

*Rajeswari Foundations Limited*

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**Board of Directors**

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

**Company Secretary**                      **Shri AMRITLAL BISANI**

**Bankers**                                      **ABN-Amro Bank N.V.**  
**Standard Chartered Bank**  
**UTI Bank Limited**  
**Andhra Bank**

**Auditor**                                      **Shri R. SUNDARARAJAN**  
Chartered Accountant

**Registered Office**                      G-4, Parsn Paradise Apartments  
109, G.N. Chetty Road  
T.Nagar, Chennai - 600 017.  
E-mail: rajeswarigraphicsltd@vsnl.net  
Website: www.rajeswarifoundations.com

**Registrar &  
Share Transfer Agent**                      **Cameo Corporate Services Limited**  
Fifth Floor, Subramanian Building,  
No.1, Club House Road, Chennai - 600 002.  
Tel. No.: 91-44-28460390/91/92/93  
E-mail: cameosys@satyam.net.in

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### **NOTICE TO THE MEMBERS**

Notice is hereby given that the Thirteenth Annual General Meeting of the Shareholders of the Company will be held on Thursday the 7<sup>th</sup> September 2006 at 11.00 A.M. at Narada Gana Sabha (Mini Hall), at 314 T.T.K. Road, Chennai - 600 018 to transact the following business.

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Directors' Report, the profit and loss Account for the year ended 31<sup>st</sup> March 2006, the Balance Sheet as at the date and the Auditors' Report there on.
2. To declare a final dividend on equity shares.
3. To elect a director in place of Mr. D. Sekaran who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

#### **SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

Resolved that pursuant to the provisions of Section 255, 257 and other applicable provisions, if any, of the Companies Act, 1956 Mr. N P Jaganathan, retiring Additional Director be and is hereby appointed as a Director of the Company liable to retire by rotation.

6. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

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

7. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Sections 198, 309 and other applicable provisions, if any of the companies act, 1956 read with Schedule XIII to the Companies Act, 1956, the Company hereby approves the revision in terms of remuneration payable to Mr. G. Ramamurthy, the Managing Director of the Company, from 1<sup>st</sup> April 2006, for the residual term of office till 30.09.2008, as per the terms and conditions set out in the draft supplementary agreement to be entered into by the company with him, submitted to the meeting, and initialed for the purpose of identification by Mr. D. Sekaran, Director of the Company.

Resolved further that all other terms and conditions relating to his appointment and remuneration shall remain unchanged.

Resolved further that the Board of Directors be and is hereby authorized to take such steps as may be necessary to give effect to this resolution.

8. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

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

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Director of the Company for a period of Five Years w.e.f. 01.11.2005, on the following terms and conditions including benefits, perquisites, and allowances from 1<sup>st</sup> November 2005.

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

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

By order of the Board

Place : Chennai  
Date : 26.06.2006

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

*Registered Office*  
G-4, Parsn Paradise Apartments  
109, G.N. Chetty Road  
T.Nagar, Chennai - 600 017.

### **NOTES**

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

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

2. Explanatory Statement pursuant to the provisions of section 173 (2) of the Companies Act, 1956 is annexed.
3. All documents referred to in the Notice and Explanatory Statement will be available for inspection by the members at the registered office of the Company between 10.00 a.m. to 5.30 p.m. on all working days upto the date of Annual General Meeting.
4. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification.
5. The Registrar of members and Share Transfer Books of the Company will remain closed from Friday 01<sup>st</sup> September 2006 to Thursday 7<sup>th</sup> September 2006 (both days are inclusive)
6. After declaration of the dividend at the Annual General Meeting, the Dividend Warrants are scheduled to be posted on or after September 7, 2006. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership, as per details to be furnished for this purpose by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
7. Members holding shares in physical form are requested to notify any change in their address to the Company's Registrar and Transfer Agent, Cameo Corporate Services Limited, Subramanian Building, No.1, Club House Road, Chennai-600 002. Members holding shares in electronic form may intimate any such change to their respective Depository Participants (DPs).
8. The equity shares of the Company are available for trading in dematerialized form (scripless trading in electronic form) through Depository Participants. The ISIN Code is INE 016CO1014

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

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

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**EXPLANATORY STATEMENT**

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

**ITEM NO.5**

Mr. N P Jaganathan, was appointed as an additional Director on the Board of the Company with effect from 30.12.2005 pursuant to the provisions of section 260 and Article of Association of the Company, he will hold office only upto the date of this Annual General Meeting. The Company has received a Notice in writing from a member in accordance with Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. N P Jaganathan, as a Director of the Company. The information relating to the Directors containing requisite disclosures are given at the end of the notice. A profile of the Director is also given in Board of Directors section in the Annual Report.

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

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

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

**ITEM NO.6**

Mr. K V Sambavadass, was appointed as an additional Director on the Board of the Company with effect from 30.12.2005 pursuant to the provisions of section 260 and Article of Association of the Company, he will hold office only upto the date of this Annual General Meeting. The Company has received a Notice in writing from a member in accordance with Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. K V Sambavadass, as a Director of the Company. The information relating to the Directors containing requisite disclosures are given at the end of the notice. A profile of the Director is also given in Board of Directors section in the Annual Report.

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

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

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

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### **ITEM NO.7**

In view of the changing trends in compensation of managerial personnel, the company had undertaken a detailed study of the compensation policy in various comparable companies. The remuneration now proposed is fairly in line with the general pattern for comparable responsibility/job profile. The Board at its Meeting held on 08<sup>th</sup> April 2006 revised the limits on overall remuneration payable to Mr. G. Ramamurthy, the Managing Director. The following table shows the overall existing and proposed limits on remuneration and perquisites, payable to Mr. G. Ramamurthy, the Managing Director.

<b>Date of General meeting approving the resolution</b>	– 27.09.2004
<b>Period of existing agreement</b>	– 5 yrs. w.e.f. 01.10.2003
<b>Existing Limits</b>	– Salary - Rs.40,000 per month
<b>Remuneration</b>	Commission - 1% of Net Profit of the Company
<b>Perquisites</b>	As per the Original agreement
<b>Proposed Limits</b>	– Salary - Rs.60,000 per month
<b>Remuneration</b>	Commission - 1% of Net Profit of the Company
<b>Perquisites</b>	No change

For the above purpose

- (i) "remuneration" includes salary, commission and Personal Allowance
- (ii) "perquisites" include furnished accommodation or house rent allowance in lieu thereof, gas, electricity, water, furnishing, domestic, assistance, use of car with driver, telephone at residence, children's education allowance, medical reimbursement and leave concession for self and family, club fees and personal accident insurance etc., in accordance with the rules of the Company.

The aforesaid remuneration and perquisites shall be restricted to the above referred limits and overall limits laid down in section 198 and 309 of the Companies Act, 1956 read with Schedule XIII to the said Act in addition, the above managerial personnel shall be entitled to Company's contribution to Provident Fund, Superannuation Fund upto tax exemption limit and Gratuity payment in accordance with the rules of the Company. The above modification in remuneration requires Members' approval

An abstract of the modification in remuneration of Mr. G. Ramamurthy, Managing Director, pursuant to Section 302 of the Companies Act, 1956 has been circulated to all the shareholders and the same is available for inspection by the shareholders at the Registered Office of the Company between 10.00a.m and 1.00 p.m. on all working days upto the date of Annual General Meeting.

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

### **ITEM No.8**

The appointment and payment of remuneration to Mrs. R.Usha, whole time Director is subject to approval of members as required under Section 269 of the Companies Act, 1956 by way of ordinary Resolution. Mrs. R.Usha has been functioning as such since 15.3.2004

Approval of the members is sought for the appointment of and payment of remuneration to Mrs. R. Usha, Whole-time Director of the Company for a period of 5 years w.e.f.1.11.2005.

Terms and conditions of the appointment as follows:

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

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### **Overall Limit**

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

### **Minimum Remuneration**

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

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

By order of the Board

Place: Chennai  
Date : 26.06.2006

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

*Registered Office*  
G-4, Parsn Paradise Apartments  
109, G.N. Chetty Road  
T.Nagar, Chennai - 600 017.

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### **DIRECTORS' REPORT**

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

Financial Results of your Company are as follows:

	<b>Year ended 31.03.2006 (Rs. in lakhs)</b>	Year ended 31.03.2005 (Rs. in lakhs)
Income from Operations	<b>531.72</b>	406.12
Non-Operating Income	<b>2.11</b>	5.12
Total Expenditure	<b>444.88</b>	323.50
Interest	<b>4.83</b>	11.56
Gross Profit (after Interest but before depreciation and taxation)	<b>84.12</b>	76.18
Depreciation	<b>19.82</b>	22.43
Profit before tax	<b>64.30</b>	53.75
Provision for Current Taxes	<b>5.68</b>	4.52
Provision for Deferred Taxes	<b>(1.60)</b>	0.71
Fringe Benefit Tax	<b>0.44</b>	—
Profit after Tax	<b>59.78</b>	48.52
Balance brought forward from last year	<b>9.08</b>	(39.43)
Amount available for appropriation	<b>68.86</b>	—
Appropriations have been made us under:		
Transfer to General Reserve	<b>5.00</b>	—
Dividend –Interim	<b>23.65</b>	—
Dividend(Proposed) –Final	<b>23.65</b>	—
Dividend Tax	<b>6.64</b>	—
Surplus carried to Balance Sheet	<b>9.92</b>	—

### **DIVIDEND**

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

### **OPERATIONS**

The sales for the year was at Rs. 531.72 lakhs as against Rs. 406.12 lakhs for the previous financial year. Your Company's performance with regard to overall sales should be regarded as good considering the competitive market condition.

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

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

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

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<b>Name of the Project</b>	<b>Total Value of the Project</b>
Pallikaranai	Rs.384 lakhs
Porur	Rs.748 lakhs
Mugalivakkam	Rs.2200 lakhs

The Company has also submitted bids for other projects, which are under evaluation. The Company is confident of securing a sizeable share of these new projects.

In the Printing and Graphics Division, the industry registered a marginal decline during the year. The turnover of this business was Rs. 26.08 lakhs compared to Rs. 61.08 lakhs in the previous year. This business witnessed intense competition in the market and the overall margins are under pressure. The printers are working on very thin margin. These factors had an impact on the profitability of this business.

### **OUTLOOK**

The big potential still unfolding is in the construction sector. Though marked by intense competition and concomitant squeeze in profit margins, domestic construction companies face a bright future, as steps up its infrastructure expenditure. Infrastructure is the backbone of economic development and the Governments at the Centre and the States, working in tandem, are giving utmost priority to this sector.

The initiatives are intensified by the Central and the State Governments for inviting private sector to develop infrastructure and to provide management of the infrastructure so that the quality of service delivery is assured and price-performance is maintained to the satisfaction of general public

In the year to come, your company has initiated major cost effective measures to improve the margins. Sustainable medium and long term goals are envisaged and pursued. Your director's foresee that, the performance of the Company will be better.

### **DIRECTORS**

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

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

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

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

### **PUBLIC DEPOSITS**

During the year under review, the Company has neither invited nor received any deposits from the public.

### **AUDITORS**

Mr. R. Sundararajan, Chartered Accountant, retires at the ensuing annual general meeting and is eligible for re-appointment.

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### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief, confirm that:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
- ii. that the selected accounting policies were applied consistently and the directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and of the profit of the Company for the year ended on that date;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. that the annual accounts have been prepared on a going concern basis.

### **AUDITORS' REPORT**

With regard to the remarks of the Auditors in their report to the members, the Directors have to state that the notes no.2, 3 and referred to by the Auditors are self explanatory and no further comments are called for.

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

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

### **INVESTOR EDUCATION & PROTECTION FUND**

As at March 31, 2006 dividends amounting to Rs 1,84,867 have not been claimed by shareholders of the Company. The Company has been intimating the shareholders to lodge their claim for dividend from time to time.

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

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

Foreign Exchange Earnings – Rs. Nil (Previous Year Rs. Nil)

	Year ended 31.3.2006		Year ended 31.3.2005	
	INR	In foreign currency	INR	In foreign currency
Foreign Exchange outgo	92000	US \$ 2000	288413	Aus \$ 2640 US \$ 128 Euro € 2455 Euro TC 1000

### **INFORMATION AS PER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956**

The Company has no activity relating to conservation of energy or technology absorption.

### **PARTICULARS OF EMPLOYEES**

There are no employees drawing remuneration in excess of monetary ceiling prescribed under Section 217 (2A) of

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the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 during the financial year 2005-2006.

### **INDUSTRIAL RELATIONS**

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

### **LISTING**

The securities of the Company are listed on the Bombay Stock Exchange Limited and Madras Stock Exchange Limited. The Company has duly paid the listing fees to all the aforesaid Stock Exchanges for the year 2006-2007.

### **CORPORATE GOVERNANCE**

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

### **AUDIT COMMITTEE**

The Audit Committee of the Board was reconstituted in the course of the year. In consonance with Corporate Governance norms, Mr. D. Sekaran Independent Director of the Board was appointed Chairman of the Committee.

### **COMPLIANCE CERTIFICATE**

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

### **DEPOSITORY SYSTEM**

Trading in Equity shares of the Company is permitted only in dematerialized form. All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e. NSDL and CDSL within the stipulated time. Upto 31<sup>st</sup> March 2006 81.2% Equity Shares of the Company have been dematerialized.

### **CASH FLOW STATEMENT**

In conformity with the provisions of Clause 32 of the listing agreement with Stock Exchanges, the cash flow statement for the year 2005-2006 is annexed hereto.

### **ACKNOWLEDGEMENTS**

The Board placed on record its appreciation for the assistance and co-operation received from the Banks and Government Authorities.

The Board also places on record its gratitude to the employees at all levels for their commitment and dedicated efforts. The Directors are also thankful to the shareholders for their continued support to the Company.

For and on Behalf of the Board of Directors

Place : Chennai  
Date : 26.06.2006

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

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### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management of Rajeswari Foundations Limited presents the Industry Overview, Opportunities and Threats, Initiatives by the Company and overall strategy of Rajeswari Foundations Limited for the year 2005-2006 and its outlook for the future. This outlook is based on assessment on the current business environment; it may vary due to future economic and other developments.

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

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

The Indian Economy registered another year of impressive growth during 2005-2006, with GDP growth climbing to 8.4% from 7.5% in 2004-2005, owing largely to sustained growth in the industry and services sectors and a growing world economy, despite record high crude oil prices. Another positive feature was that the growth was accompanied by continued maintenance of relative price stability. Agricultural growth has been estimated at 3.9%, reviving from a low of 0.7% in 2004-2005, thanks to a near normal monsoon. Industrial output improved during 2005-2006 mainly due to acceleration of growth in the manufacturing sector, which has been estimated at 9%. Sustained expansion in domestic as well as export demand, increased capacity utilization and improved confidence were some of the key factors for the improvement in the manufacturing sector. The services sector continued to perform impressively, clocking a growth of 10.1%.

#### **Industry Structure and Developments**

The Indian Construction Industry is an integral part of Indian economy and an important part of investment into development of the Indian economy takes place through the construction industry. The construction industry is expected to grow with further economic development, industrialization, urbanization and improvements in the standard of living. A report by the Confederation of International Contractors' Association and the United Nations Environment Programme in 2002 estimated the annual output for the construction sector worldwide at US\$ 3,400 billion. Currently India ranks 12<sup>th</sup> and accounts for 1.75% of world construction sector output.

According to Indian Infrastructure, The Indian Construction Industry accounts for more than 5% of India's GDP and is the second largest employer after agriculture, employing nearly 32 Million people. According to Indian Central Statistical Organisation, investments in construction in India grew at a compounded annual growth rate of 12% during the last ten years.

#### **The Demand Story**

Sector	(in million Square Feet)	
	2005	2006-2010
Commercial	24.3	120-125
Hospitality	6-8	78
Residential	90-100	600-800
Retail	8-9	50
Total	128.3-151.3	840-1055

Note: Demand for Mumbai, NCR, Bangalore, Hyderabad, Pune, Kolkata, Chennai, Source: Cushman & Wakefield

#### **Housing Sector**

Few Investments have been as lucrative as home ownership over the last three to four years. And the story of this boom is not restricted to one area. It's happening across metros and big cities. And it's spreading to newer and newer areas as the economy is cruising at an 8% rate. With millions still eager to get into the housing bandwagon (India is estimated to have a shortage of 20 million houses), signs of overheating have popped up all around.

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The house rates have already gone through the roof. To boot, the housing loan rates have been going north of late, with top lenders hiking their rates by 2-2.5% over the last 18 months. The rising rates have not impacted housing demand and there's not a drop in loan demand yet. In fact, a 25-30% jump in home loan disbursements is expected in 2006-2007 compared to Rs.1, 65,000 crore in the previous year.

### **Real Estate**

According to the Federation of Indian Chambers of Commerce and Industry, the volume of business in the real estate industry in India is estimated to be around US\$12 Billion. The figure has been growing at 30% per annum for the past few years. Almost 80% of real estate developed in India is residential and the rest comprises office, shopping malls, hotels and hospitals. The growth in demand for commercial property is mainly attributed to the off-shoring business, including technology consulting, call centres and software programming houses which in 2003-2004 are estimated to have accounted for more than 10 Million square feet of real estate development.

### **Urban Infrastructure**

Over the last 50 years, India's population has grown 2.5 times which its urban population has increase five-fold. Today, the country's urban population comprises of around 30% of the total population and contributes over 60% of the country's GDP. The Central Public Health and Environmental Engineering Organisation (the CPHEEO) estimated that the urban population of India will reach 360 million by the end of 2007. Essential infrastructure facilities are thus of critical importance for the growing urban population. The urban infrastructure sector includes urban housing, sanitation, water supply and wastewater and sewage management and also covers software parks and special economic zones.

### **Overview of the Business of the Company**

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

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

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

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

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

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

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

## *Rajeswari Foundations Limited*

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### **Opportunities and Threats**

#### **Building activities**

##### **Opportunities**

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

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

Name of the project	Total Value of the project
Pallikaranai	Rs.384 lakhs
Porur,	Rs.748 lakhs
Mugalivakkam	Rs.2200 lakhs

The Company has also submitted bids for other projects, which are under evaluation. The Company is confident of securing a sizeable share of these new projects.

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

##### **Threats**

- Change in Government policy regarding building activities may affect the Industry
- While assessing the capital cost of the project, certain prices and assumptions have been considered as adequate. However, increase in input cost, higher levies, etc., may lead to cost over-runs and affect the profitability of the project.
- The increasing cost of inputs like steel, cement and diesel is a major concern for the Company.

#### **Printing Division**

##### **Opportunities**

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

##### **Threats**

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

#### **Segmental Analysis**

Segment wise revenue, profit and capital employed have been reported in the notes on accounts for the year ended 31<sup>st</sup> March, 2006. The segmental report has been prepared in the manner prescribed in Accounting Standard 17 issued by the Institute of Chartered Accountants of India and audited by the statutory auditors of the Company.

## *Rajeswari Foundations Limited*

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### **Internal Controls and Their Adequacy**

The company's internal controls are well established. The Company has an internal audit that assesses the internal control systems. The statutory auditor and the audit committee review these controls regularly. The Company also has an information technology system that supports the organization and ensures adequate information.

### **Human Resources**

Your Company attaches significant importance to continue upgrading of human resources for sustaining highest levels of customers' satisfaction. The Company is providing training as a continuous process to its technical people to cater the needs of various customers.

### **Future Outlook**

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

### **Cautionary Statement**

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

## *Rajeswari Foundations Limited*

### **REPORT ON CORPORATE GOVERNANCE**

#### **Compliance with clause 49 of the listing agreement with the Stock Exchanges**

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges, the Compliance Report on Corporate Governance (in the prescribed format), alongwith the Certificate of Statutory Auditors (Annexure I) is given as under:

#### **PHILOSOPHY ON CODE OF GOVERNANCE**

Rajeswari Foundations Limited is committed to standards of Corporate Governance in all activities.

#### **A. BOARD COMPOSITION**

##### **1. Size of the Board and Independent Directors**

The Board, has currently Five Members comprising the Managing Director, Whole Time Director and three non-executive Directors. As per the current by-laws of the Company, the Board can have up to 12 (twelve) Members. The present Board has three independent directors and Two executive directors.

#### **B. BOARD COMMITTEES**

##### **1. The Committees of the Board**

Currently, the Board has Three Committees – the Audit Committee, the Investor Relations Committee and Remuneration Committee

##### **a. Board of directors**

- ❖ Composition and category of directors as of March 31, 2006 is as follows:

<b>Category</b>	<b>No. of directors</b>	<b>%</b>
Executive Directors	2	40
Non- Executive Directors	3	60

- ❖ During the year ended 31.3.2006, 4 Board Meetings were held on the following dates.

<b>Sl. No.</b>	<b>Date of meeting</b>	<b>No. of Directors Present</b>
1	17.06.2005	5
2	25.07.2005	4
3	27.10.2005	3
4	04.01.2006	5

## *Rajeswari Foundations Limited*

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

Sl. No.	Name of Director	Category*	Board Meetings		Attendance in last AGM on 28.9.2005
			Held Nos.	Attended Nos	
1	G. Ramamurthy	ED	4	4	Yes
2	G. Kumar*	ED	4	—	No
3	G. Karthikeyan*	ED	4	2	Yes
4	R. Usha	NED	4	4	Yes
5	K. Vijayalakshmi*	NED	4	1	Yes
6	K. Vinodhini*	NED	4	—	No
7	D. Sekaran	NED/ID	4	4	Yes
8	N.P. Jaganathan	NED/ID	4	1	No
9	K.V. Sambavadass	NED/ID	4	1	No

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

\* Mr. G. Kumar, Mr. G. Karthikeyan, Mrs. K. Vijayalakshmi and Mrs. K. Vinodhini, has been resigned on the Board on 30.9.2005.

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

### **b. Audit Committee**

As per the requirement of Part II of Clause 49 of the Listing Agreement the Company has formed an Audit Committee. D. Sekaran was appointed as Chairman of the Audit Committee during the year under review.

#### ❖ **Brief description of terms of reference**

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

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

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

#### **Composition of committee:**

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

#### ❖ Meetings and attendance of members during the year

Director	Held	Attended
D. Sekaran - Chairman	4	4
R. Usha *	4	4
K. Vijayalakshmi *	2	2
N.P. Jaganathan *	1	1
K.V. Sambavadass *	1	1

- Mrs. K. Vijayalakshmi resigned from Audit Committee on 30.09.2005
- Mrs. R. Usha resigned from Audit Committee on 01.11.2005
- N P Jaganathan and K V Sambavadass have been inducted on the Audit Committee on 30.12.2005.
- Audit Committee has been reconstituted on 30.12.2005 in accordance with the Listing Agreement.

## *Rajeswari Foundations Limited*

### **REMUNERATION COMMITTEE**

#### **Remuneration Policy**

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

#### **Role of Committee**

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

The committee elects one of its members as chairman for each meeting. The committee met twice during the year ended 31<sup>st</sup> March 2006.

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

<b>Name of the Member</b>	<b>Number of meetings attended</b>
D. Sekaran - Chairman	2
K. Vijayalakshmi *	—
R. Usha *	1
N.P. Jaganathan *	1
K.V. Sambavadass *	1

- Mrs. K. Vijayalakshmi resigned from remuneration Committee on 30.09.2005
- Mrs. R. Usha resigned from remuneration Committee on 01.11.2005
- N P Jaganathan and K V Sambavadass have been inducted on the remuneration Committee on 30.12.2005.
- Remuneration Committee has been reconstituted on 30.12.2005 in accordance with the Listing Agreement.

#### **Remuneration for the year**

The details of remuneration provided for the year ended 31<sup>st</sup> March, 2006 are as follows:

#### **Executive Directors**

(Amount in Rs.)

<b>Name of the Director</b>	<b>Salary</b>	<b>Allowance</b>	<b>Perquisites &amp; contributions</b>	<b>Total</b>
Mr. G. Ramamurthy	2,16,000	2,64,000	2,98,000	7,78,000
Mrs. R. Usha	40,000	50,000	—	90,000

### **C. INVESTOR RELATIONS COMMITTEE**

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

#### **❖ Brief description of terms of reference**

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

## *Rajeswari Foundations Limited*

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

### **Composition of Committee**

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

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

### ❖ **Name and designation of compliance officer**

Mr. G. Ramamurthy, Managing Director

### **Share Transfer Details**

The number of shares transferred during the year 2005-2006 (1.4.2005 to 31.3.2006) is given below:

Number of transfers	–	525
Average No. of Transfer per month	–	44
Number of Shares Transferred	–	1,13,087

- ❖ Number of shareholders complaints received, number not solved to the satisfaction of the shareholder and number of pending transfers
  - The details are provided in the “shareholders information” section of this report.
  - Representatives of your company are continuously in touch with Cameo Corporate Services Limited, Share Transfer Agents of the Company, and review periodically the outstanding complaints.

### **General Meetings**

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

Year	Date	Time	Venue
2002-2003	23.07.2003	3.00 P.M.	Naradha Gana Sabha (Mini Hall) at No.314 (Old No. 254) T.T.K. Road, Chennai-600 018
2003-2004	27.09.2004	9.01 A.M.	Naradha Gana Sabha (Mini Hall) at No.314 (Old No. 254) T.T.K. Road, Chennai-600 018
2004-2005	28.09.2005	3.30 P.M.	Naradha Gana Sabha (Mini Hall) at No.314 (Old No. 254) T.T.K. Road, Chennai-600 018

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

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

## *Rajeswari Foundations Limited*

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### **Postal Ballot**

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

### **Disclosures**

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

### **Means of communication**

- a) The un-audited Financial Results on quarterly basis subject to Limited Review by the Auditors of the Company, are taken on record by the Board of Directors at its meeting within one month of the close of every quarter/half year respectively and the same are furnished to all the Stock Exchanges where the Company's Shares are listed. Results of the Company were published in the newspapers viz., Business Line/Economic Times/ Financial Express and the Tamil version of the financial results in a Tamil daily viz., Maalai Sudar.
- b) Management's Discussions & Analysis forms part of this Annual Report, which is also being posted to all the shareholders of the Company.

### **COMPLIANCE WITH CLAUSE 49**

#### **Mandatory Requirements**

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

#### **Non-Mandatory Requirements**

- The Company has constituted Remuneration Committee of the Board of Directors. Necessary details have been provided under the section "Remuneration/Compensation Committee of the Board."
- The Company has not adopted other non-mandatory requirements.

#### **Shareholders' Information**

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

For and on Behalf of the Board of Directors

Place : Chennai  
Date : 26.06.2006

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

## *Rajeswari Foundations Limited*

### General Shareholder Information

1. AGM: Date and venue  
Thursday, 7<sup>th</sup> September 2006, at 11.00 a.m.  
At Narada Gana Sabha, Mini Hall, 314, T.T.K. Road, Chennai-600 018.
2. Date of Book Closure  
1<sup>st</sup> September, 2006 to 7<sup>th</sup> September 2006
3. Financial Calendar  
Financial Reporting for 2006-2007  
First Quarter June 30, 2006 : on or before July 31, 2006  
Second Quarter Sep. 30, 2006 : on or before Oct. 31, 2006  
Third Quarter Dec. 31, 2006 : on or before Jan. 31, 2007  
Fourth Quarter Mar. 31, 2007 : on or before Apr. 30, 2007  
AGM for year ending March 2007 : September 2007
4. Registrar and Transfer Agents  
M/s.Cameo Corporate Services Ltd.  
"Subramanian Building " No.1, Club House Road, Chennai-600 002.  
Tel: 28460390, Fax: 28460129
5. Share Capital Details  
Authorised 50,00,000 equity shares of Rs.10/- each  
Paid-up 47,30,900 equity shares of Rs.10/- each
6. Listing of Company's Shares  
i) Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.  
ii) The Madras Stock Exchange Limited  
P.B. No. 183, No. 11, Second Line Beach, Chennai-600 001.

### Stock Market Data

Monthly high and low quotations along with the volume of shares traded at BSE for 2005-2006 are:

Date	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares	No. of Trades
April 2005	8.01	9.00	6.35	7.20	97847	141
May 2005	7.98	12.70	7.20	12.70	143417	341
June 2005	14.50	16.34	9.35	10.87	343180	932
July 2005	11.01	14.90	8.47	12.72	231176	881
August 2005	13.90	21.75	10.60	18.36	568338	2048
September 2005	17.85	22.00	13.85	15.25	268891	1055
October 2005	14.55	17.00	10.10	13.85	68609	291
November 2005	14.45	21.50	13.06	18.91	1205461	2111
December 2005	19.75	21.85	14.30	15.30	1385676	4020
January 2006	15.50	19.00	12.50	16.60	538713	1982
February 2006	17.50	21.05	12.15	19.45	769170	2578
March 2006	19.90	24.50	16.00	24.50	1285331	3735

### Dematerialisation of equity shares

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

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

## *Rajeswari Foundations Limited*

As on 31<sup>st</sup> March 2006, out of total 47,30,900 Equity Shares of the Company 38,42,080 Equity Shares representing 81.20 % of total shares have been dematerialised.

### **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments**

There is no Outstanding GDRs/ADRs/Warrants or any Convertible Instruments which is likely to have impact on equity shares.

### **Nomination Facility**

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

### **Communication**

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

### **Distribution of Shareholding (as at the year end)**

No. of Equity Shares held	2005-2006				2004-2005			
	No. of shareholders	% of shareholders	No. of Shares held	% of share-holding	No. of shareholders	% of shareholders	No. of Shares held	% of share-holding
Upto 5000	5616	98.9254	1584793	33.50	5516	90.50	876539	18.53
5001 to 10000	28	0.4932	216403	4.58	283	4.64	235978	4.99
10001 to 20000	14	0.2466	199200	4.21	156	2.56	240060	5.07
20001 to 30000	6	0.1056	152288	3.22	49	0.80	123066	2.60
30001 to 40000	4	0.0704	142716	3.01	26	0.43	95852	2.03
40001 to 50000	4	0.0704	184510	3.90	21	0.34	100250	2.12
50001 to 100000	2	0.0352	141100	2.98	12	0.20	91517	1.93
100001 and above	3	0.0528	2109890	44.60	32	0.53	2967638	62.73
<b>Total</b>	<b>5677</b>	<b>100.000</b>	<b>4730900</b>	<b>100.00</b>	<b>6095</b>	<b>100.00</b>	<b>4730900</b>	<b>100.00</b>

### **Categories of Shareholding (as at the year end)**

No. of Equity Shares held	2005-2006				2004-2005			
	No. of shareholders	% of shareholders	No. of Shares held	% of share-holding	No. of shareholders	% of shareholders	No. of Shares held	% of share-holding
Bodies Corporate	109	1.92	452128	9.56	77	1.26	425896	9.00
NRI	5	0.09	6086	0.13	4	0.07	1701	0.04
Mutual Fund	2	0.04	1500	0.03	2	0.03	2100	0.04
Promoters	10	0.17	2041305	43.15	14	0.21	2166462	45.79
Resident-Individual	5551	97.78	2229881	47.13	5998	98.43	2134741	45.13
<b>Total</b>	<b>5677</b>	<b>100</b>	<b>4730900</b>	<b>100</b>	<b>6095</b>	<b>100.00</b>	<b>4730900</b>	<b>100.00</b>

*Rajeswari Foundations Limited*

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

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

- (a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit Committee:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Chennai  
Date : 26.06.2006

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

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**DECLARATION**

The Board of Directors of the Company at their meeting held on 4<sup>th</sup> January 2006 has approved the Code of Conduct for the Directors and the Senior Management Personnel. As stipulated under the provisions of sub-clause 1(D) (ii) of Clause 49 of the Listing Agreement with the Stock Exchanges, all the Directors and the designated personnel in the Senior Management of the Company has affirmed compliance with the Code for the financial year ended 31<sup>st</sup> March, 2006.

Place : Chennai  
Date : 26.06.2006

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

*Rajeswari Foundations Limited*

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**AUDITOR'S CERTIFICATE**

To  
The Members of Rajeswari Foundations Limited

We have examined the compliance of conditions of Corporate Governance by Rajeswari Foundations Limited for the year ended 31.03.2006 , as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

Place : Chennai  
Date : 26.06.2006

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

## *Rajeswari Foundations Limited*

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### **AUDITORS' REPORT**

To  
The Members of **Rajeswari Foundations Limited**

I have audited the attached Balance Sheet of **RAJESWARI FOUNDATIONS LIMITED** as at 31st March 2006 and the Profit and Loss Account and the cash flow statements for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

I report as follows:

- 1) As required by the Companies (Audi-tor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India and on the basis of such checks as I considered appropriate and according to the information and explanations given to me, I give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 2) Further to my comments in the Annexure referred to in para-graph 1 above:-
  - a) I have obtained all the information and explanations, which to the best of my knowledge and belief, were necessary for the purpose of my audit;
  - b) In my opinion, proper books of account as required by law have been kept by the Company, so far as appears from my examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) On the basis of the written representation received from the Directors, as on 31<sup>st</sup> March 2006 and taken on record by the Board of Directors. I report that none of the directors is disqualified as on 31<sup>st</sup> March 2006 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Act;
  - e) In my opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Subsection (3C) of Section 211 of the Companies Act, 1956.
  - f) In my opinion and to the best of my information and according to the explanations given to me, the said Balance Sheet and Profit and Loss Account read together with the notes thereon and attached there to, give in the prescribed manner, the information required by the Companies Act, 1956, and also give a true and fair view; in conformity with the accounting principles generally accepted in India.
    - i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March 2006 and
    - ii) In so far as it relates to the Profit and Loss Account, of the PROFIT for the year ended on that date.
    - iii) In so far as it relates to the Cash flow Statement, of the cash flows for the year ended on that date.

Place : Chennai  
Date : 26.06.2006

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

**ANNEXURE TO THE AUDITORS' REPORT**

**Referred to in paragraph 1 of my report of even date**

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.  
(b) These fixed assets of the Company have been physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on such verification.  
(c) In my opinion, and according to the information and explanations given to me, no substantial part of fixed assets has been disposed off by the Company during the year.
2. (a) The inventory of the Company has been physically verified by the Management during the year. In my opinion the frequency of verification is reasonable.  
(b) In my opinion and according to the information and explanations given to me the procedure of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) In view of the complexities in nature of the process involved which consumes multi various inputs of heterogeneous sizes giving rise to varied outputs of different sizes according to customer tolerances the company is unable to maintain proper records of inventory .
3. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted/taken any loans, secured or unsecured to or from companies, firms or other parties listed in the Registers maintained under section 301 of the Companies Act 1956, paragraph 3(b), 3(c), 3(d) of the order is not applicable.
4. In my opinion and according to the information and explanations given to me there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of my examination and information and according to the explanations given to me I have neither come across nor have I been informed of any instance of major weaknesses in the aforesaid internal control procedure.
5. (a) In my opinion, and according to the information and explanations given to me the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
(b) This item does not arise as there are no transactions exceeding the value of five lakh rupees in respect of any party covered in the register to be maintained under section 301 of the Companies Act, 1956 during the financial year under consideration.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
7. In my opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. In my opinion and according to the information and explanations given to me the Central Government order for the maintenance of cost records, under Section 209 (1) (d) of the Companies Act, 1956, has no application to the Company.
9. (a) According to the information and explanations given to me and according to the books and records as produced and examined by me in my opinion, the undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, customs duty, excise duty and other material statutory

## *Rajeswari Foundations Limited*

dues as applicable, have been regularly deposited by the Company during the year with the appropriate authorities.

- (b) According to the information and explanations given to me and according to the books and records as produced and examined by me I have not come across any case of sales tax/income tax/custom tax/wealth tax/excise duty/cess not deposited on account of any dispute except dues for sales tax which have not been deposited on account of dispute are given below.

Particulars	Financial year to which the matters pertained	Forum where matter is pending	Amount (Rs.)
Sales Tax	1998-1999	Appellate Assistant Commissioner VI (Commercial Taxes)	2,94,266

10. The Company has neither accumulated losses exceeding 50% of its net worth as at 31<sup>st</sup> March 2006 nor has it incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
11. Based on my audit procedure and on the information and explanations given by the management, in my opinion, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet Date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares and other securities.
13. In my opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund/societies are not applicable to the Company.
14. In my opinion and according to the information and explanations given to me the Company is not a dealer or trader in securities.
15. The Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof, in my opinion, are prima facie prejudicial to the interest of the Company.
16. In my opinion, and according to the information and explanations given to me and on overall examination, the term loans have been applied for the purpose for which they were raised.
17. Based on the information and explanations given to me and on an overall examination of the balance sheet of the Company, in my opinion, there are no funds raised on short term basis which have been used for long term investments, and vice versa.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures and hence this clause is not applicable.
20. The Company has not raised any money by public issue during the year.
21. During the course of my examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to me I have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have I been informed of such case by the management.

Place : Chennai  
Date : 26.06.2006

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

*Rajeswari Foundations Limited*

**BALANCE SHEET AS AT 31ST MARCH, 2006**

	Schedules	As at 31.03.2006 Rs.	As at 31.03.2005 Rs.
<b>I.SOURCES OF FUNDS</b>			
1) <b>Shareholders Funds</b>			
Share Capital	1	47309000	47309000
2) <b>Reserves &amp; Surplus</b>			
Profit and Loss Account	2	1491803	908680
3) <b>Deferred Tax Liability</b>	3	182219	342204
4) <b>Loan Funds</b>			
Unsecured Loan	4	3435331	3707018
Total		52418353	52266902
<b>II.APPLICATION OF FUNDS</b>			
1) <b>Fixed Assets</b>	5		
Gross Block		41958410	52181436
Less: Depreciation		21584836	21709670
Net Block		20373574	30471766
2) <b>Investments</b>	6	1509000	1520929
3) <b>Current Assets, Loans And Advances</b>			
(a) Inventories	7	5201216	6112607
(b) Sundry debtors	8	746687	1976593
(c) Cash and bank balances	9	5477387	2673938
(d) Loans & advances	10	26293965	12776608
		37719255	23539746
Less: Current Liabilities & Provisions	11	7183476	3265540
<b>Net Current Assets</b>		30535779	20274206
Total		52418353	52266902
Notes on accounts & Significant accounting policies	18		

As per my Report of even date

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

Place: Chennai  
Date : 26.06.2006

**D. SEKARAN**  
Director

**AMRITLAL BISANI**  
Company Secretary

For and on behalf of the Board

**G. RAMAMURTHY**  
Chairman and Managing Director

**R. USHA**  
Whole-time Director

*Rajeswari Foundations Limited*

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

	Schedules	Current Year 2005-2006 Rs.	Previous Year 2004-2005 Rs.
<b>INCOME</b>			
Sales & Labour Charges	12	<b>53172334</b>	40612773
Other Income	13	<b>211077</b>	511845
		<b>53383411</b>	41124618
<b>EXPENDITURE</b>			
Cost of Goods Sold	14	<b>39497774</b>	25866300
Staff Costs	15	<b>1948653</b>	2307999
Administrative & Selling Expenses	16	<b>3041565</b>	4176232
Finance Charges	17	<b>483446</b>	1156047
		<b>44971438</b>	33506578
Profit before depreciation		<b>8411973</b>	7618040
Depreciation		<b>1982003</b>	2243283
Profit after depreciation and before tax		<b>6429970</b>	5374757
Provision for			
Current Tax		<b>567864</b>	452392
Deferred Tax Cr/(Dr)		<b>(159985)</b>	70504
Fringe Benefit Tax		<b>44560</b>	—
Profit After Tax		<b>5977531</b>	4851861
Add: Brought forward from last year		<b>908680</b>	(3943181)
Profit available for appropriation		<b>6886211</b>	0
Less: Transferred to General Reserve		<b>500000</b>	0
Profit available for distribution		<b>6386211</b>	0
Interim Dividend Paid		<b>2365450</b>	0
Proposed Dividend		<b>2365450</b>	0
Dividend Tax		<b>663508</b>	0
Balance carried to Balance Sheet		<b>991803</b>	908680
Earning per Share (Basic) (face value of Rs.10/-)		<b>1.26</b>	1.03
Notes on accounts & Significant accounting policies	18		

As per my Report of even date

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

Place: Chennai  
Date : 26.06.2006

**D. SEKARAN**  
Director

**AMRITLAL BISANI**  
Company Secretary

For and on behalf of the Board

**G. RAMAMURTHY**  
Chairman and Managing Director

**R. USHA**  
Whole-time Director

*Rajeswari Foundations Limited*

**SCHEDULES FORMING PART OF  
THE BALANCE SHEET AS AT 31ST MARCH 2006**

	<b>As at 31.03.2006 Rs.</b>	<b>As at 31.03.2005 Rs.</b>
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>Authorised:</b> 50,00,000 Equity Shares of Rs.10/- each (Previous Year - 50,00,000)	<b>50000000</b>	50000000
<b>Issued, subscribed &amp; paid-up:</b> 47,30,900 equity shares of Rs.10/- each (Previous Year - 47,30,900)	<b>47309000</b>	47309000
	<b>47309000</b>	47309000
<b>SCHEDULE 2: RESERVES AND SURPLUS</b>		
General Reserve Transfer from this year	<b>500000</b>	—
Profit & Loss Account	<b>991803</b>	908680
	<b>1491803</b>	908680
<b>SCHEDULE 3: DEFERRED TAX LIABILITY</b>		
Opening Balance	<b>342204</b>	271700
Less: For the Current Year	<b>159985</b>	70504
	<b>182219</b>	342204
<b>SCHEDULE 4: UNSECURED LOANS</b>		
Citifinancial Consumer Finance India Ltd. (Formerly Associates India Financial Service P. Ltd.) (Secured by personal guarantee given by Directors)	<b>3435331</b>	3707018
	<b>3435331</b>	3707018

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

Fixed Assets	Depre- ciation (%)	Gross Block				Depreciation				Net Block	
		As at 31.03.05 Rs.	Additions Rs.	Deletions Rs.	As at 31.03.06 Rs.	Upto 31.03.05 Rs.	For 2005-06 Rs.	Deductions Rs.	Upto 31.03.06 Rs.	As at 31.03.06 Rs.	As at 31.03.05 Rs.
Land		2831743	—	2123807	<b>707936</b>	—	—	—	—	<b>707936</b>	2831743
Buildings	3.34	10957887	—	8218415	<b>2739472</b>	2809117	91498	2106838	<b>793778</b>	<b>1945694</b>	8148770
Plant & Machinery	4.75	36192156	—	—	<b>36192156</b>	17801837	1719127	—	<b>19520964</b>	<b>16671192</b>	18390319
Computer	16.21	142775	50272	—	<b>193047</b>	25773	28402	—	<b>54175</b>	<b>138872</b>	117002
Furniture & Fixtures	6.33	1722715	8484	—	<b>1731199</b>	861110	109469	—	<b>970579</b>	<b>760620</b>	861605
Vehicles	9.50	334160	60440	—	<b>394600</b>	211833	33507	—	<b>245340</b>	<b>149260</b>	122327
<b>Total</b>		<b>52181436</b>	<b>119196</b>	<b>10342222</b>	<b>41958410</b>	<b>21709670</b>	<b>1982003</b>	<b>2106838</b>	<b>21584836</b>	<b>20373574</b>	<b>30471766</b>
Previous Year		52773852	175323	767739	<b>52181436</b>	19472494	2243283	6107	<b>21709670</b>	<b>30471766</b>	33301358

*Rajeswari Foundations Limited*

	As at 31.03.2006 Rs.	As at 31.03.2005 Rs.
<b>SCHEDULE 6: INVESTMENTS</b>		
<b>LONG TERM INVESTMENTS</b>		
<b>Non - Trade (Valued at cost)</b>	No. of	
<i>In shares (Quoted and fully paid up)</i>	Shares	
Munoth Investments Limited	300	9000
Jaisal Securities Limited	150000	1500000
Market value of quoted securities:		
Munoth Investment - Rs. 1,830/-		
Jaisal Securities - Rs. 9,37,500/-		
(Previous Year - Rs. 6,19,467/-)		
<b>CURRENT INVESTMENTS</b>		
<b>(Valued at Lower of Cost or Market value)</b>	No. of	
Standard Chartered Bank Mutual Fund	Units	
- GFRM Grindlays Floating rate fund	—	6879
- GSTD GSSIF Short Term	—	5050
Valued at fair value	<b>1509000</b>	<b>1520929</b>
<b>SCHEDULE 7: INVENTORIES</b>		
<b>(As per inventories taken, valued &amp; certified by Managing Director)</b>		
a) Materials (Valued at Cost)		
Printing	—	379400
Construction	1269220	591270
b) Semi Finished and Work-in-progress (Valued at estimated cost)	<b>3931996</b>	5127437
c) Finished Inventories (Valued at lower of cost or market value)	—	14500
	<b>5201216</b>	<b>6112607</b>
<b>SCHEDULE 8: SUNDRY DEBTORS</b>		
<b>(Unsecured and considered good)</b>		
a) Over six months old	<b>582740</b>	218659
b) Others	<b>163947</b>	1757934
	<b>746687</b>	1976593
<b>SCHEDULE 9: CASH AND BANK BALANCES</b>		
a) Cash on hand (as certified by the management)	<b>122202</b>	95902
b) With Scheduled banks in current account	<b>5170318</b>	518036
c) Unclaimed Dividend Account with UTI Bank	<b>184867</b>	—
d) Term Deposit at SCB	—	2000000
e) Term Deposit at Andhra Bank	—	60000
	<b>5477387</b>	<b>2673938</b>

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<b>SCHEDULE 10: LOANS &amp; ADVANCES</b> <b>(Unsecured and considered good)</b>	<b>As at</b> <b>31.03.2006</b> <b>Rs.</b>	<b>As at</b> <b>31.03.2005</b> <b>Rs.</b>
(a) Advance recoverable in cash or in kind or for value to be received	<b>2905882</b>	3117891
(b) Tax deducted at source	<b>834488</b>	831007
(c) Deposits with Govt.Dept/Agencies	<b>1007059</b>	801824
(d) Other deposits	<b>260000</b>	260000
(e) Madipakkam Work-in-progress (Land Account)	<b>6580000</b>	5580000
(f) Pallikaranai Work-in-progress (Land Account)	<b>1767480</b>	1767480
(g) Mahindra Holiday Resorts	<b>322526</b>	322526
(h) Seliayur Work-in-progress (Land Account)	<b>4116434</b>	—
(i) Nanmangalam Work-in-progress (Land Account)	<b>3750000</b>	—
(j) Arumugam Nagar Work-in-progress (Land Account)	<b>—</b>	—
(k) Chengalput Work-in-progress (Land Account)	<b>3693721</b>	—
(l) Sabari Nagar Work-in-progress (Land Account)	<b>1056375</b>	—
(h) Interest accrued but not received	<b>—</b>	5892
(i) Madipakkam Construction Advance (Phase II)	<b>—</b>	89988
	<b>26293965</b>	<b>12776608</b>

**SCHEDULE 11: CURRENT LIABILITIES & PROVISIONS**

**Sundry Creditors**

(i) for goods supplied	<b>1766348</b>	1561990
(ii) for others	<b>22403</b>	164855

**Provisions**

(i) Income Tax (FY 2004-05)	<b>452392</b>	452392
(ii) Income Tax (FY 2003-04)	<b>209400</b>	209400
(iii) Income Tax (FY 2002-03)	<b>170817</b>	170817
(iv) For others	<b>376227</b>	413657
(v) Income Tax (FY 2005-06)	<b>567864</b>	—
(vi) FBT Payable (FY 2005-06)	<b>15159</b>	—
Proposed Dividend	<b>2365450</b>	—
Dividend Tax on Proposed Dividend	<b>331754</b>	—
Other Liabilities	<b>640795</b>	46429
Madipakkam Construction Advance Received (Phase II)	<b>—</b>	246000
Unclaimed Interim Dividend (2005-06)	<b>184867</b>	—
Advance received from Customers	<b>20000</b>	—
Commission payable to MD	<b>60000</b>	—
	<b>7183476</b>	<b>3265540</b>

**SCHEDULES FORMING PART OF  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006**

<b>SCHEDULE 12 : SALES &amp; LABOUR CHARGES</b>	<b>Current Year</b> <b>2005-2006</b> <b>Rs.</b>	<b>Previous Year</b> <b>2004-2005</b> <b>Rs.</b>
Sales-Printing	<b>2600042</b>	5707563
Labour Charges-Printing	<b>8650</b>	396217
Sale of Bungalow Units	<b>50563642</b>	34508993
	<b>53172334</b>	<b>40612773</b>

*Rajeswari Foundations Limited*

	<b>Current Year 2005-2006 Rs.</b>	<b>Previous Year 2004-2005 Rs.</b>
<b>SCHEDULE 13 : OTHER INCOME</b>		
Interest / Discount received (Gross)	—	673
Dividend Received	460	407
Interest on Term Deposits	9401	9775
Discount Received	13716	—
Profit on conversion of land	—	500990
Lease Rent - Equipment (Printing)	187500	—
	<u>211077</u>	<u>511845</u>
<b>SCHEDULE 14: COST OF GOODS SOLD</b>		
<b>a) Consumption of raw materials (including consumables)</b>		
Opening Stock		
Printing	379400	703650
Construction	591270	230626
Construction	<b>970670</b>	934276
Add: Purchases		
Printing	865997	1967091
Construction	13487211	9558776
Conversion of Land for Construction (MKM)	855521	1232740
Conversion of Land for Construction (Arumugam Nagar)	2730000	—
Conversion of Land for Construction(MAD)	—	2738000
	<u>17938729</u>	<u>15496607</u>
	<b>18909399</b>	16430883
Less: Closing Stock		
Printing	—	379400
Construction	1269220	591270
Construction	<b>1269220</b>	970670
“A”	<u>17640179</u>	<u>15460213</u>
<b>b) Other Expenses</b>		
Power&Fuel	481364	346850
Transformer Shifting Charges	121530	—
Labour Charges	9221090	6857812
Freight & Transportation	1817520	1819233
Land Development charges	—	403597
Anti Termite charges	19654	22250
CMDA Approval	673226	391061
Construction Expenses	234037	263296
Planning Permission Expenses	694187	531180
Soil Testing Charges	5183	9990
Contractor's salary	—	86000
Sales Contract Charges	—	4590545
(Loss)/Profit on Conversion of Land	1268286	—
Written down value of Building on Conversion	6111577	—
	<u>20647654</u>	<u>15321814</u>
“B”	<u>20647654</u>	<u>15321814</u>

*Rajeswari Foundations Limited*

	<b>Current Year 2005-2006 Rs.</b>	<b>Previous Year 2004-2005 Rs.</b>
<b>SCHEDULE 14: COST OF GOODS SOLD (Contd.)</b>		
<b>c) (Increase)/Decrease in stocks of finished goods &amp; work-in-progress</b>		
Printing		
Opening Stock	190100	226210
Less: Closing Stock	—	(190100)
	<b>190100</b>	<b>36110</b>
Construction		
Opening Stock	4951837	—
Less: Closing Stock	3931996	(4951837)
“C”	<b>1209941</b>	<b>(4915727)</b>
Total Cost of Goods Sold (A+B+C)	<b>39497774</b>	<b>25866300</b>
<b>SCHEDULE 15: STAFF COSTS</b>		
Salaries & Wages	<b>970819</b>	1107112
Staff Welfare	<b>129087</b>	430384
Contribution to Provident Fund	<b>62747</b>	50503
Director's Remuneration	<b>786000</b>	720000
	<b>1948653</b>	<b>2307999</b>
<b>SCHEDULE 16: ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Advertisement	<b>297867</b>	596939
Bad debts/written off/Provision	—	269174
Listing Fees	<b>22760</b>	22600
Professional, Legal & Consultancy Charges	<b>298679</b>	212745
Vehicle Maintenance	<b>50672</b>	52593
Sales Promotion	<b>30979</b>	99891
Rent	<b>139500</b>	216300
Rates & Taxes	<b>648033</b>	474657
Repairs to Machinery	<b>12910</b>	418578
Insurance	<b>26196</b>	28955
Discounts & Rebate	<b>15317</b>	10194
Audit Fees	<b>38570</b>	38570
Travelling & Conveyance	<b>320022</b>	294215
Travelling - Directors Foreign Travel	<b>198800</b>	411413
Postage & Telegrams	<b>75687</b>	68110
Telephone Charges	<b>185243</b>	238962
Printing & Stationery	<b>77963</b>	58350
Commission to Managing Director	<b>69087</b>	—
Other expenses	<b>533280</b>	663986
	<b>3041565</b>	<b>4176232</b>
<b>SCHEDULE 17: FINANCE CHARGES</b>		
Bank Charges	<b>23134</b>	22758
Other Finance Charges	<b>460312</b>	1133289
	<b>483446</b>	<b>1156047</b>

## *Rajeswari Foundations Limited*

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### **SCHEDULE 18 : NOTES ON ACCOUNTS**

#### **STATEMENT OF ACCOUNTING POLICIES**

1. Basis of Accounting policies

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

i. Revenue Recognition

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

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

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

ii. Fixed assets

All fixed assets are valued at cost less depreciation.

iii. Depreciation

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

iv. Investments

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

v. Inventories

Raw materials are valued at cost.

Semi finished goods are valued at estimated cost

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

2. Contingent liabilities not provided for:

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

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

ii) towards disputed sales tax liability – Rs.2,94,266 (Previous year – Rs.3,59,025).

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

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

5. Remuneration of Auditors

	Current year 2005 – 06	Previous year 2004 – 05
	Rs.	Rs.
For Statutory Audit	25,000	25,000
For Tax Audit	10,000	10,000
	<u>35,000</u>	<u>35,000</u>

## *Rajeswari Foundations Limited*

6. Director's Remuneration	Current year 2005 – 06 Rs.	Previous year 2004 - 05 Rs.
Salaries	7,86,000	7,20,000

7. Particulars of installed capacity, quantities and value of each class of goods dealt with by the company opening & closing stocks, production and raw materials consumed by the company have not been segregated and reported due to the complexities in nature of the process involved which consumes multi various inputs of heterogeneous sizes giving rise to varied outputs of different sizes according to customer tolerance.
8. Computation of net profit under section 198 read with section 309(5) of the companies Act 1956, has not been made as only minimum remuneration prescribed under the Act has been paid to the managing and whole time directors of the company.
9. The amount paid for land and land development expenses for construction project at Pallikaranai Rs.17,67,480 and Madipakkam phase II project Rs.65,80,000, Selaiyur Rs.41,16,434, Nanmangalam Rs.37,50,000, Chengalpattu Rs.36,93,721 and Sabari Nagar Rs.10,56,375 shown under Loans and advances, as Work-in-Progress for which the Company has Ownership / Power of Attorney in its name respectively. No agreement to sale for units entered during this year for the above projects.
10. Loans and advances also include Rs.2,75,800/-(Previous year Rs.3,60,800/-) representing rental deposit paid to managing and other directors in respect of the premises belonging to them and taken on rent by the company maximum balance during the year Rs,3,60,800/-(Previous year Rs.3,60,800/-)
11. Segment Reporting – Schedule Attached
12. In compliance with the Accounting Standard 22 relating to Accounting for taxes on income issued by Institute of Chartered Accountants of India the major components of deferred tax liability(net) arising on account of timing differences are depreciation, unabsorbed depreciation and others to the tune of Rs.1,82,219/- (Previous year Rs.3,42,204/-).
13. Earnings per share  
Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares during the year. The numbers used in calculating basic and diluted earnings per equity share are as stated below:

	Current year 2005 – 06 Rs.	Previous year 2004 - 05 Rs.
Profit after Taxation & Before exceptional items	59,77,531	48,51,861
Profit after Taxation	59,77,531	48,51,861
Weighted Average No.of shares	47,30,900	47,30,900
Earnings per share before exceptional items (Basic and diluted)	1.26	1.03
Earnings per share (Basic and diluted)	1.26	1.03
Face value per share	10.00	10.00

14. There were no dues to small scale industrial undertaking in excess of Re.1 Lac and outstanding for more than 30 days as on 31<sup>st</sup> March, 2006.
15. Previous year's figures have been regrouped wherever necessary.
16. Figures have been rounded off to the nearest rupee.

## *Rajeswari Foundations Limited*

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### 17. Related party information:

1. Relationships
  - (a) Where Control exists:
    - (i) G. Ramamurthy
  - (b) Key Management personnel
    - (i) G. Ramamurthy
    - (ii) R. Usha
  - (c) Other Related Parties
    - (i) Rajeswari Prints, Tirupur

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

### 2. Transactions with related parties.

Particulars	Referred in 1(a) above	Related parties Referred in 1(b) above	Referred in 1(c) above
Expenses			
Rent	85,000	—	—
Commission to Directors	60,000	—	—
Remuneration to Directors	5,70,000	—	—
Income			
Lease Rent	—	—	1,87,500
Other Receipts			
Lease Deposits	—	—	6,00,000

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As per my Report of even date

**R. SUNDARARAJAN**  
*Chartered Accountant*  
(Membership No.25762)

Place: Chennai  
Date : 26.06.2006

**D. SEKARAN**  
*Director*

**AMRITLAL BISANI**  
*Company Secretary*

For and on behalf of the Board

**G. RAMAMURTHY**  
*Chairman and Managing Director*

**R. USHA**  
*Whole-time Director*

**Segment Reporting for the year ending 31st March 2006 (AS-17)**

Particulars	Off Set Printing		House Construction		Unallocable		Total	
	Current Year Rs.	Previous Year Rs.	Current Year Rs.	Previous Year Rs.	Current Year Rs.	Previous Year Rs.	Current Year Rs.	Previous Year Rs.
Segment Revenue								
Sales	<b>2608692</b>	6103780	<b>50563642</b>	34508993	—	—	<b>53172334</b>	40612773
Other Income	<b>190726</b>	3973	—	507872	<b>20351</b>	—	<b>211077</b>	511845
Total Revenue	<b>2799418</b>	6107753	<b>50563642</b>	35016865	<b>20351</b>	—	<b>53383411</b>	41124618
Segment result (Profit before Interest, Depn. & Tax)	<b>-241597</b>	182082	<b>12447798</b>	10148460	<b>-3333916</b>	-1570294	<b>8872285</b>	8760248
Less: Interest Paid	<b>460312</b>	1142208	—	—	—	—	<b>460312</b>	1142208
Profit before Taxes & Depreciation	<b>-701909</b>	-960126	<b>12447798</b>	10148460	<b>-3333916</b>	-1570294	<b>8411973</b>	7618040
Depreciation							<b>1982003</b>	2243283
Taxes							<b>452439</b>	522896
Profit after Taxes							<b>5977531</b>	4851861
Segment Assets	<b>20928823</b>	23099873	<b>32200885</b>	16333521	<b>6472120</b>	1609947	<b>59601828</b>	41043341
Segment Liabilities	<b>49925</b>	625268	<b>1753260</b>	1700003	<b>8997841</b>	940269	<b>10801026</b>	3265540
Total Cost incurred during the year to acquire segment assets	—	81403	<b>13616530</b>	7347480	<b>119196</b>	93920	<b>13735726</b>	7522803
Segment Depreciation	<b>1719127</b>	1717916	<b>262876</b>	525367	—	—	<b>1982003</b>	2243283
Non cash expenses other than depreciation	—	—	<b>8235384</b>	1232740	—	—	<b>8235384</b>	1232740

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Rajeshwari Foundations Limited

**Notes:**

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

*Rajeswari Foundations Limited*

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006  
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

	<b>Year ended 31-03-2006 Rs. in lakhs</b>	<b>Year ended 31-03-2005 Rs. in lakhs</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit /(Loss) before Tax & Extraordinary item	64.29	53.75
Adjustments for:		
Depreciation & amortisation	19.82	22.43
Provision for IT u/s 115JB	-5.67	-4.52
Provision for Deferred Tax Liability	1.59	-0.71
Interest & Miscellaneous income	-2.11	-0.10
Interest on borrowings	4.60	11.33
Provision for FBT	-0.45	—
Operating Profit before working Capital Changes	82.07	82.18
Adjustments for:		
Loans & Advances	-135.17	-15.54
Trade and other Receivables	12.30	-9.56
Inventories	9.12	-49.52
Trade Payables and other Liabilities	10.62	13.28
Cash generated from operations	-21.06	20.84
Interest Paid	-4.60	-11.33
Net Cash from operating activities (Total...A)	-25.66	9.51
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-1.19	-1.75
Sale of Fixed Asset	82.35	7.61
Interest & Misc. Income	2.11	0.10
Sale of Investment	0.11	—
Net cash used in investing activities (Total...B)	83.38	5.96
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Application for long term borrowings	-2.72	2.84
Interim Dividend	-26.97	—
Net cash used in financing activities (Total...C)	-29.69	2.84
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (TOTALA + B + C)</b>	<b>28.03</b>	<b>18.31</b>
Cash & cash equivalents as at 01-04-2005 (Opening Balance)	26.74	8.43
Cash & cash equivalents as at 31-03-2006 (Closing Balance)	54.77	26.74

Place: Chennai  
Date : 26.06.2006

For and on behalf of the Board  
**G. RAMAMURTHY**  
*Chairman and Managing Director*

**R. USHA**  
*Whole-time Director*

*Rajeswari Foundations Limited*

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**AUDITOR'S CERTIFICATE**

The Board of Directors,  
**Rajeswari Foundations Limited**  
Chennai.

I have examined the attached Cash Flow Statement of Rajeswari Foundations Limited for the year ended 31st March, 2006. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreements with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by my report to the members of the Company.

Place : Chennai  
Date : 26.06.2006

**R. SUNDARARAJAN**  
*Chartered Accountant*  
(Membership No.25762)

*Rajeswari Foundations Limited*

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

**I. Registration Details**

Registration No. 

		2	4	8	6	8
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 State Code 

1	8
---	---

Balance Sheet Date 

3	1
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0	3
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2	0	0	6
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Date                      Month                      Year

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

Public Issue	Rights Issue										
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td></tr></table>			N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td></tr></table>			N	I	L
		N	I	L							
		N	I	L							
Bonus Issue	Private Placement										
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td></tr></table>			N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td></tr></table>			N	I	L
		N	I	L							
		N	I	L							

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

Total liabilities	Total Assets														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">8</td></tr></table>			5	2	4	1	8	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">8</td></tr></table>			5	2	4	1	8
		5	2	4	1	8									
		5	2	4	1	8									

**Sources of Funds**

Paid-up Capital	Reserves and Surplus													
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">9</td></tr></table>			4	7	3	0	9	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">1</td></tr></table>			1	4	9	1
		4	7	3	0	9								
		1	4	9	1									
Secured Loans	Unsecured Loans													
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td></tr></table>			N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">5</td></tr></table>			3	4	3	5		
		N	I	L										
		3	4	3	5									

**Application of Funds**

Net Fixed Assets	Investments													
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">3</td></tr></table>			2	0	3	7	3	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">9</td></tr></table>			1	5	0	9
		2	0	3	7	3								
		1	5	0	9									
Net Current Assets	Misc. Expenditure													
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">5</td></tr></table>			3	0	5	3	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td></tr></table>			N	I	L	
		3	0	5	3	5								
		N	I	L										
Accumulated Losses														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td></tr></table>			N	I	L									
		N	I	L										

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

Turnover	Total Expenditure														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">2</td></tr></table>			5	3	1	7	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">1</td></tr></table>			4	4	9	7	1
		5	3	1	7	2									
		4	4	9	7	1									
+   -   Profit/Loss Before Tax	+   -   Profit/Loss After Tax														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">9</td></tr></table>			6	4	2	9	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">7</td></tr></table>			5	9	7	7		
		6	4	2	9										
		5	9	7	7										
Earnings Per Share Rs.	Dividend Rate %														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">.</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">6</td></tr></table>			1	.	2	6	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">0</td></tr></table>			1	0				
		1	.	2	6										
		1	0												

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

Item Code No. [ITC Code]	4   9   0   1   1   0   .   0   1
Product Description	PRINTING BOOKS
Item Code No. [ITC Code]	4   9   0   1   1   0   .   0   2
Product Description	PRINTING PAMPHLETS AND BROCHURES
Item Code No. [ITC Code]	N   A   .   .   .   .   .   .   .
Product Description	CONSTRUCTION

**RAJESWARI FOUNDATIONS LIMITED**

Regd. Office: G-4, Parsn Paradise Apartments, 109, G.N. Chetty Road, T.Nagar, Chennai - 600 017.

**ATTENDANCE SLIP**

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

I hereby record my presence at the 13th Annual General Meeting of the Company being held at 11.00 A.M. on Thursday, 7th September, 2006 at Narada Gana Sabha (Mini Hall), at No.314 T.T.K. Road, Chennai - 600 018.

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

SIGNATURE OF THE SHAREHOLDER OR PROXY

NAME OF THE PROXY :

NAME OF THE SHAREHOLDER :

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

**RAJESWARI FOUNDATIONS LIMITED**

Regd. Office: G-4, Parsn Paradise Apartments, 109, G.N. Chetty Road, T.Nagar, Chennai - 600 017.

**PROXY FORM**

I/We .....

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

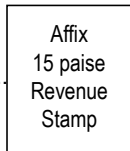
(1) Sri ..... of ..... or failing him

(2) Sri ..... of ..... as my/our Proxy

to attend and vote for me/us on my/our behalf at the 13th Annual General Meeting of the Company to be held at 11.00 A.M. on Thursday, 7th September, 2006 at Narada Gana Sabha (Mini Hall), at No.314 T.T.K. Road, Chennai - 600 018 and at any adjournment thereof.

Signed this ..... day of ..... 2006.

Signature .....



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

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

**RAJESWARI FOUNDATIONS LIMITED**

*13th Annual Report*  
**2005 - 2006**

**BOOK POST**

*Printed Matter*

To:



*If undelivered, please return to:*

**RAJESWARI FOUNDATIONS LIMITED**

*Regd. Office:* G-4, Parsn Paradise Apartments  
109, G.N. Chetty Road, T.Nagar,  
Chennai - 600 017.