

**27<sup>TH</sup> ANNUAL REPORT  
2011-12**



**RAJATH  
FINANCE LIMITED**

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

Phone :- 0281-2447800 Fax :- 0281-2454271

# **RAJATH FINANCE LIMITED**

## **BOARD OF DIRECTORS**

Shri Hitesh Bagdai  
Shri Bhavdeep V. Vala  
Dr. K. K. Khakhar  
Shri Ketan G Dhulesiya

## **STATUTORY AUDITORS**

M/s. SADP & Co.  
Chartered Accountants,  
Rajkot

## **SECRETARIAL AUDITORS**

M/s *MJP* Associates  
Practising Company Secretaries  
Rajkot.

## **BANKERS**

Indusind Bank Ltd, Rajkot  
Corporation Bank, Main Branch, Rajkot

## **REGISTERED OFFICE**

208-215, Star Plaza,  
Phulchhab Chowk,  
Rajkot-360 001  
(Gujarat)

# RAJATH FINANCE LIMITED

## NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of the Company will be held on Monday, 24<sup>th</sup> September, 2012 at 11:00 a.m. at the Registered Office of the Company situated at 208-215, Star Plaza, Phulchhab Chowk, Rajkot-360 001, to transact the following business

### Ordinary Business:

1. To receive, consider and adopt Audited Balance Sheet as on 31<sup>st</sup> March 2012 and Statement of Profit & Loss for the year ended on that date together with the Auditors and Directors' Report thereon.
2. To appoint Director in place of Shri Bhavdeep V. Vala who is liable to retire by rotation and being eligible, offers himself for reappointment.
3. To reappoint, the retiring auditors **M/s. SADP & Co., Chartered Accounts**, as auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### Special Business

To pass, with or without modification, the following Resolution as a Special Resolution:

1. **"RESOLVED THAT** in accordance with provision of section 198, 269, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956 as well as in accordance with provision as contained in the Memorandum and Articles of Association of the Company, and in pursuance of recommendations of the Remuneration Committee of the Board of Directors of the Company, and, approval of Members be and is hereby given for appointment of Mr. Hitesh Bagdai, as the Managing Director w.e.f. 1st October, 2011 for the period of Three Years remuneration of Rs. 1,00,000/- per month till the remaining tenure with authority to the Board of Directors to increase the same from time to time in accordance with limits specified in Schedule XIII to the Companies Act, 1956, as amended from time to time"

**"RESOLVED FURTHER THAT** the Board shall have discretion, authority to modify forgoing terms, and remuneration within the limit prescribed under Schedule XIII of the Companies Act, 1956 AND THAT Mr. Bagdai shall not be entitled to any sitting fees for attending meetings of the Board and / or Committee of directors"

**"RESOLVED FURTHER THAT** notwithstanding anything to contrary herein contained where in any financial year during the currency of tenure of Mr. Hitesh Bagdai, the Company has no profits or has inadequate profits, the Company will pay remuneration by way of salary, incentive remuneration, perquisites and allowances as specified above."

**"RESOLVED FURTHER THAT** where in any financial year, the Company is not having profits or its profits are inadequate, the Company shall pay to Mr. Hitesh Bagdai, the remuneration as said in above paragraphs, subject to provisions of Schedule XIII to the Companies Act, 1956"

Date: 30.05.2012  
Place: Rajkot

By order of the Board of Directors  
For, **RAJATH FINANCE LIMITED**

(HITESH BAGDAI)  
Director

**EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 (3) OF THE COMPANIES ACT, 1956**

The Board of Directors of the Company appointed Mr. Hitesh Bagdai, as Managing Director of the Company w.e.f. 1st October, 2012, subject to approval of Members in the General Meeting. Resolution at Item No. 4 covers the terms/conditions of appointment of Mr. Hitesh Bagdai as Managing Director of the Company.

The appointment and remuneration is approved by the Remuneration committee of the Board of Directors of the Company.

Further, the remuneration which is proposed in the Resolution is in consonance with the remuneration being paid by Companies of similar size in the Industry. Further, details such as financial performance, export performance of the Company, components of the remuneration package of Directors, are given in Directors' Report as well as Report on Corporate Governance.

This may be treated as an abstract of the terms and conditions for increase in remuneration of Mr. Hitesh Bagdai as Managing Director and this is to be treated as an abstract under Section 302 of the Companies Act, 1956.

Resolution is proposed to be passed as a Special Resolution

The Directors recommend the Resolution at Items 4 of the accompanying notice for approval of the Members of Company. Mr. Hitesh Bagdai, being proposed appointee, is concerned or interested in Items no. 4 of the notice

**NOTES:-**

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of him self and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the Meeting.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
3. Shri Bhavdeep V Vala, Director, is liable to retire by rotation, and being eligible offers himself for reappointment.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s. Link In time India Pvt. Ltd. for consolidation into a single folio.
6. The Register of Members and Transfer Books will be closed from Monday September 17, 2012 to Saturday, September 22, 2012 (inclusive of both days) for determining the names of Members eligible for dividend on Equity Shares, if approved at the Meeting.
7. We request members to update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email.

## RAJATH FINANCE LIMITED

### Details of Directors seeking appointment/reappointment at the Annual General Meeting

Director's Name	HITESH BAGDAI
Age	48
Date of Appointment as Director in Company	27/02/2007
Qualification	B.Sc
Experience in specific functional area	20 years
Directorship held in other public limited Indian Companies (excluding Directorship in Rajath Finance Limited)	Nil
Membership/Chairmanship of Committees public limited Indian Companies (excluding Membership/ Chairmanship of Committees in Rajath Finance Limited)	Nil

Director's Name	BHAVDEEP V. VALA
Age	48 years
Date of Appointment as Director in Company	27 <sup>th</sup> February, 2007
Qualification	Undergraduate
Experience in specific functional area	Wide experience in real estate business
Directorship held in other public limited Indian Companies (excluding Directorship in Rajath Finance Limited)	Nil
Membership/Chairmanship of Committees public limited Indian Companies (excluding Membership/ Chairmanship of Committees in Rajath Finance Limited)	Nil

**REPORT OF BOARD OF DIRECTORS**

Your Directors are pleased to present their Twenty Seventh Annual Report for the year ended on 31<sup>st</sup> March, 2012.

**Financial Results**

Your Company's performance for the year ended on 31<sup>st</sup> March 2012 is summarized as under:

(Amt. in Rs)

SR. NO.	PARTICULARS	2011-12	2010-11
1.	Revenue from Operation	47,38,652.00	2,07,47,222.00
2.	Other Income	Nil	41,179.00
3.	<b>Total Revenue(1+2)</b>	<b>47,38,652.00</b>	<b>2,07,88,401.00</b>
4.	Depreciation & Amortization Exp.	3,22,825.00	3,26,519.00
5.	Other Expenses	47,44,725.00	1,60,22,291.00
6.	<b>Profit / (Loss) Before Tax</b>	<b>(3,28,898.00)</b>	<b>44,39,591.00</b>
7.	Current Tax	4,92,561.00	14,45,210.00
8.	Deferred Tax	(3,74,605.00)	(23,293.00)
9.	Excess/Short Provision relating earlier year Tax	Nil	21,845.00
10.	<b>Profit/(Loss) After Tax (PAT)</b>	<b>(4,46,854.00)</b>	<b>29,95,829.00</b>
11	Balance Carried forward to the Balance Sheet	58,48,083.00	62,94,937.00

**Performance Highlights**

During the year under Report, your Company has recorded the total Revenue Rs. 47,38,652. Further, due to adverse market conditions, the company has recorded net Loss of Rs. 4,46,854.00 as compared to net profit of Rs. 29,95,829 during the previous fiscal. The Company is striving to bring the business in the profits and in the coming years it is envisaged that the performance of the Company will be very good.

**BUSINESS DEVELOPMENT STRATGEY**

During this year also, the Company has reviewed the up coning prospects lying into the business of the Segment funding in different area and the Company has taken necessary steps to spread out the business activities of the Company into Segment funding / finance activities.

**Board's Responsibility Statement**

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

- That in the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same,
- That They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit and loss account for that year;
- That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- That they have prepared the annual accounts on a going concern basis.

# **RAJATH FINANCE LIMITED**

## **Personnel**

Your Company is having augmentation in order to build workforce strength in the organization. Your Company considers individual as resources as the prime drivers for the growth and development of the Company. During the period under review, your Company has continued its efforts for strengthening the relationships with personnel. Your Company has made the workplace-environment free from any physical, psychological, verbal harassment. All employees of the Company are treated with highest dignity and respect.

Your Board sincerely thanks all the employees who have put in their hard work and helped the Company in this tough period.

## **Particulars of Employees**

The Company has no employee drawing remuneration exceeding limits as specified in the Companies (Particulars of Employees) Rules, 1975, as amended till date, and hence, particulars as mentioned in Section 217(2A) of the Companies Act, 1956, as amended, are not required to be given.

## **Directors**

**Shri Hitesh Bagdai**, Director, was appointed as the Managing Director of the Company by the Board of Directors w.e.f. 1<sup>st</sup> October, 2011, subject to approval of Members in the General Meeting. Members are requested to approve the appointment of Shri Bagdai as the Managing Director.

**Shri Bhavdeep V. Vala**, Directors of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. A brief Resume of Directors is attached with Notice of the AGM.

## **Corporate Governance**

Your Company has adopted Corporate Governance Practices. The Company believes that the Corporate Governance is all about effective management of relationship among constituents of the system, i.e. shareholders, management, employees, customers, vendors, regulatory and the society at large. The Company has strong belief that this relationship can only be built and strengthen through corporate fairness, transparency, and accountability. A detailed report on Corporate Governance is attached to this Report. The Securities and Exchange Board of India (SEBI) has made efforts to strengthen the Clause 49 of the Listing Agreement. Accordingly, a separate Report on Corporate Governance as well as the Certificate from M/s. SADP & Co, Chartered Accountants, and the statutory Auditors of the Company are annexed to this Report of Board.

## **Auditors**

M/s. SADP & Co. Chartered Accountants and retiring statutory auditors of the Company, being eligible offer themselves for reappointment. Members are requested to appoint them as auditors of the Company to hold office from the conclusion of ensuing General Meeting until the conclusion of the next Annual General Meeting of the Company, and to authorize the Board to fix the remuneration of auditors.

## **Secretarial Audit**

As directed by the Securities and Exchange Board of India (SEBI), Secretarial Audit is being carried out at the specified periodicity by M/s. *MJP Associates*, Practising Company Secretaries, Rajkot.

## **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

As the Company is engaged in service sector, and since few years activities have been closed down, details of consumption of energy are not required to be given. However the Company has made enough efforts for minimizing the electricity expenses at its office, and thereby putting efforts for conservation of energy. The Company has not taken any significant steps for adoption of new technology during the year under Report.

## **Acknowledgement**

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

Date: 30/05/2012  
Place: Rajkot

By order of the Board of Directors  
For, **RAJATH FINANCE LIMITED**,

**(HITESH BAGDAI) (BHAVDIP VALA)**  
Director Director

**MANAGEMENT DISCUSSION AND ANALYSIS****ECONOMIC SCENARIO**

The overall growth of gross domestic product (GDP) at factor cost at constant prices, as per Advanced Estimates, is projected at 6.9 per cent in 2011-12. The growth in real GDP is placed at 6.1 per cent in the third quarter of 2011-12.

Overall growth in the Index of Industrial Production (IIP) was 4.1 per cent in February 2012. During April-February 2011-12, IIP registered a growth of 3.5 per cent. Eight core Infrastructure industries grew by 6.8 per cent in February 2012 as compared to 6.4 per cent growth in February 2011. During April-February 2011-12, these sectors grew by 4.4 per cent.

**SEGMENTS**

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

**PERFORMANCE**

During the year under Report, your Company has recorded the total Revenue Rs. 47,38,652.00 and major revenue is generated from Interest Income. Further, due to adverse market the company has recorded net Loss of Rs. 4,46,854.00.

**INTERNAL AUDIT SYSTEM**

The Company has implemented proper and adequate systems of internal control to ensure that all assets are safeguarded and protected against loss from any unauthorized use or disposition and all transactions are authorised, recorded and reported correctly. The System ensures appropriate information flow to facilitate effective monitoring. The internal audit system also ensures formation and implementation of corporate policies for financial reporting, accounting, and information security.

**OUTLOOK FOR 2012-13**

The economy is predicted to continue the strong performance seen in 2011-12 and the business outlook for Rajath is robust. In 2012-13, the company's approach would be to continue to grow by focusing on returns while balancing risk. It will launch new product lines, further strengthen risk management practices; maintain investments in technology and human resources to consolidate its position in the Industry.

**CAUTIONARY STATEMENTS**

All statements made in Management and Discussion Analysis have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the Management envisages in terms of performance and outlook. Market data, industry information etc. contained in this

Report have been based on information gathered from various published and unpublished reports and their accuracy, reliability, and completeness cannot be assured.

Factors such as economic conditions affecting demand/supply and priced conditions in domestic & international markets in which the Company operates, and changes in Government regulations, tax laws, other statutes and other incidental factors, may affect the final results and performance of the Company.

Date: 30/05/2012  
Place: Rajkot

By order of the Board of Directors  
For, **RAJATH FINANCE LIMITED,**

**(HITESH BAGDAI) (BHAVDEEP VALA)**  
Director Director



# RAJATH FINANCE LIMITED

## ANNEXURE 'C' TO THE DIRECTOR'S REPORT

### CORPORATE GOVERNANCE

Your directors present the Company's Report on Corporate Governance.

**1. Company's Philosophy on Corporate Governance:**

The Company believes in setting the highest standard of good and ethical corporate governance practices to enhance the long-term shareholder value and protect the interest of shareholders, customers and others.

The main objectives of Corporate Governance are:

1. Maximizing long-term shareholder value in a legal and ethical manner.
2. Ensuring fairness, courtesy and dignity in all transactions within and outside the Bank with customers, investors, employees, competitors, government and the general public.
3. Open, transparent and merit-based management.

The Company is committed to following high standards of transparency, accountability and propriety. The Company has formed various committees of the Board of Directors to monitor the various aspects of the business.

**2. Board of Directors:**

Composition of the Board:-

The Company's Board of Directors comprises of Five Directors. Out of them, three directors, Mr. Manish Mehta and Dr. Kantilal Khakhar, & Mr. Ketan Dhulesia are Non-executive & independent directors of the Company. Mr. Hitesh Bagdai and Mr. Bhavdeep Vala are Non-Independent & Promoter-Directors.

**Meetings:-**

Your Company is regularly convening and holding the Board Meetings and all business transacted therein have been duly recorded in the Minutes book maintained for the purpose.

**3. Remuneration to Directors:**

The Company has paid total remuneration of Rs. 6 lacs in the financial year 2011-12 to Mr. Hitesh Bagdai, Managing Director of the Company. No remuneration paid to any other Director of the Company.

**4. Details of Directorship/Committee Membership or Chairmanship:**

Name of Director	Designation	Number of Shares held in Company (as on 31 <sup>st</sup> March, 2011)	Directorship in all Public Limited Companies #	Membership in Committee in all public limited Companies #	Chairmanship of Committee in all Public limited Companies #
Shri Hitesh Bagdai	Director	996853	1	2	Nil
Shri Bhavdeep Vala	Director	996851	1	Nil	Nil
Shri Manish Mehta	Independent Director	Nil	1	2	2
Dr. Kantilal Khakhar	Independent Director	Nil	1	2	Nil
Shri Ketan Dhulesia**	Independent Director	Nil	1	2	Nil

# includes Directorship/Membership or Chairmanship of Committee in Rajath Finance Ltd but excludes Directorship in or Membership or Chairmanship of any Committee in any Private Limited Companies/Foreign Companies.

Information placed before the Board of Directors:

The Company circulates along with Notice of the Board Meeting, a detailed Agenda which, interalia, contain following items, as and when applicable:

- a) Review of annual business plans of the business, capital budgets, and updates,
- b) Quarterly (including periodic) results of the Company,
- c) Materially important show cause, demand, prosecution and penalty notices, if any.
- d) Fatal or serious accidents or dangerous occurrences,
- e) Any material significant effluent or pollution problems,
- f) Any issue which involves possible public or product liability claims of a substantial nature.
- g) Significant development in the human resources and industrial relations fronts,
- h) Status of compliance with all regulatory, statutory and material contractual requirements.

The Board of Rajath Finance Limited is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board Meetings.

**1. Materially significant related party transactions:**

There have been no materially significant related party transaction, pecuniary transaction or relationships between Rajath Finance Limited and its directors for the year ended on 31<sup>st</sup> March, 2012 that may have a potential conflict with the interests of the Company at large.

Please refer Schedule 11 - Notes to the Accounts

**2. Composition of Various Committees:-**

3.

**AUDIT COMMITTEE:**

**a) Composition**

The Company has set up Audit committee of three Directors - Shri Ketan Dhulesia, CA Manish Mehta and Dr. K K Khakhar. CA Manish Mehta being professionally qualified as a Chartered Accountant, acted as the Chairman of the Audit.

**b) Terms of Reference:**

The Terms of reference as stipulated by the Board to the Audit Committee are, as contained in the Clause 49 of the Listing Agreement are as follows:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information,
- 2) Review of Company's financial and risk management policies,
- 3) Review of accounting and financial policies and practices,
- 4) Review of internal control and internal audit systems,
- 5) Discussion with Internal Auditor and Statutory Auditors on any significant findings and follow-up thereon.
- 6) Reviewing the Company's financial statements and risk management policies.

The Committee held four Meetings during the year 2011-2012 as under:

	No. of Meetings	
	Held	Attended
Mr. Manish Mehta, <i>Chairman</i>	4	4
Dr K K Khakhar	4	4
Mr. Ketan Dhulesia	4	4

**REMUNETATION COMMITTEE**

**a) Composition**

The Company has set up Remuneration committee of three Directors - Shri Ketan Dhulesia, CA Manish Mehta and Dr. K K Khakhar. Dr. Khakhar, has acted as the Chairman of the Remuneration Committee.

## RAJATH FINANCE LIMITED

The Committee held four Meetings during the year 2011-2012 as under:

	No. of Meetings	
	Held	Attended
Dr K K Khakhar	4	4
Mr. Manish Mehta	4	4
Mr. Ketan Dhulesia	4	4

### Shareholder's Grievance Committee

#### a) Terms of Reference:-

The Committee has been given responsibility to look after complaints, if any, of investors to redress the same expeditiously. The Committee also approves requests for issue of duplicate share certificates, splitting/consolidation of share certificates, transfer and transmission of shares etc.

#### b) Composition:-

The Committee comprises of CA Manish Mehta, Dr K K Khakhar, and Shri Ketan Dhulesia. CA Manish Mehta is the Chairman of the Committee.

#### c) The Committee has resolved almost all complaints received during the year.

The Committee held four Meetings during the year 2011-2012 as under:

	No. of Meetings	
	Held	Attended
Mr. Manish Mehta, <i>Chairman</i>	4	4
Dr K K Khakhar	4	4
Mr. Ketan Dhulesia	4	4

### Remuneration Committee

The Company is not making any payment to any of Directors, and hence, has not formed the Remuneration Committee.

### Communication to shareholders

The quarterly results of the Company are published in any two of leading newspapers of Gujarati and English language.

### General Body Meetings

Details of the last three annual general meetings are given below:

Financial Year	Date	Time	Venue	Special Resolution passed
2010-2011	29 <sup>th</sup> Day of September, 2011	11:00 am	208-215 Star Plaza, Phulchhab Chowk, Rajkot-1	No special Resolution was passed
2009-2010	25 <sup>th</sup> Day of August, 2010	11:00 am	208-215 Star Plaza, Phulchhab Chowk, Rajkot-1	1. Approval of Members u/s 81(1A) of the Companies Act, 1956 for making Preferential allotment of convertible warrants 2. Alteration of Clause V of the Memorandum of Association of the Company consequent to increase in authorised share capital of the Company
2008-2009	26 <sup>th</sup> Day of September, 2009	11:00 am	208-215 Star Plaza, Phulchhab Chowk, Rajkot-1	1. Delisting of securities from Ahmedabad Stock Exchange Ltd, Ahmedabad 2. Delisting of securities from Saurashtra & Kutch Stock Exchange Ltd, Rajkot

**4. Shareholder information****Registered Office**

Rajath Finance Limited, 208-215, Star Plaza, Phulchhab Chowk, Rajkot-360 001

**Annual General Meeting**

The 27<sup>th</sup> Annual General Meeting (AGM) of the Company will be held on Monday, 24<sup>th</sup> September, 2012 at 11:00 A.M. at registered office of the Company, 208-215 Star Plaza, Phulchhab Chowk, Rajkot-360 001

**Financial Calendar**

- |  |                                       |
|--|---------------------------------------|
| 1. Annual General Meeting                                      | : 24 <sup>th</sup> September, 2012    |
| 2. Results for Quarter ending 30 <sup>th</sup> June, 2012      | : First/second week of August, 2012   |
| 3. Results for Quarter ending 30 <sup>th</sup> September, 2012 | : First/second week of November, 2012 |
| 4. Results for Quarter ending 31 <sup>st</sup> December, 2012  | : First/second week of February, 2013 |
| 5. Results for year 31 <sup>st</sup> March, 2013               | : Last week of May, 2013              |

**Dates of book Closure**

The Company's transfer books will be closed from 17<sup>th</sup> September, 2012 to 22<sup>nd</sup> September, 2012 (both days inclusive) for purpose of Annual General.

**Stock Exchange Listing**

The Company's shares are presently listed on the Bombay Stock Exchange Ltd, Mumbai. The Company has already passed Resolution for delisting of its Securities from the Ahmedabad Stock Exchange Ltd., Ahmedabad, and Saurashtra Kutch Stock Exchange Ltd, Rajkot, and the approval is awaited from the Stock Exchanges.

**Stock Code**

	Code
Bombay Stock Exchange Ltd.	507962
ISIN	INE455H01013

**Registrar and Transfer Agents**

Company has appointed Registrar and Transfer Agent, the name and address is as follow:

Link Intime India Pvt. Ltd  
Unit No. 303, 3<sup>rd</sup> Floor,  
Shoppers Plaza V,  
Opp. Municipal Market,  
Off C.G. Road,  
Ahmedabad-380 009  
Phone/Fax- 079-26465179

**Share Transfer System**

The processing activities with respect to requests received for share transfer are normally completed within 15 working days from the date of request.

**Distribution Schedule as on 31<sup>st</sup> March, 2012:**

SHARE OR DEBENTURE	NUMBER OF HOLDERS	% OF HOLDERS	TOTAL SHARES	% OF SHARES/ DEBENTURES
01 to 500	704	93.6170	107011	2.6750
501 to 1000	18	2.3940	15900	0.3980
1001 to 2000	3	0.3990	3800	0.0950
2001 to 3000	4	0.5320	10401	0.2600
3001 to 4000	1	0.1330	4000	0.1000
4001 to 5000	0	0.0000	0	0.0000
5001 to 10000	4	0.5320	37000	0.3250
10001 & above	18	2.3940	3821888	95.5470
<b>TOTAL</b>	<b>752</b>	<b>100.00</b>	<b>40,00,000</b>	<b>100.00</b>

# RAJATH FINANCE LIMITED

## Dematerialization of shares

As on 31<sup>st</sup> March, 2012 out of total holding of 40,00,000 equity shares, 38,77,501 equity shares representing 97 % of the paid up capital of the company are in dematerialized form and balance 122499 equity shares representing 3% are in physical form.

Shareholders seeking any information/solution of any problem of query related to shares, share transfer; dematerialisation of shares etc. may kindly contact the Registrar and Transfer Agent of the Company.

## ADDRESS FOR CORRESPONDENCE:

Company's Registered Office	Share Transfer Agent
Rajath Finance Ltd 208-215, Star Plaza, Phulchhab Chowk, Rajkot-360 001 Phone-0281-2447800	Link Intime India Pvt. Ltd Unit No. 303, 3 <sup>rd</sup> Floor, Shoppers Plaza V, Opp. Municipal Market, Off C.G. Road, Ahmedabad-380 009 Phone/Fax- 079-26465179

## DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT [Clause 49(I)(d)]

The Company has laid down and adopted "Code of Conduct" for all Board Members and core management team of the Company. The Company believes that such Code of Conduct is necessary for best Corporate Governance practices, and expects that all Board Members and Core management team adhere to this Code of Conduct.

It is hereby affirmed that all the Directors and Senior Management personnel have complied with the Code of Conduct and have given a confirmation in this regard.

Date: 30/05/2012  
Place: Rajkot

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

(HITESH BAGDAI) (BHAVDEEP VALA)  
Director Director

**MANAGING DIRECTOR/JOINT MANAGING DIRECTOR CERTIFICATION FOR  
FINANCIAL STATEMENTS  
(CLAUSE 49V OF LISTING AGREEMENT)**

We have reviewed financial statements and cash flow statements for the financial year 2011-2012 ended on 31<sup>st</sup> March, 2012, and to the best of our knowledge and belief:

- (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (b) These statements together present true and fair view of the Company's affairs and in compliance with existing accounting standards, applicable laws and regulations;
- (c) No transactions entered into by the Company during the aforesaid year, which are fraudulent, illegal or in violation of the Company's code of conduct.

Further, we accept that it is our responsibility to establish and maintain internal controls. We have evaluated the effectiveness of internal control system of the Company and have disclosed to the auditors and the Audit Committee, wherever applicable:

- (a) deficiencies in the design or operation of internal controls, if any, which came to our notice and steps have been taken/proposed to be taken to rectify these deficiencies
- (b) Significant changes in the internal control during the year
- (c) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements
- (d) Instances of significant fraud of which we became aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Date: 30/05/2012  
Place: Rajkot

By order of the Board of Directors  
For, **RAJATH FINANCE LIMITED,**

**(HITESH BAGDAI) (BHAVDEEP VALA)**  
Director Director

# **RAJATH FINANCE LIMITED**

## **Auditors' Certificate on Corporate Governance**

To the members of Rajath Finance Limited, Rajkot.

We have examined the compliance of corporate governance by RAJATH FINANCE LIMITED, for the year ended on 31<sup>st</sup> March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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 complied with the other conditions of Corporate Governance as stipulated in the abovementioned listing Agreement. As per the records maintained by the Company no investor grievance is pending for a period exceeding one month.

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.

For and on behalf of  
SADP & Co,  
Chartered Accountants

(P. G. Bhuptani)  
Partner  
M.No.: 122330

Place: Rajkot

Date: 30/05/2012

**AUDITORS' REPORT  
TO THE MEMBERS OF RAJATH FINANCE LIMITED**

- 1 We have audited the attached Balance Sheet of **Rajath Finance Limited** as at **31<sup>st</sup> March 2012** and the Profit and Loss Account for the year ended on that date both of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is 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. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditors' Report), 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion we draw attention that company has incurred director remuneration of Rs.6.00 Lac during the year which is in excess of limit specified by the relevant provision of the Companies Act 1956. We have been informed by the BoD that they are in process to get the approval from relevant authority for excess remuneration paid. In view of BoD's opinion of seeking approval from relevant authority no adjustment has been made to accompanying financial statement in this regard.
- 5 Further we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of such books.
  - c. The Balance Sheet referred to in this report is in agreement with the books of account.
  - d. In our opinion, this financial statement have been prepared in compliance with the applicable accounting standards referred to in section 211(3C) of the Companies Act, 1956.
  - e. Based on the representations made by all the Directors of the company as on March 31, 2012 and taken on record by the Directors of the company and in accordance with the information and explanations as made available the Directors of the company do not prima facie have any disqualification as referred to in clause (g) of subsection (1) to section 274 of the Act.
  - f. In our opinion, and to the best of our information and according to the explanations given to us, the said Balance-Sheet and Profit & Loss Account read together with the notes thereon give the information required and give a true and fair view:
    - i. In the case of Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2012; and
    - ii. In the case of the Profit and Loss Account, of the loss for the year ended on that date.
    - iii. In caser of cash flow statement of cash flows for the year ended on that date.

For S A D P & Co.  
Chartered Accountants  
(FRN: 112625W)

Place: - Rajkot  
Date: - 30/05/2012

P G Bhuptani  
Partner  
Membership No. 122330



## **RAJATH FINANCE LIMITED**

### **ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT ON THE ACCOUNTS OF M/S Rajath Finance Limited FOR THE YEAR ENDING 31st March 2012**

As required by the Companies (Auditor's report) Order, 2003 issued by the central Government of India in terms of section 227(4-A) of the Companies Act, 1956, we report that:

1. In respect of fixed assets:
  - (A) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
  - (B) As explained to us, all the fixed assets have been physically verified by the management during the year at reasonable intervals, which in our opinion, is reasonable having regard to the size of the company and the nature of assets. No material discrepancies were noticed on such physical verification.
  - (C) In our opinion the Company has not disposed off any substantial/major part of fixed assets during the year and the going concern status of the company is not affected.
2. Since the company does not have any inventory, the requirement of reporting on physical verification of inventory and maintenance of inventory records, in our opinion, does not arise.
3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956:
  - (A) The company has granted Loans to one party. At the year end the outstanding balance of such loans granted was Rs.55,00,000/- and the maximum amount involved during the year was Rs. 65,00,000/-
  - (B) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other the terms and conditions are prima-facie prejudicial to the interest of the company since there is no stipulation regarding repayment of Principle and interest.
  - (C) In respect of loans granted by the company, the interest and the principal amount is repayable on demand.
  - (D) Since the loans granted by the company are repayable on demand, no question of overdue amounts arises.
  - (E) The company has not taken any new loans during the year.
  - (F) Since the company has not taken any new loans during the year hence Not Applicable
  - (G) Since the company has not taken any loans during the year hence Not Applicable
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and with regard for the sale of goods and services. During the course of audit, no major weakness has been noticed in the internal control.
5. In our opinion and according to the information and explanation given to us, there are no contracts or arrangements that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules made there under are not applicable to the Company.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. As explained to us, the provisions section 209(1) (d) are not applicable to the company as the company is not in production, processing, manufacturing or mining activities.

9. In respect of statutory dues:-

- (A) According to the information and explanations given to us, the company was generally regular in depositing dues in respect of Employees Provident Fund, Employees State Insurance Fund and other statutory dues with the appropriate authority during the year except Income Tax. The company has not paid the Income Tax for the Financial Year 2010-11 till date. The approximate amount of such tax payable is of Rs. 13,93,000.
- (B) According to the records examined by us and the information and explanations given to us, there are no disputed amounts due in respect of income tax, wealth tax, sales tax, excise duty, Employees provident fund, Employee state insurance fund and other statutory dues at the end of the year.
10. The Company does not have accumulated losses more than fifty percent of its net worth as at the end of the year and the company has not incurred cash losses during current year or in the year immediately preceding the previous year.
11. Since no fund is raised/ outstanding to banks, financial institution and from debenture holders, hence Not Applicable
12. In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other security.
13. In our opinion the company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(XIII) of the CARO,2003 are not applicable to the company.
14. The company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments and timely entries have been made there in. All shares, debentures and other investments have been held by the company in its own name. The company had purchased 23,300 Nos. of Mater Gain. The same were misappropriated in transit. The company had filed suit before the Hon'ble Civil Court Rajkot. The same was disposed in favour of the company and an execution application has also been filed, which is pending for disposal before the Hon'ble Civil Court, Rajkot.
15. According to the records of the company and information and explanations given to us, the company has not given guarantees for loans taken by others from banks and financial institutions.
16. In our opinion and according to information and explanation given to us, the Company has not availed of any term loans during the year. There were no term loans outstanding as at the beginning and as at end of the year.
17. According to the information and explanations given to us and on examination of balance sheet, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.
18. The company has not made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year.
19. The company has not issued any debentures during the year, hence question of creation of securities does not arise.
20. The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
21. In our opinion and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For S A D P & Co.

Chartered Accountants  
(FRN: 112625W)

Place: Rajkot  
Date: 30/05/2012

( P G Bhuptani)  
Partner  
Membership no. :122330

# RAJATH FINANCE LIMITED

## Balance Sheet as at 31st March 2012

	Note No.	As at 31st March 2012	As at 31st March 2011
<b>in rupees</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	4,00,00,000.00	4,00,00,000.00
Reserves and surplus	3	58,48,083.00	62,94,937.00
Money received against share warrants	4	3,00,00,000.00	3,00,00,000.00
		<b>7,58,48,083.00</b>	<b>7,62,94,937.00</b>
<b>Share application money pending allotment</b>		<b>Nil</b>	<b>Nil</b>
<b>Non-current liabilities</b>			
Long-term borrowings		Nil	Nil
Deferred tax liabilities (Net)	5	3,44,418.00	7,19,023.00
Other long term liabilities		Nil	Nil
Long-term provisions	6	11,31,861.00	1,53,185.00
		<b>14,76,279.00</b>	<b>8,72,208.00</b>
<b>Current liabilities</b>			
Short-term borrowings		Nil	Nil
Trade payables	7	2,69,272.00	Nil
Other current liabilities	8	2,31,474.00	Nil
Short-term provisions	6	16,00,612.00	14,82,811.00
		<b>21,01,358.00</b>	<b>14,82,811.00</b>
<b>TOTAL</b>		<b>7,94,25,720.00</b>	<b>7,86,49,956.00</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	9	33,78,884.00	35,72,119.00
Intangible assets		Nil	Nil
Capital work-in-Progress		Nil	Nil
Intangible assets under development		Nil	Nil
<b>Non-current investments</b>			
Deferred tax assets (net)	5	Nil	Nil
Long-term loans and advances	11	1,18,45,200.00	1,18,72,817.00
Other non-current assets	12	3,30,270.00	4,40,360.00
		<b>1,59,62,617.00</b>	<b>1,62,93,559.00</b>
<b>Current assets</b>			
Current investments		Nil	Nil
Inventories	13	2,09,430.00	2,09,430.00
Trade receivables		Nil	Nil
Cash and cash equivalents	14	5,09,428.00	8,73,021.00
Short-term loans and advances	11	6,27,44,245.00	6,12,73,946.00
Other current assets		Nil	Nil
		<b>6,34,63,103.00</b>	<b>6,23,56,397.00</b>
<b>TOTAL</b>		<b>7,94,25,720.00</b>	<b>7,86,49,956.00</b>

### SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

1

The schedule referred above form an integral part of the Accounts Audit Report as on even date attached  
For S A D P AND CO  
Chartered Accountants  
(FRN: 112625W)

For and on behalf of the Board of Directors

P. G. Bhuptani  
PARTNER  
Membership No.: 122330  
Place: RAJKOT  
Date: 30/05/2012

Director

Director

**Statement of Profit and loss for the year ended 31st March 2012**

		<b>in rupees</b>	
	<b>Note No.</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
<b>Revenue</b>			
Revenue from operations	15	47,38,652.00	2,07,47,222.00
Less: Excise duty		Nil	Nil
<b>Net Sales</b>		<b>47,38,652.00</b>	<b>2,07,47,222.00</b>
Other income	16	Nil	41,179.00
<b>Total Revenue</b>		<b>47,38,652.00</b>	<b>2,07,88,401.00</b>
<b>Expenses</b>			
Cost of material Consumed		Nil	Nil
Purchase of stock-in-trade	17	Nil	1,53,97,528.00
Changes in inventories	18	Nil	(2,09,430.00)
Employee benefit expenses	19	1,77,373.00	1,79,283.00
Finance costs		Nil	Nil
Depreciation and amortization expenses	20	3,22,825.00	3,26,519.00
Other expenses	21	45,67,352.00	6,54,910.00
<b>Total Expenses</b>		<b>50,67,550.00</b>	<b>1,63,48,810.00</b>
<b>Profit before exceptional, extraordinary and prior period items and tax</b>		<b>(3,28,898.00)</b>	<b>44,39,591.00</b>
Exceptional items		Nil	Nil
<b>Profit before extraordinary and prior period items and tax</b>		<b>(3,28,898.00)</b>	<b>44,39,591.00</b>
Extraordinary items		Nil	Nil
Prior period item		Nil	Nil
<b>Profit before tax</b>		<b>(3,28,898.00)</b>	<b>44,39,591.00</b>
<b>Tax expenses</b>			
Current tax		4,92,561.00	14,45,210.00
Deferred tax		(3,74,605.00)	(23,293.00)
Excess/short provision relating earlier year tax		Nil	21,845.00
<b>Profit(Loss) for the period from continuing operations</b>		<b>(4,46,854.00)</b>	<b>29,95,829.00</b>
Profit(Loss) from discontinuing operations		Nil	Nil
Tax expenses of discontinuing operations		Nil	Nil
<b>Profit(Loss) from discontinuing operations(after tax)</b>		<b>Nil</b>	<b>Nil</b>
<b>Profit(Loss) for the period</b>		<b>(4,46,854.00)</b>	<b>29,95,829.00</b>
<b>Earning per share</b>			
<b>Basic</b>	22		
Before extraordinary Items		(0.11)	0.75
After extraordinary Adjustment		(0.11)	0.75
<b>Diluted</b>			
Before extraordinary Items		(0.10)	0.71
After extraordinary Adjustment		(0.10)	0.71
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES TO THE ACCOUNTS</b>	1		

The schedule referred above form an integral part of the Accounts

Audit Report as on even date attached

For S A D P AND CO

Chartered Accountants

(FRN: 112625W)

For and on behalf of the Board of Directors

P. G. Bhuptani

PARTNER

Membership No.: 122330

Place: RAJKOT

Date: 30/05/2012

Director

Director

# RAJATH FINANCE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012

in rupees

	Particulars	Amt. Rs. 31/03/2012	Amt. Rs. 31/03/2011
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	Net Profit before tax	(328,898)	4,439,591
	<b>Adjustment for:</b>		
	Depreciation	212,735	216,429
	Preliminary & Pre Operative Exp. W/off	110,090	110,090
	Provision for Bad and doubtful debts advances	978,676	153,185
	Bad Debts advance written off	1,280,767	-
	<b>Operating Profit Before Working Capital Changes</b>	<b>2,253,370</b>	<b>4,919,295</b>
	<b>Adjustments for Changes in Working Capital</b>		
	(Increase)/Decrease in Loans & Advances	(1,470,299)	(30,721,000)
	(Increase)/Decrease in Other Receivables	(2,231,826)	(10,524,634)
	(Increase)/Decrease in Inventories	-	(209,430)
	Increase/(Decrease) in Trade and other payables	1,597,223	(19,820)
	<b>Cash Generated from Operating Activities</b>	<b>148,468</b>	<b>(36,555,589)</b>
	Taxes paid	(492,561)	(239,256)
	<b>Net Cash Generated from Operating Activities</b>	<b>(344,093)</b>	<b>(36,794,845)</b>
<b>B</b>	<b>Cash Flow From Financing Activities</b>		
	Increase in Share Capital	-	-
	Issue of Convertible Share Warrants	-	30,000,000
	Increase in Short Term Borrowings	-	-
	Interest Paid	-	-
	<b>Net Cash Generated from Financing Activities</b>	<b>-</b>	<b>30,000,000</b>
<b>C</b>	<b>Cash Flow from Investing Activities</b>		
	Increase in Fixed Assets	(19,500)	(3,500)
	Increase in Preliminary & Pre Operative Exp.	-	(550,450)
	Purchase of Investments	-	(97,500)
	Sale of assets	-	-
	<b>Net Cash Generated from Investing Activities</b>	<b>(19,500)</b>	<b>(651,450)</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(363,593)</b>	<b>(7,446,295)</b>
	<b>Add: Cash and Cash Equivalents at the beginning of period</b>	<b>873,021</b>	<b>8,319,316</b>
	<b>Cash and Cash Equivalents at the year end</b>	<b>509,428</b>	<b>873,021</b>

As per Our Report of even date attached

For SADP & Co.

For & on behalf of board of directors

Chartered Accountants

(FRN: 112625W)

P.G. Bhuptani

Director

Partner

M.No. 122330

Director

Date: 30/05/2012

Place: Rajkot

**CERTIFICATE**

To  
The Members of  
**RAJATH FINANCE LIMITED**  
**RAJKOT**

We have examined the attached Cash Flow Statement of **Rajath Finance Limited** for the year ended 31st March, 2012. The statement has been prepared by the Company in accordance with the requirement of listing agreement Clause 32 with Bombay Stock Exchange, Ahmedabad Stock Exchange and Saurashtra-Kutch Stock Exchange Limited, Rajkot and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

**For, S A D P And Co.**  
Chartered Accountants  
Firm Reg. No : 112625W

Place Rajkot  
Date: 30/05/2012

**P.G. Bhuptani**  
Partner

# **RAJATH FINANCE LIMITED**

## **Notes to Financial statements for the year ended 31 March 2012**

### **Note No. 1 Significant Accounting Policies**

**1. Basis of Accounting**

The financial statements have prepared under historical cost convention on an accrual basis and comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act 1956.

**2. Income & Expenditure**

The Company follows the accrual method of accounting as per the Companies Act, 1956 and complies with the Reserve Bank of India guidelines for Non Banking Financial Companies. The Accounts have been prepared on going concern basis.

**3. Use of Estimates**

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

**4. Fixed Assets and Depreciation**

Fixed Assets are stated at historical cost less accumulated depreciation thereon. Depreciation on assets is provided on straight line method at the rates prescribed under Schedule XVI of the Companies Act, 1956.

**5. Investments:**

All investments are for long term holding and are valued at cost.

**6. Inventories**

Inventories are stated at cost or market price which ever is lower.

**7. Taxes on Income**

Deferred tax asset is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**8. Misc. Expenditure**

Misc. expenditures shall be amortized equally over a period of 5 years.

**9. Previous year's figures**

The figures have been rounded off to the nearest rupee. Previous year figures have been regrouped wherever found necessary to make it comparable.

**10. Provisions**

The company has provided adequate provision on Standard Asset and Non Performing Assets in accordance with the guidelines issued by the Reserve Bank of India.

**11. Classification of Assets & Liabilities**

The Revised Schedule VI to the Companies Act, 1956 requires assets and liabilities to be classified as either Current or Non-current.

(a) An asset shall be classified as current when it satisfies any of the following criteria:

- (i) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (ii) It is held primarily for the purpose of being traded;
- (iii) It is expected to be realized within twelve months after the reporting date; or
- (iv) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

(b) All assets other than current assets shall be classified as non-current.

(c) A liability shall be classified as current when it satisfies any of the following criteria:

- (i) It is expected to be settled in the company's normal operating cycle;
- (ii) It is held primarily for the purpose of being traded;
- (iii) It is due to be settled within twelve months after the reporting date; or
- (iv) The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(d) All liabilities other than current liabilities shall be classified as non-current.

**Note No. (2) Share Capital**

in rupees

Particulars	As at 31st march 2012	As at 31st march 2011
<b>Authorised :</b> 7500000 (31/03/2011:7500000) Equity shares of Rs. 10.00/- par value	7,50,00,000.00	7,50,00,000.00
<b>Issued :</b> 4000000 (31/03/2011:4000000) Equity shares of Rs. 10.00/- par value	4,00,00,000.00	4,00,00,000.00
<b>Subscribed and paid-up :</b> 4000000 (31/03/2011:4000000) Equity shares of Rs. 10.00/- par value	4,00,00,000.00	4,00,00,000.00
<b>Paid up Share Capital</b>	<b>4,00,00,000.00</b>	<b>4,00,00,000.00</b>

**Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period**

**Equity shares**

in rupees

	As at 31st march 2012		As at 31st march 2011	
	No. of Shares	Amount	No. of Shares	Amount
<b>At the beginning of the period</b>	40,00,000	4,00,00,000.00	40,00,000	4,00,00,000.00
Issued During the Period	Nil	Nil	Nil	Nil
Redeemed or bought back during the period	Nil	Nil	Nil	Nil
<b>Outstanding at end of the period</b>	<b>40,00,000</b>	<b>4,00,00,000.00</b>	<b>40,00,000</b>	<b>4,00,00,000.00</b>

**Right, Preferences and Restriction attached to shares**

**Equity shares**

The company has only one class of Equity having a par value Rs. 10.00 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

**Details of shareholders holding more than 5% shares in the company**

Type of Share	Name of Shareholders	As at 31-03-2012		As at 31-03-2011	
		No. of Shares	% of Holding	No. of Shares	% of Holding
Equity [NV: 10.00 ]	Hitesh Bagdai	9,96,800	24.92	9,96,800	24.92
Equity [NV: 10.00 ]	Poonam Bagdai	9,96,800	24.92	9,96,800	24.92
Equity [NV: 10.00 ]	Bhavdeep Vala	9,96,800	24.92	9,96,800	24.92
	<b>Total :</b>	<b>29,90,400</b>	<b>74.76</b>	<b>29,90,400</b>	<b>74.76</b>



# RAJATH FINANCE LIMITED

## Note No. 3 Reserves and surplus

in rupees

Particulars	As at 31st March 2012	As at 31st March 2011
<b>Profit loss account</b>		
Opening Balance	(12,75,976.00)	(36,72,639.00)
Add: Profit for the year	(4,46,854.00)	29,95,829.00
Less: Deletion during the year	Nil	5,99,166.00
<b>Closing Balance</b>	<b>(17,22,830.00)</b>	<b>(12,75,976.00)</b>
<b>Capital reserve</b>		
Opening Balance	56,500.00	56,500.00
Add: Addition during the year	Nil	Nil
Less: Deletion during the year	Nil	Nil
<b>Closing Balance</b>	<b>56,500.00</b>	<b>56,500.00</b>
<b>General reserve</b>		
Opening Balance	27,30,931.00	27,30,931.00
Add: Addition during the year	Nil	Nil
Less: Deletion during the year	Nil	Nil
<b>Closing Balance</b>	<b>27,30,931.00</b>	<b>27,30,931.00</b>
<b>Special reserve</b>		
Opening Balance	47,83,482.00	41,84,316.00
Add: Addition during the year	Nil	5,99,166.00
Less: Deletion during the year	Nil	Nil
<b>Closing Balance</b>	<b>47,83,482.00</b>	<b>47,83,482.00</b>
<b>Balance carried to balance sheet</b>	<b>58,48,083.00</b>	<b>62,94,937.00</b>

## Note No. 4 Money received against share warrants

in rupees

Particulars	31st March 2012	31st March 2011
Equity share warrants at beginning	3,00,00,000.00	Nil
Additions to equity share warrants	Nil	3,00,00,000.00
<b>Total</b>	<b>3,00,00,000.00</b>	<b>3,00,00,000.00</b>

Company has issued and allotted 4,00,000 convertible share warrants of Rs. 300/- each (out of which Rs. 75/- warrant to be paid on application and balance to be paid before the date of conversion) on preferential basis convertible into 1 equity share of Rs. 10/- each.

## Note No:5 Differed Tax

in rupees

Particulars	As at 31st march 2012	As at 31st march 2011
<b>Deferred tax liability</b>		
Deferred tax liability other	3,44,418.00	7,19,023.00
<b>Gross deferred tax liability</b>	<b>3,44,418.00</b>	<b>7,19,023.00</b>
<b>Net deferred tax assets</b>	<b>Nil</b>	<b>Nil</b>
<b>Net deferred tax liability</b>	<b>3,44,418.00</b>	<b>7,19,023.00</b>

**Note No :6 - Provisions**

in rupees

Particulars	As at 31 March 2012			As at 31 March 2011		
	Long-term	Short-term	Total	Long-term	Short-term	Total
<b>Provision for employee benefit</b>						
Provision for leave encashment	Nil	Nil	Nil	Nil	10,303.00	10,303.00
Provision for Bonus	Nil	Nil	Nil	Nil	15,180.00	15,180.00
	Nil	Nil	Nil	Nil	25,483.00	25,483.00
<b>Other provisions</b>						
Provision Against Standard Assets	1,31,861.00	Nil	1,31,861.00	1,53,185.00	Nil	1,53,185.00
Provision Against Non Performing Assets	10,00,000.00	Nil	10,00,000.00	Nil	Nil	Nil
Income Tax Provisions	Nil	15,69,904.00	15,69,904.00	Nil	14,45,210.00	14,45,210.00
Audit Fee Provisions	Nil	26,966.00	26,966.00	Nil	11,030.00	11,030.00
Provision for Expenses	Nil	3,742.00	3,742.00	Nil	1,088.00	1,088.00
	<b>11,31,861.00</b>	<b>16,00,612.00</b>	<b>27,32,473.00</b>	<b>1,53,185.00</b>	<b>14,57,328.00</b>	<b>16,10,513.00</b>
<b>Total</b>	<b>11,31,861.00</b>	<b>16,00,612.00</b>	<b>27,32,473.00</b>	<b>1,53,185.00</b>	<b>14,82,811.00</b>	<b>16,35,996.00</b>

**Note No.7:-Trade payables**

in rupees

Particulars	As at 31 March 2012
<b>Trade payables</b>	
Creditors due others	2,69,272.00
<b>Total</b>	<b>2,69,272.00</b>

**Note No:8 Other current liabilities**

in rupees

Particulars	As at 31st march 2012	As at 31st march 2011
<b>Others payables</b>		
TDS Payable	1,41,474.00	Nil
Director Remuneration Payable	90,000.00	Nil
	<b>2,31,474.00</b>	<b>Nil</b>
<b>Total</b>	<b>2,31,474.00</b>	<b>Nil</b>

# RAJATH FINANCE LIMITED

## Note no.9: Fixed Assets in rupees

Assets	Gross Block					Accumulated Depreciation/ Amortisation							Net Block	
	Balance as at 1st april 2011	Additions during the year	Addition on account of business acquisition	Deletion during the year	Balance as at 31st march 2012	Balance as at 1st april 2011	Provided during the year	Addition on account of business acquisition	Deletion / adjustments during the year	Other Adjustment	Impairment/Reversal*	Balance as at 31st march 2012	Balance as at 31st March 2012	Balance as at 31st March 2011
<b>A Tangible assets</b>														
Premises	36,98,563.00	Nil	Nil	Nil	36,98,563.00	7,28,348.00	60,287.00	Nil	Nil	Nil	Nil	7,88,635.00	29,09,928.00	29,70,215.00
Furniture and Fixtures	21,73,163.00	Nil	Nil	Nil	21,73,163.00	16,66,367.00	1,36,585.00	Nil	Nil	Nil	Nil	18,02,952.00	3,70,211.00	5,06,796.00
Office Equipments	1,71,444.00	Nil	Nil	Nil	1,71,444.00	1,12,618.00	8,143.00	Nil	Nil	Nil	Nil	1,20,761.00	50,683.00	58,826.00
Air Conditioners	39,131.00	Nil	Nil	Nil	39,131.00	17,039.00	1,859.00	Nil	Nil	Nil	Nil	18,898.00	20,233.00	22,092.00
Computers	6,80,606.00	19,500.00	Nil	Nil	7,00,106.00	6,66,416.00	5,861.00	Nil	Nil	Nil	Nil	6,72,277.00	27,829.00	14,190.00
<b>Total</b>	<b>67,62,907.00</b>	<b>19,500.00</b>	<b>Nil</b>	<b>Nil</b>	<b>67,82,407.00</b>	<b>31,90,788.00</b>	<b>2,12,735.00</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>34,03,523.00</b>	<b>33,78,884.00</b>	<b>35,72,119.00</b>
<b>P.Y Total</b>	<b>67,59,407.00</b>	<b>3,500.00</b>	<b>Nil</b>	<b>Nil</b>	<b>67,62,907.00</b>	<b>29,74,359.00</b>	<b>2,16,429.00</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>31,90,788.00</b>	<b>35,72,119.00</b>	<b>37,85,048.00</b>

**Note No. 10 Non-current investments**

in rupees

Particulars	As at 31 March 2012		As at 31 March 2011	
<b>Trade Investment(Valued at cost unless stated otherwise)</b>				
<b>Investments in equity Instruments (Quoted)</b>				
<b>In Others</b>				
UTI Master Gain		3,09,263.00		3,09,263.00
<b>Investments in equity Instruments (Unquoted)</b>				
<b>In Others</b>				
Kesoram Textiles Ltd.		1,500.00		1,500.00
		<b>3,10,763.00</b>		<b>3,10,763.00</b>
<b>Non-Trade Investment(Valued at cost unless stated otherwise)</b>				
<b>Investments in equity Instruments (Unquoted)</b>				
<b>In Subsidiaries</b>				
Investment in subsidiaries unquoted non-trade		97,500.00		97,500.00
		<b>97,500.00</b>		<b>97,500.00</b>
<b>Gross Investment</b>		<b>4,08,263.00</b>		<b>4,08,263.00</b>
<b>Net Investment</b>		<b>4,08,263.00</b>		<b>4,08,263.00</b>
<b>Aggregate amount of quoted investments (Market Value: 1269151.00) (2011: 1294000.00)</b>		<b>4,06,763.00</b>		<b>4,06,763.00</b>
<b>Aggregate amount of unquoted investments</b>		<b>1,500.00</b>		<b>1,500.00</b>

The company had purchased 23,300 Nos. of UTI Master Gain. The same were misappropriated in transit. The Company had filed suit before the Hon'ble Civil Court Rajkot. The same was disposed in favour of the Company and an execution application has also been filed, which is pending for disposal before the Hon'ble Civil Court, Rajkot.

**Note No. 11 Loans and advances**

in rupees

Particulars	As at 31st march 2012		As at 31st march 2011	
	Long-term	Short-term	Long-term	Short-term
<b>Security Deposit</b>				
Unsecured, considered good	1,95,069.00	Nil	1,95,069.00	Nil
	<b>1,95,069.00</b>	<b>Nil</b>	<b>1,95,069.00</b>	<b>Nil</b>
<b>Loans and advances to related parties</b>				
Unsecured, considered good	Nil	1,00,00,000.00	Nil	1,00,00,000.00
	<b>Nil</b>	<b>1,00,00,000.00</b>	<b>Nil</b>	<b>1,00,00,000.00</b>
<b>Other loans and advances</b>				
Loan to Customers	Nil	5,27,44,245.00	Nil	5,12,73,946.00
Advance income tax paid (Unsecured)	16,50,131.00	Nil	16,77,748.00	Nil
Advance from Property Purchase	1,00,00,000.00	Nil	1,00,00,000.00	Nil
	<b>1,16,50,131.00</b>	<b>5,27,44,245.00</b>	<b>1,16,77,748.00</b>	<b>5,12,73,946.00</b>
<b>Total</b>	<b>1,18,45,200.00</b>	<b>6,27,44,245.00</b>	<b>1,18,72,817.00</b>	<b>6,12,73,946.00</b>

**Note No. 11(a) Loans and advances : Loans and advances to related parties:**

Unsecured, considered good

in rupees

Particulars	As at 31st march 2012		As at 31st march 2011	
	Long-term	Short-term	Long-term	Short-term
Unsecured loans and advances given to directors	Nil	55,00,000.00	Nil	55,00,000.00
Unsecure Loan to Subsidiaries	Nil	45,00,000.00	Nil	45,00,000.00
<b>Total</b>	<b>Nil</b>	<b>1,00,00,000.00</b>	<b>Nil</b>	<b>1,00,00,000.00</b>

**Note No. 11(b) Loans and advances : Classification of Loans and advances**

The Company has complied with the norms prescribed by Reserve Bank of India for making provision on Standard Assets and Non Performing Assets. At the year end the

positing of standard assets and Non Performing Assets are as follows:

# RAJATH FINANCE LIMITED

in rupees

Particulars	As at 31st march 2012		As at 31st march 2011	
	Standard	Sub Standard	Standard	Sub Standard
Unsecured Short Term Loan to relatives	1,00,00,000.00	Nil	1,00,00,000.00	Nil
Unsecured Short Term Loan to Others	4,27,44,245.00	1,00,00,000.00	5,12,73,946.00	Nil
<b>Total</b>	<b>5,27,44,245.00</b>	<b>1,00,00,000.00</b>	<b>6,12,73,946.00</b>	<b>Nil</b>

## Note No :12 - Other non-current assets

in rupees

Particulars	As at 31 March 2012	As at 31 March 2011
Miscellaneous expenditure not written off		
Miscellaneous expenditure not written off	3,30,270.00	4,40,360.00
<b>Total</b>	<b>3,30,270.00</b>	<b>4,40,360.00</b>

## Note No:13-Inventories

in rupees

Particulars	As at 31st march 2012	As at 31st march 2011
(Valued at cost or NRV unless otherwise stated)		
Shares	2,09,430.00	2,09,430.00
<b>Total</b>	<b>209430.00</b>	<b>209430.00</b>

Market Value as on 31<sup>st</sup> March, 2012 is of Rs. 251083.

## Note No :14 - Cash and cash equivalents

in rupees

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Balance with banks</b>		
Balance scheduled banks current account	63,764.00	8,63,341.00
<b>Total</b>	<b>63,764.00</b>	<b>8,63,341.00</b>
<b>Cash in hand</b>		
Cash in hand	4,45,664.00	9,680.00
<b>Total</b>	<b>4,45,664.00</b>	<b>9,680.00</b>
<b>Total</b>	<b>5,09,428.00</b>	<b>8,73,021.00</b>

## Note No. (15) Revenue from operations

in rupees

Particulars	31st march 2012	31st march 2011
<b>Interest Income</b>	<b>47,33,881.00</b>	<b>55,16,103.00</b>
<b>Other financial services</b>		
Brokerage Rebates	Nil	86,000.00
Derivative Profit	Nil	9,612.00
Hedging Profit	Nil	11,06,420.00
Dividend	4,771.00	1,164.00
Share Sales	Nil	1,40,27,923.00
	<b>4,771.00</b>	<b>1,52,31,119.00</b>
<b>Gross revenue from operations</b>	<b>47,38,652.00</b>	<b>2,07,47,222.00</b>

## Note No. (16) Other income

in rupees

Particulars	31st march 2012	31st march 2011
<b>Other non-operating income</b>		
Interest on Income Tax Refund	Nil	36,779.00
Miscellaneous Income	Nil	4,400.00
	<b>Nil</b>	<b>41,179.00</b>
<b>Total</b>	<b>Nil</b>	<b>41,179.00</b>

**Note No. 17 Purchase of stock-in-trade**

in rupees

Particulars	31st March 2012	31st March 2011
Share Purchase	Nil	1,53,97,528.00
<b>Total</b>	<b>Nil</b>	<b>1,53,97,528.00</b>

**Note No:18 Changes in inventories**

in rupees

Particulars	31st march 2012	31st march 2011
<b>Inventory at the end of the year</b>		
Shares	2,09,430.00	2,09,430.00
	<b>2,09,430.00</b>	<b>2,09,430.00</b>
<b>Inventory at the beginning of the year</b>		
Shares	2,09,430.00	Nil
	<b>2,09,430.00</b>	<b>Nil</b>
<b>(Increase)/decrease in inventories</b>		
Shares	Nil	(2,09,430.00)
	<b>Nil</b>	<b>(2,09,430.00)</b>

**Note No. (19) Employee benefit expenses**

in rupees

Particulars	31st march 2012	31st march 2011
<b>Salaries and Wages</b>		
Salary and wages	1,59,693.00	1,62,103.00
Bonus	17,680.00	17,180.00
	<b>1,77,373.00</b>	<b>1,79,283.00</b>
<b>Total</b>	<b>1,77,373.00</b>	<b>1,79,283.00</b>

**Note No. 20 Depreciation and amortization expenses**

in rupees

Particulars	31st March 2012	31st March 2011
Depreciation on tangible assets	2,12,735.00	2,16,429.00
Other write-down on assets	1,10,090.00	1,10,090.00
<b>Total</b>	<b>3,22,825.00</b>	<b>3,26,519.00</b>

**Note No. 21 Other expenses**

in rupees

Particulars	31st March 2012	31st March 2011
Advertising expenses	41,887.00	60,293.00
Annual Custodial Fee	13,182.00	13,236.00
Audit fees	26,966.00	11,030.00
Bad debts advances written off	12,80,767.00	Nil
Bank charges	827.00	2,601.00
Director's remuneration	6,00,000.00	Nil
D-Mat Charges	552.00	551.00
Donations	16,000.00	10,000.00
Electricity expenses	36,004.00	20,603.00
Information technology expenses	5,775.00	6,076.00
Legal and professional expenses	10,13,535.00	65,502.00
Listing Fee	16,545.00	19,928.00
Miscellaneous expenditure	600.00	7,052.00
Office Expense	15,505.00	15,373.00
Printing and stationery	31,011.00	45,966.00
Provision for bad and doubtful debts advances	9,78,676.00	1,53,185.00
Rates and taxes	63,566.00	59,266.00
Repairs and maintenance expenses	22,850.00	13,649.00
Subscription fees	1,053.00	1,004.00
TDS Late Payment Charge	135.00	61.00
Telephone and postage expenses	19,551.00	20,900.00
Travelling Expenses	3,82,365.00	1,28,634.00
<b>Total</b>	<b>45,67,352.00</b>	<b>6,54,910.00</b>

# RAJATH FINANCE LIMITED

## Note No: 22 Earning Per Share

in rupees

Particulars	Before Extraordinary items		After Extraordinary items	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
<b>Basic</b>				
Profit after tax (A)	(4,46,854.00)	29,95,829.00	(4,46,854.00)	29,95,829.00
Weighted average number of shares outstanding (B)	40,00,000	40,00,000	40,00,000	40,00,000
Basic EPS (A / B)	(0.11)	0.75	(0.11)	0.75
<b>Diluted</b>				
Profit after tax (A)	(4,46,854.00)	29,95,829.00	(4,46,854.00)	29,95,829.00
Weighted average number of shares outstanding	40,00,000	40,00,000	40,00,000	40,00,000
<b>Adjustments:</b>				
Warrants, options and rights	4,00,000	2,00,000	4,00,000	2,00,000
Weighted average number of shares outstanding for diluted EPS after above adjustments (B)	44,00,000	42,00,000	44,00,000	42,00,000
Diluted EPS (A / B)	(0.10)	0.71	(0.10)	0.71

## Note No. 23 Payment to Auditors

in rupees

Particulars	31st March 2012	31st March 2011
As Auditors	38,315	11,030
In any other capacity	4,13,625	10,977
<b>Total</b>	<b>4,69,940</b>	<b>22,007</b>

## Note No. 24 Transactions with Related Parties

As per Accounting Standard 18, issued by the ICAI, the disclosure of transactions with the related parties as defined in the Accounting Standard are as given below:

### a. Names of related parties and description of relationship

Sr. No.	Particulars	Name
1.	Subsidiary	Hitraj Developers Pvt. Ltd.
2.	Enterprise under significant influence of key management personnel or their relatives	Hitraj Realities Pvt. Ltd.
		Hitraj Traders
		Balaji Nandan Infracon Developers Pvt. Ltd.
		Akash Enterprise
		Chaitanya Cineworld Pvt. Ltd.
		Bleach Marketing Pvt. Ltd.
		Radheshyam Land Developers Pvt. Ltd.
		Maruti Nandan Hotel Estate Pvt. Ltd.
		Megsai Consultants Pvt. Ltd.
		Mehtas International Pvt. Ltd.
	Tarun Estate Development Pvt. Ltd.	
	Primerose Mercantile Pvt. Ltd.	
3.	Key Management Personnel	Mr. Hitesh M Bagdai
		Kantilal Kalidas Khakhar
		Ketan Dhuleshia
		Manish S Mehta
		Bhavdeep V Vala
4.	Relatives of Key Management Personnel	Poonam H Bagdai
		Hasmitaben M Bagdai

b. Transactions with related parties during the year

**I Loan Given**

(Rs. in '000)

Particulars	Subsidiaries	Key Management Personae
Balance as at 1 <sup>st</sup> April 2011	5500.00	4500.00
Given During the Year	1000.00	0.00
Received Back During the Year	1000.00	0.00
Balance as at 31 <sup>st</sup> March 2012	5500.00	4500.00

**II Other Transactions**

(Rs. in'000)

Particulars	Subsidiaries	Key Management Personnel
Interest Income	334.36	270.74
Remuneration	0.00	600.00

**Note No. 25 Income Tax Provision**

The Hon'ble Gujarat High Court has admitted appeal of the Income Tax Department against the order of the Income Tax Appellate Tribunal deciding the Interest Tax matter in favor of the company relate to A.Y. 1988-89 to 1994-95. In view of the ITAT's order in favor of the company no provision for tax liability has been made.

**Note NO. 26 Deferred Tax**

Deferred Tax has been provided in accordance with AS-22 Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India with effect from 1<sup>st</sup> April 2001.

The breakup of net Deferred Tax Liability as on 31<sup>st</sup> March, 2012 is as under:

Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>A. Depreciation</b>		
WDV As per Book	33,78,884	35,72,119
WDV As per IT	11,32,401	12,45,185
Difference in WDV	22,46,483	23,26,934
Applicable Tax Rate	30.90%	30.90%
Deferred Tax Liability	6,94,163	7,19,023
Increase/(Decrease) in Deferred Tax Liability	(24,860)	(23,293)
<b>B. NPA Provision</b>		
NPA Provision	11,31,861	1,53,185
Applicable Tax Rate	30.90%	30.90%
Deferred Tax Asset	3,49,745	Nil
Increase/(Decrease) in Deferred Tax Liability	(3,49,745)	Nil
<b>Net Increase/(Decrease) in Deferred Tax Liability</b>	<b>(3,74,605)</b>	<b>(23,293)</b>

**Note No. 27 Balance of Short Term Loans & Advances**

The balance of short term loan and advances are subject to reconciliation and confirmation.



# RAJATH FINANCE LIMITED

## Schedule of the Balance sheet of a non-deposit taking non-banking financial company for the year ended 31st March, 2012

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding ) companies Prudential Norms (reserve Bank) Directions, 2007)

(Rs. In lakhs)

Particulars			
<b>Liabilities side:</b>			
(1)	<b>Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:</b>	<b>Amount outstanding</b>	<b>Amount overdue</b>
	(a) Debentures: Secured	Nil	Nil
	Unsecured	Nil	Nil
	(other than falling within the Meaning of public deposits*)	Nil	Nil
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter corporate loans and borrowing	Nil	Nil
	(e) Commercial paper	Nil	Nil
	(f) Other Loans(Specify nature)	Nil	Nil
	* Please see Note 1 below		
<b>Asset side :</b>			
		<b>Amount outstanding</b>	
(2)	<b>Break up of loans and advances including bills receivables (Other than those included in (4) below):</b>		
	(a) Secured	Nil	
	(b) Unsecured	627.44	
(3)	<b>Breakup of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	Nil	
	(b) Operating lease	Nil	
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	Nil	
	(b) Repossessed assets	Nil	
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	Nil	
	(b) Loans other than (a) above	Nil	

<b>(4) Break up of investments:</b>			
<u>Current investments:</u>			
<u>1. Quoted</u>			
(i) Shares : (a) Equity			Nil
(b) Preference			Nil
(ii) Debentures and Bonds			Nil
(iii) Units of mutual funds			Nil
(iv) Government securities			Nil
(v) Others (Please specify)			Nil
<u>2. Unquoted :</u>			
(i) Shares : (a) Equity			Nil
(b) Preference			Nil
(ii) Debentures and Bonds			Nil
(iii) Units of mutual funds			Nil
(iv) Government Securities			Nil
(v) Others(Please specify)			Nil
<u>Long term investments:</u>			
<u>1. Quoted</u>			
(i) Shares : (a) Equity			3.09
(b) Preference			Nil
(ii) Debentures and Bonds			Nil
(iii) Units of mutual funds			Nil
(iv) Government securities			Nil
(v) Others(Please specify)			Nil
<u>2. Unquoted :</u>			
(i) Shares : (a) Equity			0.99
(b) Preference			Nil
(ii) Debentures and Bonds			Nil
(iii) Units of mutual funds			Nil
(iv) Government Securities			Nil
(v) Others(Please specify)			Nil
<b>(5) Borrowing group wise classification of assets financed as in (2) and (3) above:</b>			
Please see note 2 below			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related parties**			
(a) Subsidiaries	Nil	55.00	55.00
(b) Companies in the same			
Group	Nil	0.00	0.00
© Other related parties	Nil	45.00	45.00
2. Other than related parties	Nil	527.44	527.44
<b>Total</b>	<b>Nil</b>	<b>627.44</b>	<b>627.44</b>

<b>(6) Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>		
Please see note 3 below		
Category	Market value/ Break up/ fair value/ NAV	Book value (net of provisions)
1. Related parties**		
(a) Subsidiaries	0.975	0.975
(b) Companies in the same group	Nil	Nil
© Other related parties	Nil	Nil
2. Other than related parties	12.71	3.11
<b>Total</b>	<b>13.68</b>	<b>4.08</b>

\*\* As per Accounting Standard of ICAI (Please see Note 3)

# RAJATH FINANCE LIMITED

## (7) Other Information

	Particulars	Amount
(i)	Gross Non performing assets	100
	(a) Related parties	Nil
	(b) Other than related parties	100
(ii)	Net non performing assets	90
	(a) Related parties	Nil
	(b) Other than related parties	90
(iii)	Assets acquired in satisfaction of debt	Nil

### Notes :

- 1 As defined in paragraph 2(1)(xii) of the Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- 2 Provisions norms shall be applicable as prescribed in non bankng financial (Non deposit accepting or holding) companies prudential norms (Reserve Bank) Directions, 2007.
- 3 All accounting standards and guidance note issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/ fair value/ NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

**For S A D P & Co.**  
**Firm Reg. No. 112625W**  
Chartered Accountants

**P.G. Bhuptani**  
(Partner) M.No.: 122330

Place: Rajkot  
Date : 30/05/2012

**AUDITORS' REPORT ON THE ACCOUNTS OF RAJATH FINANCE LIMITED ON CONSOLIDATED FINANCIAL STATEMENT OF RAJATH FINANCE LTD, & ITS SUBSIDIARIES.**

- 1 We have audited the attached consolidated Balance Sheet of Rajath Finance Limited & its subsidiaries as at 31<sup>st</sup> March 2012 and the consolidated Profit and Loss Account and consolidated cash flow statement for the year ended on that date which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is 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. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion we draw attention that company has incurred director remuneration of Rs.12.00 Lac during the year which is in excess of limit specified by the relevant provision of the Companies Act 1956. We have been informed by the BoD that they are in process to get the approval from relevant authority for excess remuneration paid. In view of BoD's opinion of seeking approval from relevant authority no adjustment has been made to accompanying financial statement in this regard.
- 4 Based on our audit and to the best of our information of the components and to the best of our information and according to the explanation given to us we are of the opinion that the attached consolidated financial statements give true and fair view in conformity with the accounting principles generally accepted in India;
  - i. In the case of consolidated Balance Sheet, of the state of affairs of Rajath Finance Ltd and its subsidiary as at 31<sup>st</sup> March 2012; and
  - ii. In the case of the consolidated Profit and Loss Account, of the loss for the year ended on that date.
  - iii. In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S A D P & Co.  
Chartered Accountants  
(FRN: 112625W)

P G Bhuptani  
Partner  
Membership No. 122330

Place: - Rajkot  
Date: - 30/05/2012

# RAJATH FINANCE LIMITED

Consolidated Balance Sheet as at 31st March 2012

in rupees

	Note No.	As at 31st March 2012	As at 31st March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	4,00,00,000.00	4,00,00,000.00
Reserves and surplus	3	(27,78,321.00)	7,00,188.00
Money received against share warrants	4	3,00,00,000.00	3,00,00,000.00
Minority Interests		2,500.00	2,500.00
		<b>6,72,24,179.00</b>	<b>7,07,02,688.00</b>
<b>Share application money pending allotment</b>		Nil	Nil
<b>Non-current liabilities</b>			
Long-term borrowings	5	Nil	10,75,753.00
Deferred tax liabilities (Net)	6	Nil	Nil
Other long term liabilities		Nil	Nil
Long-term provisions	7	11,31,861.00	1,53,185.00
		<b>11,31,861.00</b>	<b>12,28,938.00</b>
<b>Current liabilities</b>			
Short-term borrowings	8	5,62,70,501.00	4,26,21,524.00
Trade payables	9	18,65,972.00	12,13,397.00
Other current liabilities	10	3,04,96,148.00	2,43,87,282.00
Short-term provisions	7	16,14,657.00	15,40,597.00
		<b>9,02,47,278.00</b>	<b>6,97,62,800.00</b>
<b>TOTAL</b>		<b>15,86,03,318.00</b>	<b>14,16,94,426.00</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	11	58,22,227.00	68,61,173.00
Intangible assets		Nil	Nil
Capital work-in-Progress		Nil	Nil
Intangible assets under development		Nil	Nil
<b>Non-current investments</b>			
Deferred tax assets (net)	12	3,10,763.00	3,10,763.00
Long-term loans and advances	6	32,06,320.00	20,49,137.00
Other non-current assets	13	1,20,29,101.00	1,20,56,718.00
	14	3,30,270.00	4,42,025.00
		<b>2,16,98,681.00</b>	<b>2,17,19,816.00</b>
<b>Current assets</b>			
Current investments		Nil	Nil
Inventories	15	6,70,66,239.00	5,95,52,133.00
Trade receivables		Nil	Nil
Cash and cash equivalents	16	77,71,918.00	12,05,742.00
Short-term loans and advances	13	6,20,66,480.00	5,92,16,735.00
Other current assets		Nil	Nil
		<b>13,69,04,637.00</b>	<b>11,99,74,610.00</b>
<b>TOTAL</b>		<b>15,86,03,318.00</b>	<b>14,16,94,426.00</b>

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

1

The schedule referred above form an integral part of the Accounts  
Audit Report as on even date attached  
For S A D P AND CO  
Chartered Accountants  
(FRN: 112625W)

For and on behalf of the Board of Directors

P. G. Bhuptani  
PARTNER  
Membership No.: 122330  
Place: RAJKOT

Director

Director

Date: 30/05/2012

**Consolidated Statement of Profit and loss for the year ended 31st March 2012**

in rupees

	Note No.	31st March 2012	31st March 2011
<b>Revenue</b>			
Revenue from operations	17	2,82,48,909.00	2,03,24,921.00
Less: Excise duty		Nil	Nil
<b>Net Sales</b>		<b>2,82,48,909.00</b>	<b>2,03,24,921.00</b>
Other income	18	23,904.00	70,215.00
<b>Total Revenue</b>		<b>2,82,72,813.00</b>	<b>2,03,95,136.00</b>
<b>Expenses</b>			
Cost of material Consumed		Nil	Nil
Purchase of stock-in-trade	19	2,43,30,873.00	3,44,57,810.00
Changes in inventories	20	(75,14,106.00)	(3,11,18,969.00)
Employee benefit expenses	21	6,86,403.00	7,64,344.00
Finance costs	22	32,57,859.00	38,46,039.00
Depreciation and amortization expenses	23	11,70,201.00	14,66,472.00
Other expenses	24	1,04,84,714.00	1,31,06,243.00
<b>Total Expenses</b>		<b>3,24,15,944.00</b>	<b>2,25,21,939.00</b>
<b>Profit before exceptional, extraordinary and prior period items and tax</b>		<b>(41,43,131.00)</b>	<b>(21,26,803.00)</b>
Exceptional items		Nil	Nil
<b>Profit before extraordinary and prior period items and tax</b>		<b>(41,43,131.00)</b>	<b>(21,26,803.00)</b>
Extraordinary items		Nil	Nil
Prior period item		Nil	Nil
<b>Profit before tax</b>		<b>(41,43,131.00)</b>	<b>(21,26,803.00)</b>
<b>Tax expenses</b>			
Current tax		4,92,561.00	14,45,210.00
Deferred tax		(11,57,183.00)	(22,39,392.00)
Excess/short provision relating earlier year tax		Nil	21,845.00
<b>Profit(Loss) for the period from continuing operations</b>		<b>(34,78,509.00)</b>	<b>(13,54,466.00)</b>
Profit(Loss) from discontinuing operations		Nil	Nil
Tax expenses of discontinuing operations		Nil	Nil
<b>Profit(Loss) from discontinuing operations(after tax)</b>		<b>Nil</b>	<b>Nil</b>
<b>Profit(Loss) for the period</b>		<b>(34,78,509.00)</b>	<b>(13,54,466.00)</b>
<b>Earning per share</b>			
<b>Basic</b>	25		
Before extraordinary Items		(0.87)	(0.34)
After extraordinary Adjustment		(0.87)	(0.34)
<b>Diluted</b>			
Before extraordinary Items		(0.79)	(0.32)
After extraordinary Adjustment		(0.79)	(0.32)

The schedule referred above form an integral part of the Accounts

Audit Report as on even date attached

For S A D P AND CO

Chartered Accountants

(FRN: 112625W)

For and on behalf of the Board of Directors

P. G. Bhuptani  
PARTNER  
Membership No.: 122330  
Place: RAJKOT  
Date: 30/05/2012

Director

Director

# RAJATH FINANCE LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012 in rupees

	Amt. Rs.	Amt. Rs.
Net Profit before tax	(4,143,131)	(2,126,803)
<b>Adjustment for:</b>		
Depreciation	1,058,446	1,354,715
Preliminary & Pre Operative Exp. W/off	111,755	111,757
Provision for Bad and doubtful debts advances	978,676	153,185
Bad Debts advance written off	1,280,767	-
<b>Operating Profit Before Working Capital Changes</b>	<b>(713,487)</b>	<b>(507,146)</b>
<b>Adjustments for Changes in Working Capital</b>		
(Increase)/Decrease in Loans & Advances	(2,822,128)	(44,965,967)
(Increase)/Decrease in Other Receivables	-	-
(Increase)/Decrease in Inventories	(7,514,106)	(31,118,969)
Increase/(Decrease) in Trade and other payables	5,554,734	15,494,742
<b>Cash Generated from Operating Activities</b>	<b>(5,494,987)</b>	<b>(61,097,340)</b>
Taxes paid	(492,561)	(239,256)
<b>Net Cash Generated from Operating Activities</b>	<b>(5,987,548)</b>	<b>(61,336,596)</b>
<b>B Cash Flow From Financing Activities</b>		
Increase in Share Capital	-	-
Issue of Convertible Share Warrants	-	30,000,000
Increase in Short Term Borrowings	13,648,977	-
Increase/(Decrease) in Long Term Borrowings	(1,075,753)	24,648,354
Interest Paid	-	-
<b>Net Cash Generated from Financing Activities</b>	<b>12,573,224</b>	<b>54,648,354</b>
<b>C Cash Flow from Investing Activities</b>		
Increase in Fixed Assets	(19,500)	(29,281)
Increase in Preliminary & Pre Operative Exp.	-	(550,450)
Purchase of Investments	-	(97,500)
<b>Net Cash Generated from Investing Activities</b>	<b>(19,500)</b>	<b>(677,231)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>6,566,176</b>	<b>(7,365,473)</b>
<b>Add: Cash and Cash Equivalents at the beginning of period</b>	<b>1,205,742</b>	<b>8,571,215</b>
<b>Cash and Cash Equivalents at the year end</b>	<b>7,771,918</b>	<b>1,205,742</b>

As per Our Report of even date attached

For SADP & Co.

Chartered Accountants

(FRN: 112625W)

For & on behalf of board of directors

P.G. Bhuptani

Partner

M.No. 122330

Date: 30/05/2012

Director

Director

Place: Rajkot

## Notes to Consolidated Financial statements for the year ended 31 March 2012

### Note No. 1 Significant Accounting Policies

1. **Basis of Accounting**  
The financial statements have prepared under historical cost convention on an accrual basis and comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act 1956.
2. **Income & Expenditure**  
The Company follows the accrual method of accounting as per the Companies Act, 1956 and complies with the Reserve Bank of India guidelines for Non Banking Financial Companies. The Accounts have been prepared on going concern basis.
3. **Use of Estimates**  
The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.
4. **Fixed Assets and Depreciation**  
Fixed Assets are stated at historical cost less accumulated depreciation thereon. Depreciation on assets is provided on straight line method in the case of Holding Company and on WDV method in the case of subsidiary company at the rates prescribed under Schedule XVI of the Companies Act, 1956.
5. **Investments:**  
All investments are for long term holding and are valued at cost.
6. **Inventories**  
Inventories are stated at cost or market price which ever is lower in the case of Holding company and at cost in the case of subsidiary company.
7. **Taxes on Income**  
Deferred tax asset is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
8. **Misc. Expenditure**  
Misc. expenditures shall be amortized equally over a period of 5 years.
9. **Previous year's figures**  
The figures have been rounded off to the nearest rupee. Previous year figures have been regrouped wherever found necessary to make it comparable.
10. **Provisions**  
The company has provided adequate provision on Standard Asset and Non Performing Assets in accordance with the guidelines issued by the Reserve Bank of India.



# RAJATH FINANCE LIMITED

## 11. Classification of Assets & Liabilities

The Revised Schedule VI to the Companies Act, 1956 requires assets and liabilities to be classified as either Current or Non-current.

(a) An asset shall be classified as current when it satisfies any of the following criteria:

- (i) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (ii) It is held primarily for the purpose of being traded;
- (iii) It is expected to be realized within twelve months after the reporting date; or
- (iv) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

(b) All assets other than current assets shall be classified as non-current.

(c) A liability shall be classified as current when it satisfies any of the following criteria:

- (i) It is expected to be settled in the company's normal operating cycle;
- (ii) It is held primarily for the purpose of being traded;
- (iii) It is due to be settled within twelve months after the reporting date; or
- (iv) The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(d) All liabilities other than current liabilities shall be classified as non-current.

### Note No. (2) Share Capital

in rupees

Particulars	As at 31st march 2012	As at 31st march 2011
<b>Authorised :</b>		
7500000 (31/03/2011:7500000) Equity shares of Rs. 10.00/- par value	7,50,00,000.00	7,50,00,000.00
<b>Issued :</b>		
4000000 (31/03/2011:4000000) Equity shares of Rs. 10.00/- par value	4,00,00,000.00	4,00,00,000.00
<b>Subscribed and paid-up :</b>		
4000000 (31/03/2011:4000000) Equity shares of Rs. 10.00/- par value	4,00,00,000.00	4,00,00,000.00
<b>Paid up Share Capital</b>	<b>4,00,00,000.00</b>	<b>4,00,00,000.00</b>

### Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

#### Equity shares

in rupees

	As at 31st march 2012		As at 31st march 2011	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	40,00,000	4,00,00,000.00	40,00,000	4,00,00,000.00
Issued During the Period	Nil	Nil	Nil	Nil
Redeemed or bought back during the period	Nil	Nil	Nil	Nil
<b>Outstanding at end of the period</b>	<b>40,00,000</b>	<b>4,00,00,000.00</b>	<b>40,00,000</b>	<b>4,00,00,000.00</b>

### Right, Preferences and Restriction attached to shares

#### Equity shares

The company has only one class of Equity having a par value Rs. 10.00 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

### Details of shareholders holding more than 5% shares in the company

Type of Share	Name of Shareholders	As at 31-03-2012		As at 31-03-2011	
		No. of Shares	% of Holding	No. of Shares	% of Holding
Equity [NV: 10.00 ]	Hitesh Bagdai	9,96,800	24.92	9,96,800	24.92
Equity [NV: 10.00 ]	Poonam Bagdai	9,96,800	24.92	9,96,800	24.92
Equity [NV: 10.00 ]	Bhavdeep Vala	9,96,800	24.92	9,96,800	24.92
	<b>Total</b>	<b>29,90,400</b>	<b>74.76</b>	<b>29,90,400</b>	<b>74.76</b>

**Note No. 3 Reserves and surplus**

in rupees

Particulars	As at 31st March 2012	As at 31st March 2011
<b>Profit loss account</b>		
Opening Balance	(68,70,725.00)	(49,17,093.00)
Add: Profit for the year	(34,78,509.00)	(13,54,466.00)
Less: Deletion during the year	Nil	5,99,166.00
<b>Closing Balance</b>	<b>(1,03,49,234.00)</b>	<b>(68,70,725.00)</b>
<b>Capital reserve</b>		
Opening Balance	56,500.00	56,500.00
Add: Addition during the year	Nil	Nil
Less: Deletion during the year	Nil	Nil
<b>Closing Balance</b>	<b>56,500.00</b>	<b>56,500.00</b>
<b>General reserve</b>		
Opening Balance	27,30,931.00	27,30,931.00
Add: Addition during the year	Nil	Nil
Less: Deletion during the year	Nil	Nil
<b>Closing Balance</b>	<b>27,30,931.00</b>	<b>27,30,931.00</b>
<b>Special reserve</b>		
Opening Balance	47,83,482.00	41,84,316.00
Add: Addition during the year	Nil	5,99,166.00
Less: Deletion during the year	Nil	Nil
<b>Closing Balance</b>	<b>47,83,482.00</b>	<b>47,83,482.00</b>
<b>Balance carried to balance sheet</b>	<b>(27,78,321.00)</b>	<b>7,00,188.00</b>

**Note No. 4 Money received against share warrants**

in rupees

Particulars	31st March 2012	31st March 2011
Equity share warrants at beginning	3,00,00,000.00	Nil
Additions to equity share warrants	Nil	3,00,00,000.00
<b>Total</b>	<b>3,00,00,000.00</b>	<b>3,00,00,000.00</b>

Company has issued and allotted 4,00,000 convertible share warrants of Rs. 300/- each (out of which Rs. 75/- warrant to be paid on application and balance to be paid before the date of conversion) on preferential basis convertible into 1 equity share of Rs. 10/- each.

**Note No.5:-Long-term borrowings**

in rupees

Particulars	As at 31 March 2012			As at 31 March 2011		
	Non-Current	Current Maturities	Total	Non-Current	Current Maturities	Total
<b>Term Loan - From Others</b>						
Kotak Mahindra Prime Limited secured	Nil	10,75,753.00	10,75,753.00	10,75,753.00	10,90,294.00	21,66,047.00
	Nil	10,75,753.00	10,75,753.00	10,75,753.00	10,90,294.00	21,66,047.00
<b>The Above Amount Includes</b>						
Secured Borrowings	Nil	10,75,753.00	10,75,753.00	10,75,753.00	10,90,294.00	21,66,047.00
Amount Disclosed Under the Head "Other Current Liabilities"(Note No. 10)		(10,75,753.00)	(10,75,753.00)		(10,90,294.00)	(10,90,294.00)
<b>Net Amount</b>	<b>Nil</b>	<b>0</b>	<b>Nil</b>	<b>10,75,753.00</b>	<b>0</b>	<b>10,75,753.00</b>

# RAJATH FINANCE LIMITED

## Note No:6 Deffered Tax

in rupees

Particulars	As at 31st march 2012	As at 31st march 2011
<b>Deferred tax assets</b>		
Deferred tax asset other	32,06,320.00	20,49,137.00
<b>Gross deferred tax asset</b>	<b>32,06,320.00</b>	<b>20,49,137.00</b>
<b>Net deferred tax assets</b>	<b>32,06,320.00</b>	<b>20,49,137.00</b>
<b>Net deferred tax liability</b>	<b>Nil</b>	<b>Nil</b>

## Note No :7 - Provisions

in rupees

Particulars	As at 31 March 2012			As at 31 March 2011		
	Long-term	Short-term	Total	Long-term	Short-term	Total
<b>Provision for employee benefit</b>						
Provision for Bonus	Nil	Nil	Nil	Nil	15,180.00	15,180.00
Provision for leave encashment	Nil	Nil	Nil	Nil	10,303.00	10,303.00
	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>25,483.00</b>	<b>25,483.00</b>
<b>Other provisions</b>						
Audit Fee Provisions	Nil	41,011.00	41,011.00	Nil	24,817.00	24,817.00
Sundry Expenses	Nil	3,742.00	3,742.00	Nil	12,087.00	12,087.00
Salary Expenses	Nil	Nil	Nil	Nil	33,000.00	33,000.00
Provision Against Standard Assets	1,31,861.00	Nil	1,31,861.00	1,53,185.00	Nil	1,53,185.00
Provision Against Non Performing Assets	10,00,000.00	Nil	10,00,000.00	Nil	Nil	Nil
Income Tax Provisions	Nil	15,69,904.00	15,69,904.00	Nil	14,45,210.00	14,45,210.00
<b>Total</b>	<b>11,31,861.00</b>	<b>16,14,657.00</b>	<b>27,46,518.00</b>	<b>1,53,185.00</b>	<b>15,15,114.00</b>	<b>16,68,299.00</b>
<b>Total</b>	<b>11,31,861.00</b>	<b>16,14,657.00</b>	<b>27,46,518.00</b>	<b>1,53,185.00</b>	<b>15,40,597.00</b>	<b>16,93,782.00</b>

## Note No.8:-Short-term borrowings

in rupees

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Loans Repayable on Demands - From Others</b>		
Marwadi Finlease Pvt. Ltd. unsecured	Nil	9,370.00
	<b>Nil</b>	<b>9,370.00</b>
<b>Loans and Advances from related parties</b>		
Loans directors Unsecured	5,62,70,501.00	4,26,12,154.00
	<b>5,62,70,501.00</b>	<b>4,26,12,154.00</b>
<b>The Above Amount Includes</b>		
UnSecured Borrowings	5,62,70,501.00	4,26,21,524.00
<b>Total</b>	<b>5,62,70,501.00</b>	<b>4,26,21,524.00</b>

## Note No.9:-Trade payables

in rupees

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Trade payables</b>		
Creditors due others	18,65,972.00	12,13,397.00
<b>Total</b>	<b>18,65,972.00</b>	<b>12,13,397.00</b>

## Note No:10 Other current liabilities

in rupees

Particulars	As at 31st march 2012	As at 31st march 2011
<b>Current maturities of long-term debt(Note No: 5)</b>		
	10,75,753.00	10,90,294.00
	<b>10,75,753.00</b>	<b>10,90,294.00</b>
<b>Others payables</b>		
Advance from Customers	2,85,86,970.00	2,28,32,243.00
Service Tax Payable	93,040.00	18,045.00
VAT Payable	1,39,235.00	8,721.00
TDS Payable	5,11,150.00	4,37,979.00
Remuneration Payable to Directors	90,000.00	Nil
	<b>2,94,20,395.00</b>	<b>2,32,96,988.00</b>
<b>Total</b>	<b>3,04,96,148.00</b>	<b>2,43,87,282.00</b>

# RAJATH FINANCE LIMITED

## Note No. 11 Fixed Assets (Consolidated) in rupees

Assets	Gross Block					Accumulated Depreciation/ Amortisation							Net Block		
	Balance as at 1st april 2011	Additions during the year	Addition on account of business acquisition	Deletion during the year	Balance as at 31st march 2012	Balance as at 1st april 2011	Provided during the year	Addition on account of business acquisition	Deletion / adjustments during the year	Other Adjustm ent	Impairm ent/Rever sal*	Balance as at 31st march 2012	Balance as at 31st March 2012	Balance as at 31st March 2011	
<b>A Tangible assets</b>															
Premises	36,98,563.00	Nil	Nil	Nil	36,98,563.00	7,28,348.00	60,287.00	Nil	Nil	Nil	Nil	7,88,635.00	29,09,928.00	29,70,215.00	
Generator	66,675.00	Nil	Nil	Nil	66,675.00	11,418.00	7,686.00	Nil	Nil	Nil	Nil	19,104.00	47,571.00	55,257.00	
Telephone Instruments	1,000.00	Nil	Nil	Nil	1,000.00	260.00	134.00	Nil	Nil	Nil	Nil	394.00	606.00	740.00	
Furniture and Fixture	21,98,944.00	Nil	Nil	Nil	21,98,944.00	16,68,336.00	1,40,895.00	Nil	Nil	Nil	Nil	18,09,231.00	3,89,713.00	5,30,608.00	
Office Equipments	1,71,444.00	Nil	Nil	Nil	1,71,444.00	1,12,618.00	8,143.00	Nil	Nil	Nil	Nil	1,20,761.00	50,683.00	58,826.00	
Motor Car	43,93,899.00	Nil	Nil	Nil	43,93,899.00	12,03,847.00	8,25,904.00	Nil	Nil	Nil	Nil	20,29,751.00	23,64,148.00	31,90,052.00	
Air Conditioners	39,131.00	Nil	Nil	Nil	39,131.00	17,039.00	1,859.00	Nil	Nil	Nil	Nil	18,898.00	20,233.00	22,092.00	
Computers	7,15,536.00	19,500.00	Nil	Nil	7,35,036.00	6,82,153.00	13,538.00	Nil	Nil	Nil	Nil	6,95,691.00	39,345.00	33,383.00	
<b>Total</b>	<b>1,12,85,192.00</b>	<b>19,500.00</b>	<b>Nil</b>	<b>Nil</b>	<b>1,13,04,692.00</b>	<b>44,24,019.00</b>	<b>10,58,446.00</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>54,82,465.00</b>	<b>58,22,227.00</b>	<b>68,61,173.00</b>	
<b>P.Y Total</b>	<b>1,12,55,911.00</b>	<b>29,281.00</b>	<b>Nil</b>	<b>Nil</b>	<b>1,12,85,192.00</b>	<b>30,69,304.00</b>	<b>13,54,715.00</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>44,24,019.00</b>	<b>68,61,173.00</b>	<b>81,86,607.00</b>	

# RAJATH FINANCE LIMITED

## Note No. 12 Non-current investments in rupees

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Trade Investment(Valued at cost unless stated otherwise)</b>		
<b>Investments in equity Instruments (Quoted)</b>		
<b>In Others</b>		
UTI Master Gain (Valued at cost)	3,09,263.00	3,09,263.00
<b>Investments in equity Instruments (Unquoted)</b>		
<b>In Others</b>		
Kesoram Textiles Ltd. (Valued at cost)	1,500.00	1,500.00
<b>Gross Investment</b>	<b>3,10,763.00</b>	<b>3,10,763.00</b>
<b>Net Investment</b>	<b>3,10,763.00</b>	<b>3,10,763.00</b>
<b>Aggregate amount of quoted investments (Market Value: 1269151.00) (2011: 1294000.00)</b>	<b>3,09,263.00</b>	<b>3,09,263.00</b>
<b>Aggregate amount of unquoted investments</b>	<b>1,500.00</b>	<b>1,500.00</b>

The company had purchased 23,300 Nos. of UTI Master Gain. The same were misappropriated in transit. The Company had filed suit before the Hon'ble Civil Court Rajkot. The same was disposed in favour of the Company and an execution application has also been filed, which is pending for disposal before the Hon'ble Civil Court, Rajkot.

## Note No. 13 Loans and advances in rupees

Particulars	As at 31st march 2012		As at 31st march 2011	
	Long-term	Short-term	Long-term	Short-term
<b>Security Deposit</b>				
Unsecured, considered good	3,78,970.00	Nil	3,78,970.00	Nil
	<b>3,78,970.00</b>	<b>Nil</b>	<b>3,78,970.00</b>	<b>Nil</b>
<b>Loans and advances to related parties</b>				
Unsecured, considered good	Nil	45,00,000.00	Nil	45,00,000.00
	<b>Nil</b>	<b>45,00,000.00</b>	<b>Nil</b>	<b>45,00,000.00</b>
<b>Other loans and advances</b>				
Loan to Customers	Nil	5,20,63,254.00	Nil	5,08,93,875.00
Amount Receivable from Income Tax Departments	16,50,131.00	Nil	16,77,748.00	Nil
Advance for Property	1,00,00,000.00	Nil	1,00,00,000.00	Nil
Advance to Suppliers	Nil	55,03,226.00	Nil	38,22,860.00
	<b>1,16,50,131.00</b>	<b>5,75,66,480.00</b>	<b>1,16,77,748.00</b>	<b>5,47,16,735.00</b>
<b>Total</b>	<b>1,20,29,101.00</b>	<b>6,20,66,480.00</b>	<b>1,20,56,718.00</b>	<b>5,92,16,735.00</b>

## Note No :14 - Other non-current assets in rupees

Particulars	As at 31 March 2012	As at 31 March 2011
Miscellaneous expenditure not written off		
Preliminary expenditure not written off	3,30,270.00	4,42,025.00
<b>Total</b>	<b>3,30,270.00</b>	<b>4,42,025.00</b>

## Note No:15-Inventories in rupees

Particulars	As at 31st march 2012	As at 31st march 2011
<b>(Valued at cost or NRV unless otherwise stated)</b>		
Inventories other[stock in transit : Rs. 6,70,66,239.00(Nil)]	6,70,66,239.00	5,95,52,133.00
<b>Total</b>	<b>67066239.00</b>	<b>59552133.00</b>

## Note No :16 - Cash and cash equivalents in rupees

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Balance with banks</b>		
Balance scheduled banks current account	72,99,829.00	10,12,784.00
<b>Total</b>	<b>72,99,829.00</b>	<b>10,12,784.00</b>
<b>Cash in hand</b>		
Cash in hand	4,72,089.00	1,92,958.00
<b>Total</b>	<b>4,72,089.00</b>	<b>1,92,958.00</b>
<b>Total</b>	<b>77,71,918.00</b>	<b>12,05,742.00</b>

## 27<sup>TH</sup> ANNUAL REPORT

Note No. (17) Revenue from operations			in rupees
Particulars	31st march 2012	31st march 2011	
<b>Sale of products</b>	2,31,00,000.00	1,40,27,923.00	
<b>Other operating revenues</b>			
Interest Income	43,99,525.00	50,93,802.00	
Brokerage Rebate	Nil	86,000.00	
Derivative Profit/Loss	Nil	9,612.00	
Hedging Profit/Loss	Nil	11,06,420.00	
Dividend Income	4,771.00	1,164.00	
Rate Difference	7,44,613.00	Nil	
	<b>51,48,909.00</b>	<b>62,96,998.00</b>	
<b>Gross revenue from operations</b>	<b>2,82,48,909.00</b>	<b>2,03,24,921.00</b>	

  

Note No. (18) Other income			in rupees
Particulars	31st march 2012	31st march 2011	
<b>Other non-operating income</b>			
Vatav Kasar	23,904.00	29,036.00	
Interest on Income Tax Refund	Nil	36,779.00	
Miscellaneous Income	Nil	4,400.00	
	<b>23,904.00</b>	<b>70,215.00</b>	
<b>Total</b>	<b>23,904.00</b>	<b>70,215.00</b>	

  

Note No. 19 Purchase of stock-in-trade			in rupees
Particulars	31st March 2012	31st March 2011	
Purchase	2,43,30,873.00	3,44,57,810.00	
<b>Total</b>	<b>2,43,30,873.00</b>	<b>3,44,57,810.00</b>	

  

Note No:20 Changes in inventories			in rupees
Particulars	31st march 2012	31st march 2011	
<b>Inventory at the end of the year</b>			
other inventory	6,70,66,239.00	5,95,52,133.00	
	<b>6,70,66,239.00</b>	<b>5,95,52,133.00</b>	
<b>Inventory at the beginning of the year</b>			
other inventory	5,95,52,133.00	2,84,33,164.00	
	<b>5,95,52,133.00</b>	<b>2,84,33,164.00</b>	
<b>(Increase)/decrease in inventories</b>			
Other inventories	(75,14,106.00)	(3,11,18,969.00)	
	<b>(75,14,106.00)</b>	<b>(3,11,18,969.00)</b>	

  

Note No. (21) Employee benefit expenses			in rupees
Particulars	31st march 2012	31st march 2011	
<b>Salaries and Wages</b>			
Salary and wages	6,27,323.00	7,47,164.00	
Bonus	59,080.00	17,180.00	
	<b>6,86,403.00</b>	<b>7,64,344.00</b>	
<b>Total</b>	<b>6,86,403.00</b>	<b>7,64,344.00</b>	

  

Note No. (22) Finance costs			in rupees
Particulars	31st march 2012	31st march 2011	
<b>Interest</b>			
Interest on Late Payment of TDS	9,867.00	2,217.00	
Interest on Late Payment of Service Tax	783.00	1,517.00	
Interest on Vehicle Loan	1,26,823.00	2,08,861.00	
Interest on Unsecured Loan	31,20,386.00	36,33,444.00	
	<b>32,57,859.00</b>	<b>38,46,039.00</b>	
<b>Total</b>	<b>32,57,859.00</b>	<b>38,46,039.00</b>	

# RAJATH FINANCE LIMITED

## Note No. 23 Depreciation and amortization expenses

in rupees

Particulars	31st March 2012	31st March 2011
Depreciation on tangible assets	10,58,446.00	13,54,715.00
Other write-down on assets	1,11,755.00	1,11,757.00
<b>Total</b>	<b>11,70,201.00</b>	<b>14,66,472.00</b>

## Note No. 24 Other expenses

in rupees

Particulars	31st March 2012	31st March 2011
Advertising expenses	65,019.00	2,80,925.00
Annual Custodial Fee	13,182.00	13,236.00
Audit fees	41,011.00	24,817.00
Bank charges	7,620.00	7,361.00
Repairs and maintenance expenses	1,53,761.00	32,149.00
Travelling Expenses	4,31,865.00	1,74,634.00
D-Mat Charges	552.00	551.00
Donations	16,000.00	1,10,000.00
Electricity expenses	8,25,332.00	3,47,748.00
Information technology expenses	9,225.00	7,544.00
Legal and professional expenses	11,91,264.00	1,79,215.00
Listing Fee	16,545.00	19,928.00
Office Exp.	50,100.00	75,687.00
Periodicals and Newspaper Exp.	1,053.00	1,004.00
Miscellaneous expenditure	48,315.00	21,835.00
Telephone and postage expenses	43,191.00	51,703.00
Printing and stationery	40,327.00	2,01,810.00
Rates and taxes	63,566.00	59,266.00
Provision for bad and doubtful debts advances	9,78,676.00	1,53,185.00
Bad debts advances written off	12,80,767.00	Nil
Director's remuneration	12,00,000.00	6,00,000.00
Structure Engineers Fee	50,000.00	3,00,000.00
Diesel Expense	9,260.00	5,695.00
Electric Labour Contractor Charge	90,425.00	2,11,250.00
Electric Repairing Exp.	5,330.00	440.00
Labour Expenses	1,43,780.00	33,645.00
Freight	1,69,191.00	2,09,695.00
Security expenses	3,62,910.00	2,11,776.00
VAT/ Sales tax	2,33,218.00	2,15,053.00
Water charges	16,870.00	1,26,860.00
Association Fee	2,500.00	2,500.00
Vehicle running expenses	5,500.00	37,294.00
Construction Job work Exp.	20,45,972.00	87,28,085.00
Development Charges	8,27,190.00	3,62,302.00
Garden Plantation Exp.	Nil	68,981.00
Scrutiny Fee	Nil	81,756.00
Testing Expense	Nil	441.00
Insurance expenses	45,197.00	61,252.00
Rent	Nil	7,000.00
Job Work Expense	Nil	27,040.00
Electric Submersible Pump Parts Purchase	Nil	52,580.00
<b>Total</b>	<b>1,04,84,714.00</b>	<b>1,31,06,243.00</b>

**Note No: 25 Earning Per Share**

in rupees

Particulars	Before Extraordinary items		After Extraordinary items	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
<b>Basic</b>				
Profit after tax (A)	(34,78,509.00)	(13,54,466.00)	(34,78,509.00)	(13,54,466.00)
Weighted average number of shares outstanding (B)	40,00,000	40,00,000	40,00,000	40,00,000
Basic EPS (A / B)	(0.87)	(0.34)	(0.87)	(0.34)
<b>Diluted</b>				
Profit after tax (A)	(34,78,509.00)	(13,54,466.00)	(34,78,509.00)	(13,54,466.00)
Weighted average number of shares outstanding	40,00,000	40,00,000	40,00,000	40,00,000
<b>Adjustments:</b>				
Warrants, options and rights	4,00,000	2,00,000	4,00,000	2,00,000
Weighted average number of shares outstanding for				
diluted EPS after above adjustments (B)	44,00,000	42,00,000	44,00,000	42,00,000
Diluted EPS (A / B)	(0.79)	(0.32)	(0.79)	(0.32)
Face value per share	Nil	Nil	Nil	Nil

**Note No. 26 Payment to Auditors**

in rupees

Particulars	31st March 2012	31st March 2011
As Auditors	52,103	24,817
In any other capacity	4,20,794	91,000
<b>Total</b>	<b>4,72,897</b>	<b>1,15,817</b>

**Note No. 27 Transactions with Related Parties**

As per Accounting Standard 18, issued by the ICAI, the disclosure of transactions with the related parties as defined in the Accounting Standard are as given below:

a. Names of related parties and description of relationship

Sr. No.	Particulars	Name
1.	Enterprise under significant influence of key management personnel or their relatives	Hitraj Realities Pvt. Ltd.
		Hitraj Traders
		Balaji Nandan Infracon Developers Pvt. Ltd.
		Akash Enterprise
		Chaitanya Cineworld Pvt. Ltd.
		Bleach Marketing Pvt. Ltd.
		Radheshyam Land Developers Pvt. Ltd.
		Maruti Nandan Hotel Estate Pvt. Ltd.
		Megsai Consultants Pvt. Ltd.
		Mehtas International Pvt. Ltd.
		Tarun Estate Development Pvt. Ltd.
		Primerose Mercantile Pvt. Ltd.
3.	Key Management Personnel	Mr. Hitesh M Bagdai
		Mrs. Poonam H Bagdai
		Kantilal Kalidas Khakhar
		Ketan Dhuleshia
		Manish S Mehta
4.	Relatives of Key Management Personnel	Bhavdeep V Vala
		Hasmitaben M Bagdai



# RAJATH FINANCE LIMITED

b. Transactions with related parties during the year

**I Loan Taken**

(Rs. in '000)

Particulars	Key Management Personnel	Relative of Key Management Personnel
Balance as at 1 <sup>st</sup> April 2011	42612.15	0.00
Taken During the Year	18183.35	1000.00
Repaid During the Year	4525.00	1000.00
Balance as at 31 <sup>st</sup> March 2012	56270.50	0.00

**II Loan Given**

(Rs. in '000)

Particulars	Key Management Personnel
Balance as at 1 <sup>st</sup> April 2011	4500.00
Given During the Year	0.00
Received Back During the Year	0.00
Balance as at 31 <sup>st</sup> March 2012	4500.00

**III Other Transactions**

(Rs. in '000)

Particulars	Key Management Personnel
Interest Income	270.74
Remuneration	1200.00
Interest Expense	3120.39

**Note No. 28 Income Tax Provision**

The Hon'ble Gujarat High Court has admitted appeal of the Income Tax Department against the order of the Income Tax Appellate Tribunal deciding the Interest Tax matter in favor of the company relate to A.Y. 1988-89 to 1994-95. In view of the ITAT's order in favor of the company no provision for tax liability has been made.

**Note NO. 29 Deferred Tax**

Deferred Tax has been provided in accordance with AS-22 Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India with effect from 1<sup>st</sup> April 2001.

The break up of net Deferred Tax Asset as on 31<sup>st</sup> March, 2012 is as under:

Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>Deferred Tax Asset</b>		
On Loss to be c/f	7,82,578	22,16,099
On NPA Provision	3,49,745	Nil
On Depreciation	24,860	23,293
<b>Total</b>	<b>11,57,183</b>	<b>22,39,392</b>

**Note No. 30 Balance of Short Term Loans & Advances**

The balance of short term loan and advances are subject to reconciliation and confirmation.

# RAJATH FINANCE LIMITED

REG. OFFICE : 208-215 Star Plaza, Phulchhab Chowk, Rajkot-360 001(Gujarat)

## PROXY

Reference Folio :

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of

**RAJATH FINANCE LIMITED**, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ (or failing him) \_\_\_\_\_ as my/our

proxy to attend and vote for me/us and on my/our behalf at **27TH ANNUAL GENERAL MEETING** of the company to be held on **24th September, 2012** or any adjournment thereof.

AS WITNESS my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Signed by the said \_\_\_\_\_

1 Rupee  
Revenue  
Stamp

Signature

NOTE : The Proxy must be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting.

# RAJATH FINANCE LIMITED

REG. OFFICE : 208-215 Star Plaza, Phulchhab Chowk, Rajkot-360 001(Gujarat)

## ATTENDANCE SLIP

Please Complete this attendance slip and hand it over at the Entrance of the Hall

I hereby record my presence at the 27TH ANNUAL GENERAL MEETING held at 208-215, Star Plaza, Phuichhab Chowk, Rajkot. on Thursday the 24th September 2012 at 11:00 a.m.

NAME OF THE SHAREHOLDER : \_\_\_\_\_  
(IN BLOCK LETTERS)

SIGNATURE OF THE SHAREHOLDER OR PROXY : \_\_\_\_\_

Reference Folio : \_\_\_\_\_

**PLEASE RETAIN THIS COUNTERFOIL TILL THE END OF THE MEETING.**

Reference Folio

Jointly with