

28th Annual Report 2012-13



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

STATUTORY AUDITRS

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

SECRETARIAL AUDITORS

M/s. MJP Associates
Practicing Company Secretaries
Rajkot.

BANKERS

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

REGISTERED OFFICE

208-215, Star Plaza,
Phulchhab Chowk
Rajkot- 36001
(Gujarat)

RAJATH FINANCE LIMITED

NOTICE

Notice is hereby given that the 28th Annual General Meeting of the Members of the Company will be held on Monday, 30th September, 2013 at 11:00 a.m. at the Registered Office of the Company situated at 208-215, Star Plaza, Phulehhab Chowk, Rajkot-360 001, to transact the following business

❖ Ordinary Business:

1. To receive, consider and adopt Audited Balance Sheet as on 31st March 2013 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 **Mr. Hitesh Bagdai** who is liable to retire by rotation and being eligible, offers himself for reappointment.
3. To appoint Director in place of **Dr. Kantilal Khakhar** who is liable to retire by rotation and being eligible, offers himself for reappointment.
4. To reappoint, the retiring auditors **M/s. S A D P & Co., Chartered Accounts, Rajkot** 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.

Date : 30/05/2013
Place : Rajkot

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

(HITESH BAGDAI)
MANAGING DIRECTOR

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. Mr. Hitesh Bagdai and Dr. K. K. Khakhar, Directors are liable to retire by rotation, and being eligible offers themselves 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 Intime India Pvt. Ltd. for consolidation into a single folio.
6. The Register of Members and Transfer Books will be closed from Monday, September 23, 2013 to Saturday, September 28, 2013 (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.

Directors seeking reappointment at this Annual General Meeting

Director's Name	HITESH BAGDAI	DR. KANTILAL K. KHAKHAR
Age	49	60
Date of Appointment as Director in Company	27/02/2007	05/02/2008
Qualification	B. Sc.	M.A., Ph. D.
Experience in specific functional area	21 years	Served as Professor and Head of Department of Economics, Saurashtra University for 28 years. Worked as Chairman of Saurashtra Kutchh Stock Exchange (SKSE), Rajkot. Also worked as a Professional Director for a term of 3 years in SKSE
Directorship held in other public limited Indian Companies (excluding Directorship in Rajath Finance Limited)	Nil	Nil
Membership/Chairmanship of Committees public limited Indian Companies(excluding Membership/ Chairmanship of Committees in Rajath Finance Limited)	Nil	Nil

Date : 30/05/2013
Place : Rajkot

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

(HITESH BAGDAI)
MANAGING DIRECTOR

DIRECTORS' REPORT

Your Directors are pleased to present their 28th Annual Report for the financial year ended on 31st March, 2013.

FINANCIAL RESULTS:

Your Company's performance for the year ended on 31st March 2013 is summarized as under:

(Amt. in Rs)

PARTICULARS	2012-13	2011-12
Revenue from Operation	30,75,415	47,38,652
Other Income	Nil	Nil
Total Revenue (1+2)	30,75,415	47,38,652
Depreciation & Amortization Exp.	3,23,836	3,22,825
Other Expenses	22,14,894	45,67,352
Profit/(Loss) Before Tax	(47,386)	(3,28,998)
Current Tax	83,828	4,92,561
Deferred Tax	(25,285)	(3,74,605)
Profit/(Loss) After Tax (PAT)	(1,05,929)	(4,46,854)

PERFORMANCE HIGHLIGHTS:

During the year under Report, your Company has recorded the total Revenue Rs. 30,75,415/-. Further, due to adverse market conditions, the Company has incurred Net Loss of Rs. 1,05,929/-. The Company is striving to bring the business back to profits and in the coming years it is envisioned that the Company will present considerable performance.

BUSINESS DEVELOPMENT STRATEGY:

During this current fiscal, the Company has reviewed the upcoming prospects of the segment funding lying into the business in diverse areas and the Company has taken necessary steps to spread out the business activities of the Company into segment funding /finance activities.

DIVIDEND:

Due to loss incurred during the financial year 2012-13, your Board of Directors does not recommend declaration of dividend.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

As the Company is engaged in service sector, 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. Further, there have been no foreign exchange earnings or expenses during the year under report.

PARTICULARS OF EMPLOYEES:

There are no employees in the Company drawing remuneration more than Rs. 5 Lacs per month or 60 Lacs per annum, the limits specified in the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) (Amendment) Rules, 2011.

BOARD OF DIRECTORS:

Mr. Hitesh Bagdai, Managing Director and Dr. K. K. Khakhar, Director of the Company, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. A brief profile of both the Directors is attached with Notice of the AGM.

CORPORATE GOVERNANCE:

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. The Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), National Foundation for Corporate Governance (NFCG), Institute of Company Secretaries of India (ICSI) and other such regulatory bodies and organizations are continuously making stringent efforts to strengthen Corporate Governance framework in the country. Accordingly, a detailed Report on Corporate Governance as well as the Certificate from M/s. S A D P & Co, Chartered Accountants, and the Statutory Auditors of the Company are annexed to this Report of Board of Directors.

STATUTORY AUDITORS:

M/S. S A D P & Co., Chartered Accountants, Rajkot 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 AUDITORS:

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.

SUBSIDIARY COMPANY:

The Company has one Subsidiary Company, M/s. Hitraj Developers Private Limited (HDPL). In accordance with General Circular No: 2/2011 dtd. 8th February, 2011 issued by the Ministry of Corporate Affairs (MCA), Government of India, the Balance Sheet, Statement of Profit and Loss and other requisite documents of HDPL are not attached herewith. However, the financial information of the subsidiary company as required is disclosed in the Annual Report in compliance with the said circular. The annual accounts of HDPL and the related detailed information are kept open for inspection by any member/s who may be interested in obtaining the same at the Registered Office of the Company at any time. The Consolidated Financial Statements presented by the Company include the financial results of HDPL.

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REPLY OF THE MANAGEMENT TO THE REMARKS OF THE AUDITORS:

The Statutory Auditors have remarked in Point No. 3 (B) of Annexure to the Auditors Report that the terms and conditions of loans granted by the Company are prima – facie prejudicial to the interest of the Company since there is no stipulation regarding repayment of principal and interest. Here, the management would like to inform, that necessary terms and conditions are being formulated to recover the loan and interest granted by the Company and the same will be implemented shortly.

BOARD'S RESPONSIBILITY STATEMENT:

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

- a. 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,
- b. 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;
- c. 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;
- d. that they have prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENTS

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

PERFORMANCE

During the year under Report, the Company has recorded total revenue of Rs. 30,75,415/- and major part of revenue is generated through Interest Income. Further, due to unfavorable conditions prevailing in the market, the Company has recorded Net Loss of Rs. 1,05,929/-. Your directors assure to recover the losses as early as possible.

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 2013-14

The Economy is predicted to continue its consistent performance seen in 2012-13 and the business outlook for Rajath is healthy in its way. In 2013-14, 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 statues and other incidental factors, may affect the final results and performance of the Company.

ACKNOWLEDGEMENT:

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

Date : 30/05/2013
Place : Rajkot

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

(HITESH BAGDAI) (BHAVDEEP VALA)
MANAGING DIRECTOR DIRECTOR

"ANNEXURE C"
CORPORATE GOVERNANCE REPORT

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 all the stakeholders.

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 and accountability. 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 of Directors

The Board of Directors of the Company as on 31st March, 2013 consists of Five directors out of which three (3) are Independent Non-Executive Directors and two (2) are Executive & Non-Independent Directors. The Composition of the Board and other relevant details relating to Directors are given below:

Name of Director	Designation	Number of Shares held in Company (as on 31 st March, 2013)	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	Managing Director	8,96,853	1	Nil	Nil
Shri Bhavdeep Vala	Director	9,96,851	1	Nil	Nil
Dr.Kantilal Khakhar	Independent Director	Nil	1	3	1
Shri Ketan Dhulesia	Independent Director	Nil	1	3	Nil

includes Directorship/Membership/Chairmanship of Committee in Rajath Finance Ltd but excludes Directorship/Membership/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, *inter alia*, 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.
- i) Minutes of Board Meetings of Unlisted Subsidiaries

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:

As per Accounting Standard 18, issued by ICAI, the disclosure of transactions with the related parties as defined in the Accounting Standard are provided in Note No. 23 of the attached financial statements.

2. Composition of Various Committees:-

AUDIT COMMITTEE:

a) Composition

The Company has set up Audit Committee of three Directors -Shri Ketan Dhulesia, Dr. K K Khakhar and Mr. Bhavdeep Vala. Dr K K Khakhar, an expert in economics, 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 the Statutory Auditors on any significant findings and follow-up thereon.
- 6) Reviewing the Company's financial statements and risk management policies.

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The Committee held four Meetings during the year 2012-2013 as under:

Name of the members of the Committees	No. of Meetings	
	Held	Attended
Dr K K Khakhar, Chairman	4	4
Mr. Ketan Dhulesia	4	4
Mr. Bhavdeep Vala (since October 2012)	4	2

REMUNERATION COMMITTEE

- a) Composition
The Company has set up Remuneration committee of three Directors -Dr. K K Khakhar, Shri Ketan Dhulesia and Shri Bhavdeep Vala. Dr. Khakhar has acted as the Chairman of the Remuneration Committee.

The Committee held four Meetings during the year 2012-2013 as under:

Name of the members of the Committees	No. of Meetings	
	Held	Attended
Dr K K Khakhar, Chairman	4	4
Mr. Ketan Dhulesia	4	4
Mr. Bhavdeep Vala (since October 2012)	4	2

Shareholders' 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 Dr. K K Khakhar, Shri Ketan Dhulesia. And Shri Bhavdeep Vala, Shri Ketan Dhulesia is the Chairman of the Committee.
- c) The Committee has resolved almost all complaints received during the financial year and there are not investor complaints pending to be resolved as on 31st March, 2013.

The Committee held four Meetings during the year 2012-2013 as under:

Name of the members of the committee	No. of Meetings	
	Held	Attended
Mr. Ketan Dhulesia, Chairman	4	4
Dr K K Khakhar	4	4
Mr. Bhavdeep Vala (Since October 2012)	4	2

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
2011-2012	24 th Day of September, 2012	11.00 a. m.	208 - 215 Star Plaza, Phulchhab Chowk, Rajkot - 360 001	Approval of Members for Appointment of Mr. Hitesh Bagdai as Managing Director w.e.f. 1 st October, 2011 for the period of 3 years.
2010-2011	29 th Day of September, 2011	11:00 a. m	208 - 215 Star Plaza, Phulchhab Chowk, Rajkot - 360 001	No Special Resolution was passed
2009-2010	25 th Day of August, 2010	11:00 a. m	208 - 215 Star Plaza, Phulchhab Chowk, Rajkot - 360 001	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.

3. Shareholder information

Registered Office

M/s. Rajath Finance Limited, 208 - 215, Star Plaza, Phulchhab Chowk, Rajkot - 360 001

Annual General Meeting

The 28th Annual General Meeting (AGM) of the Company will be held on Monday, 30th September, 2013 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 : 30th September, 2013
2. Results for Quarter ending 30th June, 2013 : First/Second week of August, 2013
3. Results for Quarter ending 30th September, 2013 : First/Second week of November, 2013
4. Results for Quarter ending 31st December, 2013 : First/Second week of February, 2014
5. Results for year 31st March, 2013 : Last week of May, 2014

Dates of book Closure

The Company's transfer books will be closed from Monday, September 23, 2013 to Saturday, September 28, 2013 (both days inclusive) for the purpose of Annual General Meeting.

Stock Exchange Listing

The Company's shares are presently listed on the BSE Ltd., Mumbai. The Company has already passed Resolution for delisting of its Securities from the Ahmedabad Stock Exchange Ltd. (ASE), Ahmedabad and Saurashtra Kutch Stock Exchange Ltd. (SKSE), Rajkot. Approval of Delisting of securities is pending from ASE as on date of this Report. Further, SEBI has, vide order dated 6th July, 2007, withdrawn recognition of SKSE.

Stock Code

	Code
BSE 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, 3rd Floor,
Shoppers Plaza V
Opp. Municipal Market
B/h. Shoppers Plaza
Off. C G Road, Ahmedabad – 380009
Tele No. 079-26465179
Email: ahmedabad@linkintime.co.in

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 31st March, 2013

SHARE OR DEBENTURE	NUMBER OF HOLDERS	% OF HOLDERS	TOTAL SHARES	% OF SHARES/ DEBENTURES
01 to 500	707	96.1905	106587	2.6647
501 to 1000	18	2.4490	159900	0.3975
1001 to 2000	2	0.2721	2500	0.0625
2001 to 3000	2	0.2721	4401	0.1100
3001 to 4000	1	0.1361	4000	0.1000
4001 to 5000	0	0	0	0
5001 to 10000	0	0	0	0
10001 & above	5	0.6803	3866612	96.6653
TOTAL	735	100.00	40,00,000	100.00

Dematerialization of shares

As on 31st March, 2013 out of total holding of 40,00,000 equity shares 38,79,651 equity shares representing 97% of the paid up capital of the company are in dematerialized form and balance 1,20,349 equity shares representing 3% are in physical form. Members are requested to dematerialize their shares as early as possible, if not yet dematerialized, so as to get benefits of electronic & paperless equity shares.

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

RAJATH FINANCE LIMITED

ADDRESS FOR CORRESPONDENCE:

<u>Company's Registered Office</u>	<u>Share Transfer Agent</u>
Rajath Finance Limited 208 - 215, Star Plaza, Phulchhab Chowk, Rajkot-360 001 Phone-0281-2447800	LINK INTIME INDIA PVT. LTD. Unit No. 303, 3rd Floor, Shoppers Plaza V Opp. Municipal Market B/h. Shoppers Plaza Off. C G Road, Ahmedabad - 380009 Tele No. 079-26465179 Email: ahmedabad@linkintime.co.in

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: 30/05/2013
Place: Rajkot

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

(HITESH BAGDAI) (BHAVDEEP VALA)
MANAGING 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 2012-13 ended on 31st March, 2013, 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 : 30/05/2013
Place : Rajkot

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

(HITESH BAGDAI) (BHAVDEEP VALA)
MANAGING 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 31st March, 2013, 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: 30/05/2013

**AUDITOR'S REPORT
TO THE MEMBERS OF RAJATH FINANCE LIMITED**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Rajath Finance Limited, which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements in accordance with the Accounting Standards referred to in Section 211(3c) of the Companies Act, 1956("the Act") and in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Act, as, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013
- (ii) in the case of the Profit and Loss Account of the profit/loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

1. As required by the Companies (Auditor's Report) order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by Section 227(3) of the Act, 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 purpose of our audit and have found them to be satisfactory.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) *The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with this report are in agreement with the books of accounts.*
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (e) on the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S A D P & Co.

**Chartered Accountants
(FRN: 112625W)**

**(P G Bhuptani)
Partner**

Membership no. :122330

Place: Rajkot
Date: 30/05/2013

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 2013

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 two parties. At the year end the outstanding balance of such loans granted was Rs.75,00,000/- and the maximum amount involved during the year was Rs. 10,000,000/-
 - (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.
 - (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: 30/05/2013

**(P G Bhuptani)
Partner
Membership no. :122330**

RAJATH FINANCE LIMITED

Balance Sheet as at 31st March 2013			₹ in rupees
	Note No.	As at 31st March 2013	As at 31st March 2012
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	2	4,00,00,000	4,00,00,000
Reserves and surplus	3	57,42,155	58,48,083
Money received against share warrants	4	3,00,00,000	3,00,00,000
		7,57,42,155	7,58,48,083
Share application money pending allotment		Nil	Nil
Non-current liabilities			
Long-term borrowings		Nil	Nil
Deferred tax liabilities (Net)	5	3,19,133	3,44,418
Other long term liabilities		Nil	Nil
Long-term provisions	6	11,28,216	11,31,861
		14,47,349	14,76,279
Current liabilities			
Short-term borrowings		Nil	Nil
Trade payables	7	2,80,041	2,69,272
Other current liabilities	8	5,62,005	2,31,474
Short-term provisions	6	70,695	16,00,612
		9,12,741	21,01,358
TOTAL		7,81,02,245	7,94,25,720
ASSETS			
Non-current assets			
Fixed assets	9		
Tangible assets		31,89,938	33,78,884
Intangible assets		Nil	Nil
Capital work-in-Progress		Nil	Nil
Intangible assets under development		Nil	Nil
Non-current investments	10	4,08,263	4,08,263
Deferred tax assets (net)	6	Nil	Nil
Long-term loans and advances	11	1,21,24,527	1,18,45,200
Other non-current assets	12	2,20,180	3,30,270
		1,59,42,908	1,59,62,617
Current assets			
Current investments		Nil	Nil
Inventories	13	2,09,430	2,09,430
Trade receivables		Nil	Nil
Cash and cash equivalents	14	6,64,544	5,09,428
Short-term loans and advances	11	6,12,85,363	6,27,44,245
Other current assets		Nil	Nil
		6,21,59,337	6,34,63,103
TOTAL		7,81,02,245	7,94,25,720

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS 1

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: 30/05/2013

Managing Director

Director

Statement of Profit and loss for the year ended 31st March 2013		₹ in rupees	
	Note No.	31st March 2013	31st March 2012
Revenue			
Revenue from operations	15	30,75,415.23	47,38,651.82
Less: Excise duty		Nil	Nil
Net Sales		30,75,415.23	47,38,651.82
Other income		Nil	Nil
Total Revenue		30,75,415.23	47,38,651.82
Expenses			
Cost of material Consumed		Nil	Nil
Purchase of stock-in-trade		Nil	Nil
Changes in inventories	16	Nil	Nil
Employee benefit expenses	17	5,84,071	1,77,373
Finance costs		Nil	Nil
Depreciation and amortization expenses	18	3,23,836	3,22,825
Other expenses	19	22,14,894	45,67,352
Total Expenses		31,22,801	50,67,550
Profit before exceptional, extraordinary and prior period items and tax		(47,386)	(3,28,898)
Exceptional items		Nil	Nil
Profit before extraordinary and prior period items and tax		(47,386)	(3,28,898)
Extraordinary items		Nil	Nil
Prior period item		Nil	Nil
Profit before tax		(47,386)	(3,28,898)
Tax expenses			
Current tax	20	83,828	4,92,561
Deferred tax		(25,285)	(3,74,605)
Excess/short provision relating earlier year tax		Nil	Nil
Profit(Loss) for the period from continuing operations		(1,05,929)	(4,46,854)
Profit(Loss) from discontinuing operations		Nil	Nil
Tax expenses of discontinuing operations		Nil	Nil
Profit(Loss) from discontinuing operations(after tax)		Nil	Nil
Profit(Loss) for the period		(1,05,929)	(4,46,854)
Earning per share			
Basic	21		
Before extraordinary Items		(0.03)	(0.11)
After extraordinary Adjustment		(0.03)	(0.11)
Diluted		(0.02)	(0.10)
Before extraordinary Items		(0.02)	(0.10)
After extraordinary Adjustment		(0.02)	(0.10)
Average number of shares for EPS		4000000	4000000
Basic earning per share		(0.03)	(0.11)
Adjustment average number shares		400000	400000
Average no. of shares for diluted EPS		4400000	4400000
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS		2	
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: 30/05/2013		Managing Director	
		Director	

RAJATH FINANCE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-3-2013		in rupees	
	Particulars	Amt. Rs. 31/03/2013	Amt. Rs. 31/03/2012
A	Cash Flow from Operating Activities		
	Net Profit before tax	(47,386)	(328,898)
	Adjustment for:		
	Depreciation	213,746	212,735
	Preliminary & Pre Operative Exp. W/off	110,090	110,090
	Provision for Bad and doubtful debts advances	(3,645)	978,676
	Bad Debts advance written off	(1,000,000)	1,280,767
	Operating Profit Before Working Capital Changes	(727,195)	2,253,370
	Adjustments for Changes in Working Capital		
	(Increase)/Decrease in Loans & Advances	1,458,882	(1,470,299)
	(Increase)/Decrease in Other Receivables	724,319	(2,231,826)
	(Increase)/Decrease in Inventories		-
	Increase/(Decrease) in Trade and other payables	(1,192,262)	1,597,223
	Cash Generated from Operating Activities	263,744	148,468
	Taxes paid	(83,828)	(492,561)
	Net Cash Generated from Operating Activities	179,916	(344,093)
B	Cash Flow From Financing Activities		
	Increase in Share Capital	-	-
	Issue of Convertible Share Warrants	-	-
	Increase in Short Term Borrowings	-	-
	Interest Paid	-	-
	Net Cash Generated from Financing Activities	-	-
C	Cash Flow from Investing Activities		
	Increase in Fixed Assets	(24,800)	(19,500)
	Increase in Preliminary & Pre Operative Exp.	-	-
	Purchase of Investments	-	-
	Sale of assets	-	-
	Net Cash Generated from Investing Activities	(24,800)	(19,500)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	155,116	(363,593)
	Add: Cash and Cash Equivalents at the beginning of period	509,428	873,021
	Cash and Cash Equivalents at the year end	664,544	509,428

As per Our Report of even date attached

For SADP & Co.

Chartered Accountants

(FRN: 112625W)

P.G. Bhuptani

Partner

M.No. 122330

Date: 30/05/2013

Place: Rajkot

For & on behalf of board of directors

Managing Director

Director

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, 2013. The statement has been prepared by the Company in accordance with the requirement of listing agreement Clause 32 with Bombay Stock Exchange, Ahmadabad 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 : 30/05/2013

P.G. Bhuptani
Partner
M.No. 122330

RAJATH FINANCE LIMITED

Notes to Financial statements for the year ended 31st March 2013

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

Note No. 2 Share Capital

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Authorised :		
7500000 (31/03/2012:7500000) Equity shares of Rs. 10.00/- par value	7,50,00,000	7,50,00,000
Issued :		
4000000 (31/03/2012:4000000) Equity shares of Rs. 10.00/- par value	4,00,00,000	4,00,00,000
Subscribed and paid-up :		
4000000 (31/03/2012:4000000) Equity shares of Rs. 10.00/- par value	4,00,00,000	4,00,00,000
Paid up Share Capital	4,00,00,000	4,00,00,000

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

Equity shares

₹ in rupees

	As at 31st March 2013		As at 31st March 2012	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	40,00,000	4,00,00,000	40,00,000	4,00,00,000
Issued during the Period	Nil	Nil	Nil	Nil
Redeemed or bought back during the period	Nil	Nil	Nil	Nil
Outstanding at end of the period	40,00,000	4,00,00,000	40,00,000	4,00,00,000

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 31st March 2013		As at 31st March 2012	
		No. of Shares	% of Holding	No. of Shares	% of Holding
Equity [NV: 10.00]	Hitesh Bagdai	8,96,853	22.42	9,96,800	24.92
Equity [NV: 10.00]	Poonam Bagdai	8,96,851	22.42	9,96,800	24.92
Equity [NV: 10.00]	Bhavdeep Vala	9,96,851	24.92	9,96,800	24.92
	Total :	27,90,555	69.76	29,90,400	74.76

Note No. 3 Reserves and surplus

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
General reserve		
Opening Balance	27,30,931	27,30,931
Add: Addition during the year	Nil	Nil
Less : Deletion during the year	Nil	Nil
Closing Balance	27,30,931	27,30,931
Special reserve		
Opening Balance	47,83,482	47,83,482
Add: Addition during the year	Nil	Nil
Less : Deletion during the year	Nil	Nil
Closing Balance	47,83,482	47,83,482
Profit loss account		
Opening Balance	(17,22,830)	(12,75,976)
Add: Profit for the year	(1,05,929)	(4,46,854)
Less : Deletion during the year	Nil	Nil
Closing Balance	(18,28,759)	(17,22,830)
Capital reserve		
Opening Balance	56,500	56,500
Add: Addition during the year	Nil	Nil
Less : Deletion during the year	Nil	Nil
Closing Balance	56,500	56,500
Balance carried to balance sheet	57,42,155	58,48,083

Note No. 4 Money received against share warrants

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Equity share warrants at beginning	3,00,00,000	3,00,00,000
Total	3,00,00,000	3,00,00,000

RAJATH FINANCE LIMITED

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 Deferred Tax

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Deferred tax liability		
Deferred tax liability non-current	3,19,133	3,44,418
Gross deferred tax liability	3,19,133	3,44,418
Net deferred tax assets	Nil	Nil
Net deferred tax liability	3,19,133	3,44,418

Note No. 6 Provisions

₹ in rupees

Particulars	As at 31st March 2013			As at 31st March 2012		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Provision for employee benefit						
Provision for leave encashment	Nil	10,231	10,231	Nil	Nil	Nil
Provision for Bonus	Nil	19,200	19,200	Nil	Nil	Nil
	Nil	29,431	29,431	Nil	Nil	Nil
Other provisions						
Provision Against Standard Assets	1,28,216	Nil	1,28,216	1,31,861	Nil	1,31,861
Provision for Non Performing Assets	10,00,000	Nil	10,00,000	10,00,000	Nil	10,00,000
Income Tax Provisions	Nil	13,432	13,432	Nil	15,69,904	15,69,904
Audit Fee Provisions	Nil	26,966	26,966	Nil	26,966	26,966
Provision for Expenses	Nil	866	866	Nil	3,742	3,742
	11,28,216	41,264	11,69,480	11,31,861	16,00,612	27,32,473
Total	11,28,216	70,695	11,98,911	11,31,861	16,00,612	27,32,473

Note No. 7 Trade payables

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Creditors due others	2,80,041	2,69,272
Total	2,80,041	2,69,272

Note No. 8 Other current liabilities

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Others payables		
TDS Payables	2,02,005	1,41,474
Director Remuneration Payable	3,60,000	90,000
	5,62,005	2,31,474
Total	5,62,005	2,31,474

Note No. 9 Fixed Assets Chart as at 31st March 2013

₹ in rupees

	Assets	Dep. Rate	Gross Block					Accumulated Depreciation/ Amortisation						Net Block		
			Balance as at 1st April 2012	Additions during the year	Addition on account of business acquisition	Deletion during the year	Balance as at 31st March 2013	Balance as at 1st April 2012	Provided during the year	Addition on account of business acquisition	Deletion / adjustments during the year	Other Adjustment	Impairment/Reversal*	Balance as at 31st March 2013	Balance as at 31st March 2013	Balance as at 31st March 2012
A	Tangible assets															
	Premises	1.63	36,98,563	Nil	Nil	Nil	36,98,563	7,88,635	60,287	Nil	Nil	Nil	Nil	8,48,922	28,49,641	29,09,928
	Furniture and Fixtures	6.33	21,73,163	Nil	Nil	Nil	21,73,163	18,02,952	1,36,119	Nil	Nil	Nil	Nil	19,39,071	2,34,092	3,70,211
	Office Equipments	4.75	1,71,444	Nil	Nil	Nil	1,71,444	1,20,761	8,143	Nil	Nil	Nil	Nil	1,28,904	42,540	50,683
	Air Conditioners	4.75	39,131	Nil	Nil	Nil	39,131	18,898	1,859	Nil	Nil	Nil	Nil	20,757	18,374	20,233
	Computers	16.21	7,00,106	24,800	Nil	Nil	7,24,906	6,72,277	7,338	Nil	Nil	Nil	Nil	6,79,615	45,291	27,829
	Sub Total		67,82,407	24,800	Nil	Nil	68,07,207	34,03,523	2,13,746	Nil	Nil	Nil	Nil	36,17,269	31,89,938	33,78,884
	P.Y Total		67,62,907	19,500	Nil	Nil	67,82,407	31,90,788	2,12,735	Nil	Nil	Nil	Nil	34,03,523	33,78,884	35,72,119

(20)

RAJATH FINANCE LIMITED

Note No. 10 Non-current investments		₹ in rupees	
Particulars	As at 31st March 2013	As at 31st March 2012	
Trade Investment(Valued at cost unless stated otherwise)			
Investments in equity Instruments (Quoted)			
In Others			
Equity securities long-term quoted trade (At cost)	3,09,263	3,09,263	
Investments in equity Instruments (Unquoted)			
In Others			
Investment in other Indian companies equity instruments unquoted trade (At Cost)	1,500	1,500	
	3,10,763	3,10,763	
Non-Trade Investment(Valued at cost unless stated otherwise)			
Investment in subsidiaries unquoted non-trade (At Cost)	97,500	97,500	
	97,500	97,500	
Gross Investment	4,08,263	4,08,263	
Net Investment	4,08,263	4,08,263	
Aggregate amount of quoted investments (Market Value:12,69,151) (2012:12,94,000)	3,09,263	3,09,263	
Aggregate amount of unquoted investments	99,000	99,000	

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 favor 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 2013		As at 31st March 2012	
	Long-term	Short-term	Long-term	Short-term
Security Deposit				
Unsecured, considered good	1,95,069	Nil	1,95,069	Nil
	1,95,069	Nil	1,95,069	Nil
Loans and advances to related parties				
Unsecured, considered good	Nil	75,00,000	Nil	1,00,00,000
	Nil	75,00,000	Nil	1,00,00,000
Other loans and advances				
Amount Receivable from Income Tax Departments	19,29,458	Nil	16,50,131	Nil
Advance for Property	1,00,00,000	Nil	1,00,00,000	Nil
Loan to Customers	Nil	5,37,85,363	Nil	5,27,44,245
	1,19,29,458	5,37,85,363	1,16,50,131	5,27,44,245
Total	1,21,24,527	6,12,85,363	1,18,45,200	6,27,44,245

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

in rupees

Unsecured, considered good

Particulars	As at 31st march 2013		As at 31st march 2012	
	Long-term	Short-term	Long-term	Short-term
Unsecured loans and advances given to directors	Nil	20,00,000	Nil	45,00,000
Unsecure Loan to Subsidiaries	Nil	55,00,000	Nil	55,00,000
Total	Nil	75,00,000	Nil	1,00,00,000

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:

₹ in rupees

Particulars	As at 31st march 2013		As at 31st march 2012	
	Standard	Sub Standard	Standard	Sub Standard
Unsecured Short Term Loan to relatives	75,00,000	Nil	1,00,00,000	Nil
Unsecured Short Term Loan to Others	4,37,85,362	1,00,00,000	4,27,44,245	1,00,00,000
Total	5,12,85,362	1,00,00,000	5,27,44,245	1,00,00,000

Note No. 12 Other non-current assets

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Miscellaneous expenditure not written off		
Authorised Capital Increase Exp. not written off	2,20,180	3,30,270
Total	2,20,180	3,30,270

Note No. 13 Inventories

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
(Valued at cost or NRV unless otherwise stated)		
Shares	2,09,430	2,09,430
Total	2,09,430	2,09,430

Market Value as on 31st March, 2013 is of Rs. 2,46,546.

Note No. 14 Cash and cash equivalents

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Balance with banks		
Balance scheduled banks current account	2,12,760	63,764
Total	2,12,760	63,764
Cash in hand		
Cash in hand	4,51,784	4,45,664
Total	4,51,784	4,45,664
Total	6,64,544	5,09,428

Note No. 15 Revenue from operations

₹ in rupees

Particulars	31st March 2013	31st March 2012
Interest Income	30,68,596	47,33,880
Other financial services		
Misc Income	25	Nil
Brokerage Rebates	Nil	Nil
Derivative Profit	Nil	Nil
Hedging Profit	Nil	Nil
Dividend	6,794	4,771
Share Sales	Nil	Nil
	6,819	4,771
Gross revenue from operations	30,75,415	47,38,652

Note No. 16 Changes in inventories

₹ in rupees

Particulars	31st March 2013	31st March 2012
Inventory at the end of the year		
Finished Goods	Nil	Nil
Shares	2,09,430	2,09,430
	2,09,430	2,09,430
Inventory at the beginning of the year		
Finished Goods	Nil	Nil
Shares	2,09,430	2,09,430
	2,09,430	2,09,430
Adjustments:		
	Nil	Nil

RAJATH FINANCE LIMITED

Note No. 17 Employee benefit expenses

₹ in rupees

Particulars	31st March 2013	31st March 2012
Salaries and Wages	5,64,871	1,59,693
Staff welfare Expenses		
Bonus to Employees	19,200	17,680
	19,200	17,680
Total	5,84,071	1,77,373

Note No. 18 Depreciation and amortization expenses

₹ in rupees

Particulars	31st March 2013	31st March 2012
Depreciation on tangible assets	2,13,746	2,12,735
Misc. Exp. Written Off	1,10,090	1,10,090
Total	3,23,836	3,22,825

Note No. 19 Other expenses

₹ in rupees

Particulars	31st March 2013	31st March 2012
Advertising expenses	54,455	41,887
Annual Custodial Fee	13,482	13,182
Audit fees	26,966	26,966
Bank charges	Nil	827
Repairs and maintenance expenses	12,831	22,850
Travelling Expenses	3,07,849	3,82,365
D-Mat Charges	600	552
Donations	15,000	16,000
Electricity expenses	38,697	36,004
TDS Late Payment Interest	815	135
Information technology expenses	7,051	5,775
Legal and professional expenses	11,33,905	10,13,535
Listing Fee	17,004	16,545
Office Exp.	16,075	15,505
Periodicals and Newspapers	1,126	1,053
Miscellaneous expenditure	5,020	600
Telephone and postage expenses	38,063	19,551
Printing and stationery	29,600	31,011
Rates and taxes	Nil	63,566
Provision for bad and doubtful debts advances	(3,645)	9,78,676
Bad debts advances written off	(10,00,000)	12,80,767
Director's remuneration	9,00,000	6,00,000
Car Hire Charges	4,00,000	Nil
Commission and Brokerage	2,00,000	Nil
Total	22,14,894	45,67,352

Note No. 20 Current tax

₹ in rupees

Particulars	31st March 2013	31st March 2012
Current tax pertaining to current year	83,828	4,92,561
Total	83,828	4,92,561

Note No. 21 Earning Per Share		₹ in rupees			
Particulars	Before Extraordinary items		After Extraordinary items		
	31st March 2013	31st March 2012	31st March 2013	31st March 2012	
Basic					
Profit after tax (A)	(1,05,928.77)	(4,46,854.18)	(1,05,928.77)	(4,46,854.18)	
Weighted average number of shares outstanding (B)	40,00,000	40,00,000	40,00,000	40,00,000	
Basic EPS (A / B)	(0.03)	(0.11)	(0.03)	(0.11)	
Diluted					
Profit after tax (A)	(1,05,928.77)	(4,46,854.18)	(1,05,928.77)	(4,46,854.18)	
Weighted average number of shares outstanding	40,00,000	40,00,000	40,00,000	40,00,000	
Adjustments:					
Warrants, options and rights	4,00,000	4,00,000	4,00,000	4,00,000	
Weighted average number of shares outstanding for diluted EPS after above adjustments (B)	44,00,000	44,00,000	44,00,000	44,00,000	
Diluted EPS (A / B)	(0.02)	(0.10)	(0.02)	(0.10)	

Note No. 22 Payment to Auditors		₹ in rupees	
Particulars	31st March 2013	31st March 2012	
As Auditors	26,966	26,472	
In any other capacity	3,24,721	4,43,468	
Total	3,51,687	4,69,940	

Note No. 23 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.
3.	Key Management Personnel	Primerose Mercantile Pvt. Ltd.
		Mr. Hitesh M Bagdai
		Kamtilal Kalidas Khakhar
		Ketan Dhuleshia
4.	Relatives of Key Management Personnel	Bhavdeep V Vala
		Poonam H Bagdai
		Hasmitaben M Bagdai

b. Transactions with related parties during the year

I Loan Given (Rs. in '000)

Particulars	Subsidiaries	Key Management Personne
Balance as at 1 st April 2012	5500.00	4500.00
Given During the Year	Nil	0.00
Received Back During the Year	Nil	2500.00
Balance as at 31 st March 2013	5500.00	2000.00

II Other Transactions (Rs. in '000)

RAJATH FINANCE LIMITED

Particulars	Subsidiaries	Key Management Personnel
Interest Income	330.00	258.82
Car Hire Charge	Nil	400.00
Remuneration	0.00	900.00

Note No. 24 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 favour of the company relate to A.Y. 1988-89 to 1994-95. In view of the ITAT's order in favour of the company no provision for tax liability has been made.

Note NO. 25 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 1st April 2001.

The break up of net Deferred Tax Liability as on 31st March, 2013 is as under:

Particulars	31 st March 2013	31 st March 2012
A. Depreciation		
WDV As per Book	31,89,938	33,78,884
WDV As per IT	10,28,931	11,32,401
Difference in WDV	21,61,007	22,46,483
Applicable Tax Rate	30.90%	30.90%
Deferred Tax Liability	6,67,751	6,94,163
Increase/(Decrease) in Deferred Tax Liability	(26,412)	(24,860)
B. NPA Provision		
NPA Provision	(3,645)	11,31,861
Applicable Tax Rate	30.90%	30.90%
Deferred Tax Asset	(1,126)	3,49,745
Increase/(Decrease) in Deferred Tax Liability	1,126	(3,49,745)
Net Increase/(Decrease) in Deferred Tax Liability	(25,286)	(3,74,605)

Note No. 26 Balance of Short Term Loans & Advances

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

**Schedule of the Balance sheet of a non-deposit taking non-banking financial company for the year ended 31st
March, 2013**

(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			
Liabilities side:			
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not <u>paid</u>:	Amount outstanding	Amount overdue
(a)	Debentures: Secured	Nil	Nil
	Unsecured (other than falling within the Meaning of public deposits*)	Nil	Nil
(b)	Deffered 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			
(2)	Break up of loans and advances including bills receivables (Other than those included in (4) below):		
	(a) Secured		Nil
	(b) Unsecured		612.85
(3)	Breakup of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(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

RAJATH FINANCE LIMITED

(4)	Break up of investments:		
	Current investments:		
	<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	
Long term investments:			
<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	

(5)	Borrowing group wise classification of assets financed as in (2) and (3) above:			
	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	20.00	20.00
	2. Other than related parties	Nil	537.85	537.85
	Total	Nil	612.85	612.85

(6)	Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
	Please see note 3 below		
	Category	Market value/ Break up/ fair value/ NAV	Book value (net of provisions)
	1. Related parties**		
	(a) Subsidiaries	0.98	0.98
	(b) Companies in the same group	Nil	Nil
	© Other related parties	Nil	Nil
	2. Other than related parties	12.71	3.11
	Total	13.69	4.09

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

(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 banking 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 SA DP & Co.

Firm Reg. No. 112625W

Chartered Accountants

P.G. Bhuptani

(Partner)

M.No.: 122330

Place: Rajkot

Date : 30/05/2013

RAJATH FINANCE LIMITED

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

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of RAJATH FINANCE LIMITED (the "Company"), its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information. The consolidated financial statements include investments in an associate accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as valuating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Act, as, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date, and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Place: Rajkot
Date: 30/05/2013

For S A D P & Co.
Chartered Accountants
(FRN: 112625W)
(P G Bhuptani)
Partner
Membership no. :122330

Consolidated Balance Sheet as at 31st March 2013		₹ in rupees	
	Note No.	As at 31st March 2013	As at 31st March 2012
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	2	4,00,00,000	4,00,00,000
Reserves and surplus	3	(46,05,232.90)	(27,78,321)
Money received against share warrants	4	3,00,00,000	3,00,00,000
Minority Interests	5	2,500	2,500
		6,53,97,267.10	6,72,24,179
Share application money pending allotment		Nil	Nil
Non-current liabilities			
Long-term borrowings	6	Nil	Nil
Deferred tax liabilities (Net)	7	Nil	Nil
Other long term liabilities		Nil	Nil
Long-term provisions	8	11,28,216	11,31,861
		11,28,216	11,31,861
Current liabilities			
Short-term borrowings	9	4,50,84,365	5,62,70,501
Trade payables	10	5,25,889	18,65,972
Other current liabilities	11	1,39,87,664	3,04,96,148
Short-term provisions	8	89,796	16,14,657
		5,96,87,714	9,02,47,278
TOTAL		12,62,13,197.10	15,86,03,318
ASSETS			
Non-current assets			
<i>Fixed assets</i>			
Tangible assets	12	32,54,268.64	58,22,227
Intangible assets		Nil	Nil
Capital work-in-Progress		Nil	Nil
Intangible assets under development		Nil	Nil
<i>Non-current investments</i>			
Non-current investments	13	3,10,763	3,10,763
Deferred tax assets (net)	7	37,07,869	32,06,320
Long-term loans and advances	14	1,23,08,428	1,20,29,101
Other non-current assets	15	2,20,180	3,30,270
		1,98,01,508.64	2,16,98,681
Current assets			
Current investments		Nil	Nil
Inventories	16	4,49,37,609	6,70,66,239
Trade receivables		Nil	Nil
Cash and cash equivalents	17	35,88,649.83	77,71,918
Short-term loans and advances	14	5,78,85,429.63	6,20,66,480
Other current assets	18	Nil	Nil
		10,64,11,688.46	13,69,04,637
TOTAL		12,62,13,197.10	15,86,03,318
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		For and on behalf of the Board of Directors	
Chartered Accountants			
(FRN: 112625W)			
PARAG GUNVANTRAI		Managing Director	
BHUPTANI		Director	
PARTNER			
Membership No.: 122330			
Place: Rajkot			
Date: 30/05/2013			

RAJATH FINANCE LIMITED

Consolidated Profit and loss for the year ended 31st March 2013		₹ in rupees	
	Note No.	31st March 2013	31st March 2012
Revenue			
Revenue from operations	19	3,11,83,319	2,82,48,909
Less: Excise duty		Nil	Nil
Net Sales		3,11,83,319	2,82,48,909
Other income	20	10,66,999.35	23,904
Total Revenue		3,22,50,318.35	2,82,72,813
Expenses			
Cost of material Consumed		Nil	Nil
Purchase of stock-in-trade	21	31,15,993.35	2,43,30,873
Changes in inventories	22	2,21,28,630	(75,14,106)
Employee benefit expenses	23	6,89,671	6,86,403
Finance costs	24	29,13,511	32,57,859
Depreciation and amortization expenses	25	8,48,765	11,70,201
Other expenses	26	47,98,380.90	1,04,84,714
Total Expenses		3,44,94,951.25	3,24,15,944
Profit before exceptional, extraordinary and prior period items and tax		(22,44,632.90)	(41,43,131)
Exceptional items		Nil	Nil
Profit before extraordinary and prior period items and tax		(22,44,632.90)	(41,43,131)
Extraordinary items		Nil	Nil
Prior period item		Nil	Nil
Profit before tax		(22,44,632.90)	(41,43,131)
Tax expenses			
Current tax	27	83,828	4,92,561
Deferred tax		(5,01,549)	(11,57,183)
Excess/short provision relating earlier year tax		Nil	Nil
Profit(Loss) for the period from continuing operations		(18,26,911.90)	(34,78,509)
Profit(Loss) from discontinuing operations		Nil	Nil
Tax expenses of discontinuing operations		Nil	Nil
Profit(Loss) from discontinuing operations(after tax)		Nil	Nil
Profit(Loss) for the period		(18,26,911.90)	(34,78,509)
Earning per share			
Basic	28		
Before extraordinary Items		(0.46)	(0.87)
After extraordinary Adjustment		(0.46)	(0.87)
Diluted			
Before extraordinary Items		(0.42)	(0.79)
After extraordinary Adjustment		(0.42)	(0.79)
Average number of shares for EPS		4000000	4000000
Adjustment average number shares		400000	400000
Average no. of shares for diluted EPS		4400000	4400000
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		For and on behalf of the Board of	
Chartered Accountants		Directors	
(FRN: 112625W)			

PARAG GUNVANTRAI
BHUPANI
PARTNER
Membership No.: 122330
Place: Rajkot
Date: 30/05/2013

Managing Director

Director

Consolidated Cash Flow Statement For The Year Ended 31-03-2013			in rupees		
	Particulars	Amt. Rs.	31/03/2013	Amt. Rs.	31/03/2012
A	Cash Flow from Operating Activities				
	Net Profit before tax		(2,244,633)		(4,143,131)
	Adjustment for:				
	Depreciation		738,675		1,058,446
	Preliminary & Pre Operative Exp. W/off		110,090		111,755
	Profit on Sale of Fixed Assers		(1,045,917)		-
	Provision for Bad and doubtful debts advances		(3,645)		978,676
	Bad Debts advance written off		-		1,280,767
	Operating Profit Before Working Capital Changes		(2,445,430)		(713,487)
	Adjustments for Changes in Working Capital				
	(Increase)/Decrease in Loans & Advances		3,901,723		(2,822,128)
	(Increase)/Decrease in Other Receivables		-		-
	(Increase)/Decrease in Inventories		22,128,630		(7,514,106)
	Increase/(Decrease) in Trade and other payables		(19,373,428)		5,554,734
	Cash Generated from Operating Activities		4,211,495		(5,494,987)
	Taxes paid		(83,828)		(492,561)
	Net Cash Generated from Operating Activities		4,127,667		(5,987,548)
B	Cash Flow From Financing Activities				
	Increase in Share Capital		-		-
	Issue of Convertible Share Warrants		-		-
	Increase in Short Term Borrowings		(11,186,136)		13,648,977
	Increase/(Decrease) in Long Term Borrowings		-		(1,075,753)
	Interest Paid		-		-
	Net Cash Generated from Financing Activities		(11,186,136)		12,573,224
C	Cash Flow from Investing Activities				
	Increase in Fixed Assets		2,875,200		(19,500)
	Increase in Preliminary & Pre Operative Exp.		0		-
	Purchase of Investments		-		-
	Net Cash Generated from Investing Activities		2,875,200		(19,500)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(4,183,269)		6,566,176
	Add: Cash and Cash Equivalents at the beginning of period		7,771,918		1,205,742
	Cash and Cash Equivalents at the year end		3,588,649		7,771,918

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

Managing Director

RAJATH FINANCE LIMITED

Partner
M.No. 122330

Director

Date: 30/05/2013
Place: Rajkot

Notes to Financial statements for the year ended 31st March 2013
The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

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.
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 2013	As at 31st March 2012
Authorised :		

7500000 (31/03/2012:7500000) Equity shares of Rs. 10.00/- par value	7,50,00,000	7,50,00,000
Issued :		
4000000 (31/03/2012:4000000) Equity shares of Rs. 10.00/- par value	4,00,00,000	4,00,00,000
Subscribed and paid-up :		
4000000 (31/03/2012:4000000) Equity shares of Rs. 10.00/- par value	4,00,00,000	4,00,00,000
Paid up Share Capital	4,00,00,000	4,00,00,000

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

Equity shares

₹ in rupees

	As at 31st March 2013		As at 31st March 2012	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	40,00,000	4,00,00,000	40,00,000	4,00,00,000
Issued during the Period	Nil	Nil	Nil	Nil
Redeemed or bought back during the period	Nil	Nil	Nil	Nil
Outstanding at end of the period	40,00,000	4,00,00,000	40,00,000	4,00,00,000

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. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting, except in case of interim dividend. 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.

Shares held by Holding/Ultimate holding company and/or their subsidiaries/associates

Type of Share	Name of Company	Relation	As at 31st March 2013	As at 31st March 2012
Equity	Hitraj Developers Pvt. Ltd.	Subsidiary of Holding company	9,750	9,750
		Aggregate No. of Shares :	9,750	9,750

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

Type of Share	Name of Shareholders	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity [NV: 10.00]	Hitesh Bagdai	8,96,853	22.42	9,96,800	24.92
Equity [NV: 10.00]	Poonam Bagdai	8,96,851	22.42	9,96,800	24.92
Equity [NV: 10.00]	Bhavdeep Vala	9,96,851	24.92	9,96,800	24.92
	Total :	27,90,555	69.76	29,90,400	74.76

Note No. 3 Reserves and surplus

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Profit loss account		
Opening Balance	(1,03,49,234)	(68,70,725)
Add: Profit for the year	(18,26,911.90)	(34,78,509)
Less : Deletion during the year	Nil	Nil
Closing Balance	(1,21,76,145.90)	(1,03,49,234)
Capital reserve		
Opening Balance	56,500	56,500
Add: Addition during the year	Nil	Nil
Less : Deletion during the year	Nil	Nil
Closing Balance	56,500	56,500
General reserve		
Opening Balance	27,30,931	27,30,931
Add: Addition during the year	Nil	Nil
Less : Deletion during the year	Nil	Nil
Closing Balance	27,30,931	27,30,931

RAJATH FINANCE LIMITED

Special reserve		
Opening Balance	47,83,482	47,83,482
Add: Addition during the year	Nil	Nil
Less : Deletion during the year	Nil	Nil
Closing Balance	47,83,482	47,83,482
Balance carried to balance sheet	(46,05,232.90)	(27,78,321)

Note No. 4 Money received against share warrants

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Equity share warrants at beginning	3,00,00,000	3,00,00,000
Total	3,00,00,000	3,00,00,000

Note No. 5 Minority Interests

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Opening Balance	2,500	2,500
Total	2,500	2,500

Note No. 6 Long-term borrowings

₹ in rupees

Particulars	As at 31st March 2013			As at 31st March 2012		
	Non-Current	Current Maturities	Total	Non-Current	Current Maturities	Total
Term Loan - From Others						
Kotak Mahindra Prime Limited secured	Nil	Nil	Nil	Nil	10,75,753	10,75,753
	Nil	Nil	Nil	Nil	10,75,753	10,75,753
The Above Amount Includes						
Secured Borrowings	Nil	Nil	Nil	Nil	10,75,753	10,75,753
Amount Disclosed Under the Head "Other Current Liabilities"(Note No. 11)		(Nil)	(Nil)		(10,75,753)	(10,75,753)
Net Amount	Nil	0	Nil	Nil	0	Nil

Note No. 7 Deferred Tax

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Deferred tax assets		
Deferred tax asset other	37,07,869	32,06,320
Gross deferred tax asset	37,07,869	32,06,320
Net deferred tax assets	37,07,869	32,06,320
Net deferred tax liability	Nil	Nil

Note No. 8 Provisions

₹ in rupees

Particulars	As at 31st March 2013			As at 31st March 2012		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Provision for employee benefit						
Provision for Bonus	Nil	10,231	10,231	Nil	Nil	Nil
Provision for leave encashment	Nil	19,200	19,200	Nil	Nil	Nil
	Nil	29,431	29,431	Nil	Nil	Nil
Other provisions						
Audit Fee Provisions	Nil	46,067	46,067	Nil	41,011	41,011
Sundry Expenses	Nil	866	866	Nil	3,742	3,742
Provision Against Standard Assets	1,28,216	Nil	1,28,216	1,31,861	Nil	1,31,861
Provision Against Non Performing Assets	10,00,000	Nil	10,00,000	10,00,000	Nil	10,00,000
Income Tax Provisions	Nil	13,432	13,432	Nil	15,69,904	15,69,904
	11,28,216	60,365	11,88,581	11,31,861	16,14,657	27,46,518
Total	11,28,216	89,796	12,18,012	11,31,861	16,14,657	27,46,518

Note No. 9 Short-term borrowings

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Loans and Advances from related parties		
Loans directors Unsecured	4,50,84,365	5,62,70,501
	4,50,84,365	5,62,70,501
The Above Amount Includes		
UnSecured Borrowings	4,50,84,365	5,62,70,501
Total	4,50,84,365	5,62,70,501

Note No. 10 Trade payables

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Creditors due others	5,25,889	18,65,972
Total	5,25,889	18,65,972

Note No. 11 Other current liabilities

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Current maturities of long-term debt(Note No. 6)		10,75,753
	Nil	10,75,753
Others payables		
Advance from Customers	1,30,79,337	2,85,86,970
Service Tax Payable	Nil	93,040
VAT Payable	20,400	1,39,235
TDS Payable	5,27,927	5,11,150
Remuneration Payable to Directors	3,60,000	90,000
	1,39,87,664	2,94,20,395
Total	1,39,87,664	3,04,96,148

Note No. 12 Consolidated Fixed Assets Chart as at 31st March 2013

₹ in rupees

Assets	Dep. Rate	Gross Block					Accumulated Depreciation/ Amortisation						Net Block		
		Balance as at 1st April 2012	Additions during the year	Addition on account of business acquisition	Deletion during the year	Balance as at 31st March 2013	Balance as at 1st April 2012	Provided during the year	Addition on account of business acquisition	Deletion / adjustments during the year	Other Adjustment	Impairment/ Reversal*	Balance as at 31st March 2013	Balance as at 31st March 2013	Balance as at 31st March 2012
A Tangible assets															
Premises	Nil	36,98,563	Nil	Nil	Nil	36,98,563	7,88,635	60,287	Nil	Nil	Nil	Nil	8,48,922	28,49,641	29,09,928
Generator	Nil	66,675	Nil	Nil	Nil	66,675	19,104.25	6,617	Nil	Nil	Nil	Nil	25,721.25	40,953.75	47,570.75
Telephone Instruments	Nil	1,000	Nil	Nil	Nil	1,000	393.94	110	Nil	Nil	Nil	Nil	503.94	496.06	606.06
Furniture and Fixture	Nil	21,98,944	Nil	Nil	Nil	21,98,944	18,09,230.97	1,39,649	Nil	Nil	Nil	Nil	19,48,879.97	2,50,064.03	3,89,713.03
Office Equipments	Nil	1,71,444	Nil	Nil	Nil	1,71,444	1,20,761	8,143	Nil	Nil	Nil	Nil	1,28,904	42,540	50,683
Motor Car	Nil	43,93,899	Nil	Nil	43,93,899	Nil	20,29,751	5,10,065	Nil	25,39,816	Nil	Nil	Nil	Nil	23,64,148
Air Conditioners	Nil	39,131	Nil	Nil	Nil	39,131	18,898	1,859	Nil	Nil	Nil	Nil	20,757	18,374	20,233
Computers	Nil	7,35,036	24,800	Nil	Nil	7,59,836	6,95,691.20	11,945	Nil	Nil	Nil	Nil	7,07,636.20	52,199.80	39,344.80
Sub Total		1,13,04,692	24,800	Nil	43,93,899	69,35,593	54,82,465.36	7,38,675	Nil	25,39,816	Nil	Nil	36,81,324.36	32,54,268.64	58,22,226.64
P.Y Total		1,12,85,192	19,500	Nil	Nil	1,13,04,692	44,24,019	10,58,446	Nil	Nil	Nil	Nil	54,82,465	58,22,227	68,61,173

Note No. 13 Non-current investments

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Trade Investment (Valued at cost unless stated otherwise)		
Investments in equity Instruments (Quoted)		
In Others		
UTI Master Gain (Valued at cost)	3,09,263	3,09,263
Investments in equity Instruments (Unquoted)		
In Others		
Kesoram Textiles Ltd. (Valued at cost)	1,500	1,500
Gross Investment	3,10,763	3,10,763
Net Investment	3,10,763	3,10,763
Aggregate amount of quoted investments (Market Value: 12,69,151) (2012: 12,94,000)	3,09,263	3,09,263
Aggregate amount of unquoted investments	1,500	1,500

Note No. 14 Loans and advances

₹ in rupees

Particulars	As at 31st March 2013		As at 31st March 2012	
	Long-term	Short-term	Long-term	Short-term
Security Deposit				
Unsecured, considered good	3,78,970	Nil	3,78,970	Nil
	3,78,970	Nil	3,78,970	Nil
Loans and advances to related parties				
Unsecured, considered good	Nil	10,22,008.63	Nil	45,00,000
	Nil	10,22,008.63	Nil	45,00,000
Other loans and advances				
Loan to Customers	Nil	5,37,85,363	Nil	5,20,63,254
Amount Receivable from Income Tax Departments	19,29,458	Nil	16,50,131	Nil
Advance for Property	1,00,00,000	Nil	1,00,00,000	Nil
Advance to Suppliers	Nil	30,73,940	Nil	55,03,226
Kotak Mahindra Prime Ltd.	Nil	4,118	Nil	Nil
	1,19,29,458	5,68,63,421	1,16,50,131	5,75,66,480
Total	1,23,08,428	5,78,85,429.63	1,20,29,101	6,20,66,480

Note No. 15 Other non-current assets

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Miscellaneous expenditure not written off		
Authorised Capital Increase Expenditure not w/off	2,20,180	3,30,270
Total	2,20,180	3,30,270

Note No. 16 Inventories

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
(Valued at cost or NRV unless otherwise stated)		
Inventories other [stock in transit : Rs. Nil(6,70,66,239)]	4,49,37,609	6,70,66,239
Total	4,49,37,609	6,70,66,239

Note No. 17 Cash and cash equivalents

₹ in rupees

Particulars	As at 31st March 2013	As at 31st March 2012
Balance with banks		
Balance scheduled banks current account	17,09,206.87	72,99,829
Total	17,09,206.87	72,99,829
Cash in hand		
Cash in hand	18,79,442.96	4,72,089
Total	18,79,442.96	4,72,089
Total	35,88,649.83	77,71,918

RAJATH FINANCE LIMITED

Note No. 18 Revenue from operations

₹ in rupees

Particulars	31st March 2013	31st March 2012
Sale of products	2,84,00,000	2,31,00,000
Other operating revenues		
Interest Income	27,38,596	43,99,525
Dividend Income	6,794	4,771
Rate Difference	37,904	7,44,613
Miscellaneous other operating revenues	25	Nil
	27,83,319	51,48,909
Gross revenue from operations	3,11,83,319	2,82,48,909

Note No. 19 Other income

₹ in rupees

Particulars	31st March 2013	31st March 2012
Other non-operating income		
Vatav Kasar	21,082.35	23,904
Profit on disposal of tangible fixed assets	10,45,917	Nil
	10,66,999.35	23,904
Total	10,66,999.35	23,904

Note No. 20 Purchase of stock-in-trade

₹ in rupees

Particulars	31st March 2013	31st March 2012
Purchase	31,15,993.35	2,43,30,873
Total	31,15,993.35	2,43,30,873

Note No. 21 Changes in inventories

₹ in rupees

Particulars	31st March 2013	31st March 2012
Inventory at the end of the year		
other inventory	4,49,37,609	6,70,66,239
	4,49,37,609	6,70,66,239
Inventory at the beginning of the year		
other inventory	6,70,66,239	5,95,52,133
	6,70,66,239	5,95,52,133
(Increase)/decrease in inventories		
Other inventories	2,21,28,630	(75,14,106)
	2,21,28,630	(75,14,106)

Note No. 22 Employee benefit expenses

₹ in rupees

Particulars	31st March 2013	31st March 2012
Salaries and Wages		
Salary and wages	6,70,471	6,27,323
Bonus	19,200	59,080
	6,89,671	6,86,403
Total	6,89,671	6,86,403

Note No. 23 Finance costs

₹ in rupees

Particulars	31st March 2013	31st March 2012
Interest		
Interest on Late Payment of TDS	1,626	9,867
Interest on Late Payment of Service Tax	321	783
Interest on Vehicle Loan	35,048	1,26,823
Interest on Unsecured Loan	28,76,516	31,20,386
	29,13,511	32,57,859
Total	29,13,511	32,57,859

Note No. 24 Depreciation and amortization expenses

₹ in rupees

Particulars	31st March 2013	31st March 2012
Depreciation on tangible assets	7,38,675	10,58,446
Other write-down on assets	1,10,090	1,11,755
Total	8,48,765	11,70,201

Note No. 25 Other expenses

₹ in rupees

Particulars	31st March 2013	31st March 2012
Advertising expenses	2,04,152	65,019
Annual Custodial Fee	13,482	13,182
Audit fees	56,179	41,011
Bank charges	4,330.90	7,620
Repairs and maintenance expenses	12,831	1,53,761
Travelling Expenses	4,42,849	4,31,865
D-Mat Charges	600	552
Donations	15,000	16,000
Electricity expenses	1,70,064	8,25,332
Information technology expenses	7,051	9,225
Legal and professional expenses	11,53,595	11,91,264
Listing Fee	17,004	16,545
Office Exp.	24,272	50,100
Periodicals and Newspaper Exp.	1,126	1,053
Miscellaneous expenditure	9,235	48,315
Telephone and postage expenses	58,162	43,191
Printing and stationery	51,700	40,327
Rates and taxes	11,924	63,566
Provision for bad and doubtful debts advances	(3,645)	9,78,676
Bad debts advances written off	(10,00,000)	12,80,767
Director's remuneration	15,00,000	12,00,000
Structure Engineers Fee	Nil	50,000
Diesel Expense	Nil	9,260
Electric Labour Contractor Charge	Nil	90,425
Electric Repairing Exp.	Nil	5,330
Labour Expenses	4,175	1,43,780
Freight	6,731	1,69,191
Security expenses	3,82,755	3,62,910
VAT/ Sales tax	1,70,400	2,33,218
Water charges	3,690	16,870
Association Fee	2,500	2,500
Vehicle running expenses	1,62,648	5,500
Construction Job work Exp.	4,88,845	20,45,972
Development Charges	93,379	8,27,190
Insurance expenses	42,086	45,197
Commission and Brokerage	6,90,000	Nil
Computer Exp.	1,260	Nil
Total	47,98,380.90	1,04,84,714

Note No. 25(a) Other expenses:Miscellaneous expenditure

₹ in rupees

Particulars	31st March 2013	31st March 2012
Miscellaneous expenses	9,235	48,315
Total	9,235	48,315

Note No. 26 Current tax

₹ in rupees

Particulars	31st March 2013	31st March 2012
Current tax pertaining to current year	83,828	4,92,561
Total	83,828	4,92,561

Note No. 27 Earning Per Share

₹ in rupees

RAJATH FINANCE LIMITED

Particulars	Before Extraordinary items		After Extraordinary items	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
Basic				
Profit after tax (A)	(18,26,911.90)	(34,78,509)	(18,26,911.90)	(34,78,509)
Weighted average number of shares outstanding (B)	40,00,000	40,00,000	40,00,000	40,00,000
Basic EPS (A / B)	(0.46)	(0.87)	(0.46)	(0.87)
Diluted				
Profit after tax	(18,26,911.90)	(34,78,509)	(18,26,911.90)	(34,78,509)
Adjustments:				
Warrants, Options and rights	Nil	Nil	Nil	Nil
Adjusted net profit for the year attributable to Equity shareholder (A)	(18,26,911.90)	(34,78,509)	(18,26,911.90)	(34,78,509)
Weighted average number of shares outstanding	40,00,000	40,00,000	40,00,000	40,00,000
Adjustments:				
Warrants, options and rights	4,00,000	4,00,000	4,00,000	4,00,000
Weighted average number of shares outstanding for diluted EPS after above adjustments (B)	44,00,000	44,00,000	44,00,000	44,00,000
Diluted EPS (A / B)	(0.42)	(0.79)	(0.42)	(0.79)
Face value per share	10	10	10	10

Note No. 28 Payment to Auditors		₹ in rupees	
Particulars	31st March 2013	31st March 2012	
As Auditors	46,067	52,103	
In any other capacity	3,34,833	4,20,794	
Total	3,80,900	4,72,897	

Note No. 29 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.
3.	Key Management Personnel	Primerose Mercantile Pvt. Ltd.
		Mr. Hitesh M Bagdai
		Mrs. Poonam H Bagdai
		Kantilal Kalidas Khakhar
		Ketan Dhuleshia
4.	Relatives of Key Management Personnel	Bhavdeep V Vala
		Hasmitaben M Bagdai

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 st April 2012	56270.50	0.00
Taken During the Year	2988.86	0.00
Repaid During the Year	14175.00	0.00
Balance as at 31 st March 2013	45084.37	0.00

II Loan Given

(Rs. in '000)

Particulars	Key Management Personnel
Balance as at 1 st April 2012	5500.00
Given During the Year	0.00
Received Back During the Year	0.00
Balance as at 31 st March 2013	5500.00

III Other Transactions

(Rs. in '000)

Particulars	Key Management Personnel
Interest Income	258.82
Remuneration	1500.00
Interest Expense	2876.52
Asset Sold	2900.00

Note No. 30 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. 31 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 1st April 2001.

The break up of net Deferred Tax Asset as on 31st March, 2013 is as under:

Particulars	31 st March 2013	31 st March 2012
Deferred Tax Asset		
On Loss to be c/f	476264	7,82,578
On NPA Provision	(1126)	3,49,745
On Depreciation	26,412	24,860
Total	5,01,550	11,57,183

Note No. 32 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 **28TH ANNUAL GENERAL MEETING** of the company to be held **on 30th September, 2013** or any adjournment thereof.

AS WITNESS my/our hand this _____ day of _____ 2013

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 28TH ANNUAL GENERAL MEETING held at 208-215, Star Plaza, Phulchhab Chowk, Rajkot. on Thursday the 30th September 2013 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