531955
b) Semi Finished and Work-in-progress (Valued at estimated cost)	63967378	60198774
c) Finished Inventories (Valued at lower of cost or market value)	—	—
	68468533	60730729

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SCHEDULE 9: SUNDRY DEBTORS		
(Unsecured and considered good)		
a) Over six months old	94325	160325
b) Others	250000	15612
	344325	175937
SCHEDULE 10: CASH AND BANK BALANCES		
a) Cash on hand (as certified by the management)	409805	77293
b) With Scheduled banks in current account	2605331	895398
c) Unclaimed Dividend Account with UTI Bank	150631	151715
d) Unclaimed Dividend Account with HDFC Bank (2005-06)	134325	140125
e) Unclaimed Dividend Account with HDFC Bank (2006-07)	227230	—
	3527322	1264531
SCHEDULE 11: LOANS & ADVANCES		
(Unsecured and considered good)		
(a) Advance recoverable in cash or in kind or for value to be received	11971121	5107740
(b) Tax deducted at source	832726	826973
(c) Deposits with Govt.Dept/Agencies	1007059	1007059
(d) Other deposits	260000	260000
(e) Mahindra Holiday Resorts	405673	351770
	14476579	7553542
SCHEDULE 12: CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors		
(i) for goods supplied	2940016	2879323
(ii) for others	6083962	27130
Provisions		
Provision for Income tax	7999404	3433869
Provision for FBT	26428	17635
For Expenses	853233	399913
Other Liabilities		
a) Employees Contribution to PF	4619	4119
b) Provident Fund Payable	4619	4119
c) TDS	234864	22980
d) TNVAT Payable	52925	53818
Advance on Sale of Machinery	22000	600000
Interest on Secured Loans Accrued but not due	324328	257713
Advances recd. From Customers	3000	1213000
Un-claimed Interim Dividend Warrant (2005-06)	150481	151565
Un-claimed Final Dividend Warrant (2005-06)	134325	140125
Un-claimed Dividend Warrant (2006-07)	227230	—
Proposed Dividend	4730900	4730900
Dividend Tax on Proposed Dividend	804016	804016
Commission payable to MD	54800	48140
	24651150	14788366

**SCHEDULES FORMING PART OF
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

	Current Year 2007-2008 Rs.	Previous Year 2006-2007 Rs.
SCHEDULE 13 : SALES		
Sale of Bungalow Units	97013959	86340759
	<u>97013959</u>	<u>86340759</u>
SCHEDULE 14 : OTHER INCOME		
Cancellation Charges on Sale of Bungalow Units	40000	15000
Dividend Received	2100	—
Machinery Hire Charges .	562500	750000
Provision Written back	—	5388
Interest on Sweep Term Deposits (KMB)	17559	—
Interest Received on FD	25680	—
	<u>647839</u>	<u>770388</u>
SCHEDULE 15: COST OF GOODS SOLD		
a) Consumption of raw materials (including consumables)		
Opening Stock	531955	1269220
Add: Purchases	25856973	16774698
	<u>26388928</u>	<u>18043918</u>
Land for Construction (MKM)	—	285174
Land for Construction (MAD)	—	6580000
Land for Construction (Nanmangalam)	—	3750000
Land for Construction (Rajeswari Nagar)	—	14714000
Land for Construction (Sabari Nagar)	—	5100000
Purchase of Land for Construction (Phase - III)	6042400	—
Purchase of Land for Construction (Phase - IV)	18575000	57718935
	<u>51006328</u>	<u>106192027</u>
Less: Closing Stock Construction	4501155	531955
"A"	<u>46505173</u>	<u>105660072</u>

	Current Year 2007-2008 Rs.	Previous Year 2006-2007 Rs.
SCHEDULE 15: COST OF GOODS SOLD (Contd.)		
b) Other Expenses		
Power&Fuel	365282	734033
Labour Charges	15918040	10235882
Freight & Transportation	746806	775010
Anti Termite charges	40464	39478
CMDA Approval	391395	416910
Construction Expenses	875550	484620
Planning Permission Expenses	224318	134540
Soil Testing Charges	—	12770
Profit/Loss on conversion of land	—	422762
Written down value of Building on Conversion	—	1945695
Landscaping Expenses	43000	96800
Registration Charges	4344003	2173524
Placement & Slotted Charges	12755	—
Customs Duty	848595	—
Import Clearance Expenses	459434	—
"B"	24269642	17472024
c) (Increase)/Decrease in stocks of finished goods & work-in-progress		
Construction		
Opening Stock	60198774	3931996
Less: Closing Stock	63967378	60198774
"C"	(3768604)	(56266778)
"C"	(3768604)	(56266778)
Total Cost of Goods Sold (A+B+C)	67006211	66865318

SCHEDULE 16: STAFF COSTS

Salaries & Wages	583494	403425
Staff Welfare	397931	259764
Contribution to Provident Fund-Employer	64175	56048
Director's Remuneration	2530000	1378000
	3575600	2097237

Rajeswari Foundations Limited

	Current Year 2007-2008 Rs.	Previous Year 2006-2007 Rs.
SCHEDULE 17: ADMINISTRATIVE & SELLING EXPENSES		
Advertisement	879666	1256218
Bad debts written off	—	433987
Listing Fees	22600	22600
Professional, Legal & Consultancy Charges		
- For Bank Loan Project	389080	640000
- For Architects Consultancy	327054	189075
- Others	1099179	123214
Vehicle Maintenance	212523	196787
Sales Promotion	42292	57808
Rent	112500	138000
Rates & Taxes	2494150	1008619
Insurance	74413	61334
Audit Fees	56180	56180
Travelling & Conveyance	143223	122093
Travelling—Directors Foreign Travel	719211	478865
Postage & Telegrams	136799	113160
Telephone Charges	218528	190207
Printing & Stationery	200641	166334
Commission to Managing Director	54800	48140
Legal Fees	72900	74224
Office Maintenance	96333	90405
Processing Fees (Bank Loan)	250000	199734
Commission & Brokerage (Land Purchase)	732000	862375
Other expenses	552969	271162
Service Charges (Final Dividend warrants)	—	20753
Loss on Sale of Machinery	3359404	—
	<u>12246445</u>	<u>6821274</u>
SCHEDULE 18: FINANCE CHARGES		
Bank Charges	47187	144838
Other Finance Charges	327451	392582
Interest on Car Loan	82110	43532
Interest on Term Loan	2646596	1688530
Interest on Loan	153365	42649
	<u>3256709</u>	<u>2312131</u>

SCHEDULE 19 : NOTES ON ACCOUNTS

STATEMENT OF ACCOUNTING POLICIES

1. Basis of Accounting policies

The Financial statement are prepared under the historical cost, conventions and comply with the applicable Accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act,1956.

i. Revenue Recognition

The accounts are prepared on accrual basis in accordance with normally accepted accounting principles except for income on investments, leave encashment of employees, gratuity which are accounted on cash basis.

Receipts from fixed price construction contract recognised as revenue on the percentage of completion measured by reference to percentage of construction cost incurred upto the reporting date to the estimated total construction cost for each project.

Cost incurred for the construction contract recognised as expenditure only when agreement to sale of individual units is entered into.

ii. Fixed assets

All fixed assets are valued at cost less depreciation.

iii. Depreciation

Depreciation is provided on a straight line basis applying the rates specified in schedule XIV to the Companies Act,1956.

iv. Investments

Long term investments are carried at cost. Current investments valued at lower of cost or market value.

v. Inventories

Raw materials are valued at cost.

Semi finished goods are valued at estimated cost

Finished goods are valued at lower of cost or net realizable value.

2. Contingent liabilities not provided for:

Claims against the company / disputed liabilities not acknowledged as debts:

i) towards disputed income tax liability – Rs.9,09,877 (Previous year – Rs.9,09,877).

ii) towards disputed sales tax liability – Rs.3,59,025 (Previous year – Rs.3,59,025).

3. An appeal by the company is pending with the Appellate Tribunal for Income Tax Demand of Rs.9,09,877/-. However the Department is holding the equivalent refund amount from the subsequent assessment years as deposit.

4. Sundry debtors, Sundry creditors and Loans and advances are subject to confirmation.

5. Remuneration of Auditors

	Current year 2007- 08	Previous year 2006 - 07
	Rs.	Rs.
For Statutory Audit	35,000	35,000
For Tax Audit	15,000	15,000
	<u>50,000</u>	<u>50,000</u>

Rajeswari Foundations Limited

6. The Company has incurred the following foreign currency transactions during the year:

Imports	—	Rs.1877842/-
Foreign Travel Expenses	—	Rs.561000/-

7. Director's Remuneration	Current year 2007 – 08 Rs.	Previous year 2006 – 07 Rs.
Salaries	18,00,000	9,36,000
Perquisites	7,30,000	4,42,000

8. Particulars of installed capacity, quantities and value of each class of goods dealt with by the company opening & closing stocks, production and raw materials consumed by the company have not been reported since the nature of business of the Company is construction of houses based on orders from its customers.

9. The Company has allotted the convertible warrants during the year as under:

Convertible warrants into the Equity Shares of Rs.10/- each at a premium of Rs.13/- to the Promoters.

10. Computation of net profit under section 198 read with section 309(5) of the companies Act 1956, has not been made as only minimum remuneration prescribed under the Act has been paid to the managing and whole time directors of the company.

11. Land purchased for construction purpose have been treated as Work-in-Progress for which the Company has Ownership / Power of Attorney in its name respectively. No agreement to sale for units entered during this year.

12. Loans and advances also include Rs.2,75,800/- (Previous year Rs.2,75,800/-) representing rental deposit paid to managing and other directors in respect of the premises belonging to them and taken on rent by the company maximum balance during the year Rs.2,75,800/- (Previous year Rs.2,75,800/-).

13. Segment Reporting – Schedule Attached

14. The Deferred Tax Asset comprise of the following:	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
Deferred Tax Asset Related to Depreciation of Fixed Assets	4,37,594	1,51,733

15. Earnings per share

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares during the year. The numbers used in calculating basic and diluted earnings per equity share are as stated below:

	Current year 2007 – 08 Rs.	Previous year 2006 – 07 Rs.
Profit after Taxation & Before exceptional items	54,55,798	48,30,197
Profit after Taxation	54,55,798	48,30,197
Weighted Average No.of shares	47,30,900	47,30,900
Earnings per share before exceptional items (Basic and diluted)	1.15	1.02
Earnings per share (Basic and diluted)	1.15	1.02
Face value per share	10.00	10.00

16. Related party information:

1. Relationships

(a) Where Control exists:

(i) G. Ramamurthy

(b) Key Management personnel

(i) G. Ramamurthy

(ii) Usha Ramamurthy

(c) Other Related Parties

(i) Rajeswari Prints, Tirupur

Note: Related party relationship on the basis of the requirements of Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

2. Transactions with related parties.

Particulars	Referred in 1(a) above	Related parties Referred in 1(b) above	Referred in 1(c) above
Expenses			
Commission to Directors	54,800	—	—
Remuneration to Directors	18,80,000	6,50,000	—
Income			
Machinery Hire Charges	—	—	5,62,500
Other Receipts			
Advance for Sale of Machinery	—	—	22,000

17. There were no dues to small scale industrial undertaking in excess of Rs.1 Lac and outstanding for more than 30 days as on 31st March, 2008.

18. Previous year's figures have been regrouped wherever necessary.

19. Figures have been rounded off to the nearest rupee.

As per my Report of even date

R. SUNDARARAJAN
Chartered Accountant
(Membership No.25762)

Place : Chennai
Date : 09.06.2008

D. SEKARAN
Director

AMRITLAL BISANI
Company Secretary

For and on behalf of the Board

G. RAMAMURTHY
Chairman and Managing Director

R. USHA
Whole-time Director

Segment Reporting for the year ending 31st March 2008 (AS-17)

Particulars	House Construction		Off Set Printing		Unallocable		Total	
	Current Year Rs.	Previous Year Rs.	Current Year Rs.	Previous Year Rs.	Current Year Rs.	Previous Year Rs.	Current Year Rs.	Previous Year Rs.
Segment Revenue								
Sales	97013959	86340759	—	—	—	—	9701	86340759
Other Income	40000	15000	562500	750000	45339	5388	64	765000
Total Revenue	97053959	86355759	562500	750000	45339	5388	9768	87105759
Segment result (Profit before interest, Depn & Tax)	19834319	13067642	562500	750000	-5610247	-2533856	1478	11283786
Less: Interest Paid	2646747	1876017	327451	392582	235541		320	2268599
Profit before Taxes & Depn	17187572	11191625	235049	357418	-5374706	-2533856	1157	9015187
Depreciation							175	1976731
Taxes							436	2208259
Profit after Taxes							545	4830197
Segment Assets	83092236	65884821	13255731	18440213	6930234	4452764	10327	88777798
Segment Liabilities	33782660	25176346	2713364	3695913	16937318	11809776	5343	40682035
Total Cost incurred during the year to acquire segment assets	219375	—	—	—	3972316	1649113	419	1649113
Segment Depreciation	870	257604	1424067	1719127	334612	—	175	1976731
Non cash expenses other than depreciation	—	2653630	3359404	—	—	—	335	2653630

Notes:

- The Company has disclosed business segments taking into account the nature of products, the differing risks and return organisational structure and internal reporting system.
- Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each segment as also amounts allocated on a reasonable basis. The expenses which are not directly relatable to the business segment, are shown as unallocable cost. Assets and Liabilities that cannot be allocated between the segments are shown as unallocated Corporate assets and liabilities respectively.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

	Year ended 31-03-2008 Rs. in lakhs	Year ended 31-03-2007 Rs. in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before Tax & Extraordinary item	98.17	70.38
Adjustments for:		
Depreciation & amortisation	17.59	19.77
Provision for Income Tax	-45.65	-24.86
Provision for Deferred Tax Liability	-2.86	3.34
Interest & Miscellaneous income	-6.48	-7.70
Interest on borrowings	31.28	21.24
Provision for FBT	-0.73	-1.07
Operating Profit before working Capital Changes	<u>91.32</u>	<u>74.42</u>
Adjustments for:		
Loans & Advances	-69.23	187.41
Trade and other Receivables	-1.68	5.71
Inventories	-77.38	-555.29
Trade Payables and other Liabilities	98.63	76.05
Cash generated from operations	<u>41.66</u>	<u>-211.70</u>
Interest Paid	-31.28	-21.24
Net Cash from operating activities (Total...A)	<u>10.38</u>	<u>-232.94</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-41.92	-16.49
Sale of Fixed Asset	72.15	26.53
Interest & Misc. Income	6.48	7.70
Sale of Investment	15.00	—
Net cash used in investing activities (Total...B)	<u>51.71</u>	<u>17.74</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Application money received	18.28	—
Application for long term borrowings	28.89	224.59
Interest on long term borrowings	-31.28	-21.24
Dividend and Dividend Tax paid	-55.35	-30.28
Net cash used in financing activities (Total...C)	<u>-39.46</u>	<u>173.07</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (TOTAL A + B + C)	22.63	-42.13
Cash & cash equivalents as at 01-04-2007 (Opening Balance)	12.64	54.77
Cash & cash equivalents as at 31-03-2008 (Closing Balance)	35.27	12.64

For and on behalf of the Board

Place : Chennai
Date : 09.06.2008

G. RAMAMURTHY
Chairman and Managing Director

R. USHA
Whole-time Director

Rajeswari Foundations Limited

AUDITOR'S CERTIFICATE

The Board of Directors,
Rajeswari Foundations Limited
Chennai.

I have examined the attached Cash Flow Statement of Rajeswari Foundations Limited for the year ended 31st March, 2008. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreements with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by my report to the members of the Company.

Place : Chennai
Date : 09.06.2008

R. SUNDARARAJAN
Chartered Accountant
(Membership No.25762)

**Additional Information as per Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile**

I. Registration Details

Registration No.

		2	4	8	6	8
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 State Code

1	8
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Balance Sheet Date

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2	0	0	8
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Date Month Year

II. Capital Raised during the year [Amount in Rs. Thousands]

Public Issue	Rights Issue																
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					N	I	L										
					N	I	L										
Bonus Issue	Private Placement																
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					N	I	L										
					N	I	L										

III. Position of Mobilisation and Deployment of Funds [Amount in Rs. Thousands]

Total liabilities	Total Assets															
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		7	8	6	2	7										
		7	8	6	2	7										
Sources of Funds																
Paid-up Capital	Reserves and Surplus															
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">9</td></tr></table>			4	7	3	0	9	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">7</td></tr></table>			7	0	7			
		4	7	3	0	9										
		7	0	7												
Secured Loans	Unsecured Loans															
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">2</td></tr></table>			2	5	4	8	2	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">9</td></tr></table>			3	2	9	9		
		2	5	4	8	2										
		3	2	9	9											
Application of Funds																
Net Fixed Assets	Investments															
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">5</td></tr></table>			1	6	0	1	5	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">9</td></tr></table>						0	9	
		1	6	0	1	5										
					0	9										
Net Current Assets	Misc. Expenditure															
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">5</td></tr></table>			6	2	1	6	5	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td></tr></table>						N	I	L
		6	2	1	6	5										
					N	I	L									
Accumulated Losses																
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td></tr></table>						N	I	L								
					N	I	L									

IV. Performance of Company [Amount in Rs. Thousands]

Turnover-	Total Expenditure														
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">3</td></tr></table>			9	7	0	1	3	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">4</td></tr></table>			8	6	0	8	4
		9	7	0	1	3									
		8	6	0	8	4									
+ -	+ -														
Profit/Loss Before Tax	Profit/Loss After Tax														
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">7</td></tr></table>			9	8	1	7	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">5</td></tr></table>			5	4	5	5		
		9	8	1	7										
		5	4	5	5										
Earnings Per Share Rs.	Dividend Rate %														
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">.</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">5</td></tr></table>			1	.	1	5	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">0</td></tr></table>		1	0					
		1	.	1	5										
	1	0													

V. Generic Names of Three Principal Products / Service of Company [as per monetary terms]

Item Code No. [ITC Code]	N	A	
Product Description	NIL		
Item Code No. [ITC Code]	N	A	
Product Description	NIL		
Item Code No. [ITC Code]	N	A	
Product Description	CONSTRUCTION		

RAJESWARI FOUNDATIONS LIMITED

Regd. Office: B-3, 'C' Block, 3rd Floor, Parsn Paradise Apts., 109, G.N. Chetty Rd., T.Nagar, Chennai - 600 017.

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Hall.

I hereby record my presence at the 15th Annual General Meeting of the Company being held at 12.05 P.M. on Friday, 26th September, 2008 at Narada Gana Sabha (Mini Hall), at No.314 T.T.K. Road, Chennai - 600 018.

Folio No.
Client ID
No.of Shares

SIGNATURE OF THE SHAREHOLDER OR PROXY

NAME OF THE PROXY :

NAME OF THE SHAREHOLDER :

MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT WITH THEM TO THE ANNUAL GENERAL MEETING.

RAJESWARI FOUNDATIONS LIMITED

Regd. Office: B-3, 'C' Block, 3rd Floor, Parsn Paradise Apts., 109, G.N. Chetty Rd., T.Nagar, Chennai - 600 017.

PROXY FORM

I/We

being a member/ members of above named Company, hereby appoint

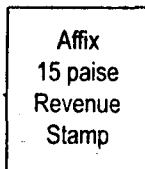
(1) Sri of or failing him

(2) Sri of as my/our Proxy

to attend and vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held at 12.05 P.M. on Friday, 26th September, 2008 at Narada Gana Sabha (Mini Hall), at No.314 T.T.K. Road, Chennai - 600 018 and at any adjournment thereof.

Signed this day of 2008.

Signature



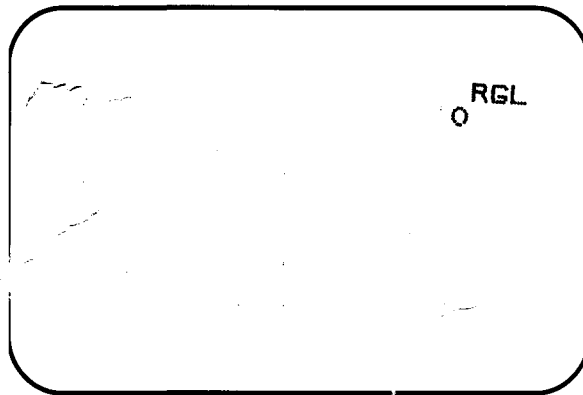
39

Folio No.
DP ID.
Client ID
No.of Shares

- Note:
1. This form in order to be effective should be duty stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.
 2. Proxy form must be deposited with the Company's Share Transfer Agent M/s. Cameo Corporate Services Limited, Fifth Floor, Subramaniam Building, No.1 Club House Road, Chennai - 600 002.

Book Post
Printed Matter

To:



If Undelivered, Please return to:

RAJESWARI FOUNDATIONS LIMITED

Regd. Office : B3, 'C' Block, 3rd Floor,

Parsn Paradise Apartments

109, G.N.Chetty Road, T.Nagar,

Chennai - 600 017.