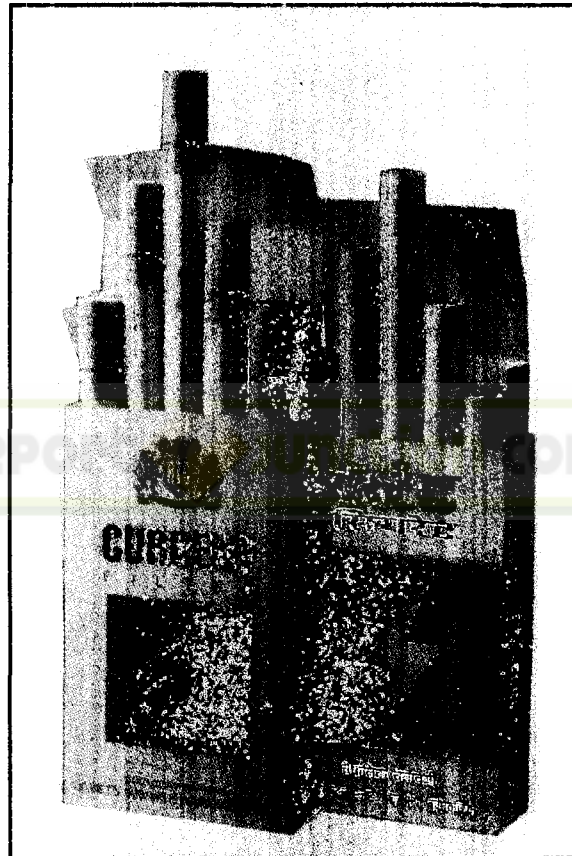




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YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

# RAGHUNATH TOBACCO COMPANY LIMITED



*Fourth Annual Report*

For Raghunath Tobacco Company Limited

1997-98

*Om Prakash*  
Managing Director



## BOARD OF DIRECTORS

Mr. OM PRAKASH AGRAWAL  
*Chairman & Managing Director*

Mr. JAI PRAKASH AGRAWAL  
*Director*

Mr. SRI PRAKASH AGRAWAL  
*Director*

## AUDITORS

KUMAR PIYUSH & CO.  
Chartered Accountants  
10, Community Centre No. 2  
Ashok Vihar, Phase-II  
Delhi-110 052

Report Junction.com

## BANKERS

PUNJAB NATIONAL BANK

## REGISTERED OFFICE & WORKS

Mandhana Bithoor Road,  
Village Chaudharipur,  
Billhore, Kanpur Dehat - 209 203

## HEAD OFFICE

63/2, City Centre,  
3rd Floor, Phase-II,  
The Mall, Kanpur - 208 00

## CONTENTS

	Page No.
Notice	2
Directors' Report	3
Auditors' Report	6
Balance Sheet	8
Profit & Loss Account	9
Schedules to Annual Accounts	10
Statement under Schedule VI	19
Cash Flow Statement	20



## RAGHUNATH TOBACCO COMPANY LIMITED

### NOTICE

NOTICE is hereby given that the Fourth Annual General Meeting of the Members of RaghuNath Tobacco Company Limited will be held on Monday, the 28th September, 1998 at 10.00 A.M. at the Registered Office of the Company at Mandhana Bithoor Road, Village Chaudharipur, Billhore, Kanpur Dehat- 209 203 to transact the following business.

#### ORDINARY BUSINESS :

1. To consider and adopt Audited Balance Sheet as at 31st March, 1998 and Profit & Loss Account for the year ended on that date and the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Sri Prakash Agrawal, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors, fix their remuneration and for the purpose to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
 "RESOLVED THAT Messrs. Kumar Piyush & Co., Chartered Accountants, Delhi, the Statutory Auditors of the Company who retire at this meeting be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors of the Company, in addition to reimbursement of all out of pocket expenses in connection with the audit of the Company."

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Place : Kanpur

Date : July 30, 1998

By Order of the Board

(Om Prakash Agrawal)  
*Managing Director*

#### NOTES :

1. A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.  
 The instrument appointing a proxy and the power of attorney, if any, under which it is signed should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting as provided by Article 113 of the Articles of Association of the Company.
2. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Sundays between 11.00 A.M and 1.00 P.M. upto the date of the Annual General Meeting.
3. The Register of Members and the Share Transfer Books shall remain closed from Tuesday, the September 15, 1998 to Monday, the September 28, 1998 (both days inclusive).
4. The Company w.e.f. 1st March, 1997, has made inhouse arrangements for Share Transfer Work. The Members are, therefore, requested to make all correspondence at the following address:

**RaghuNath Tobacco Company Limited**  
 63/2, 3rd Floor, Phase-II, City Centre,  
 The Mall, Kanpur-208 004.

## FOURTH ANNUAL REPORT

## DIRECTORS' REPORT

## TO THE MEMBERS

Your Directors present before you their Fourth Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1998.

## FINANCIAL RESULTS

During the year under review, the Financial Results of the Company are as under :-

	(Rs. in Lacs)	
	Year ended 31.03.1998	Period ended 31.3.1997*
Sales and Other Income	192.99	51.48
Profit/(Loss) before Interest and Depreciation	64.47	(37.73)
Interest/Finance Charges	18.89	18.05
Depreciation	37.76	29.54
Profit/(Loss) for the period	7.82	(85.32)
Expenditure related to earlier years	0.21	-
Income Tax for earlier years	7.25	0.04
Profit/(Loss) brought forward	(85.36)	-
Profit/(Loss) carried to Balance Sheet	(85.00)	(85.36)

\* Company has started the commercial production from 17th June, 1996.

## OPERATIONS

It is our pleasure to inform you that the performance during the year has resulted a small profit of Rs. 7.82 Lacs in comparison to the huge loss of Rs. 85.32 Lacs incurred during the last year. The Company is able to achieve its better results in the sluggish and competitive market due to profitability in areas other than the main product line of the company.

Your Directors expect better Turnover and Profitability during the Current year. The Board recommend for the skip of Dividend for this year due to Low Profitability and Non-availability of Reserves and Surplus.

## PROMISES VERSUS PERFORMANCE

The Turnover, PBDIT and PAT for the year is Rs. 111.77 Lacs, Rs. 64.47 Lacs and Rs. 0.36 Lacs respectively as against projected figures of Rs. 1636.47 Lacs, Rs. 556.84 Lacs and Rs. 227.66 Lacs respectively made in the Prospectus. The Company could not achieve its targets as envisaged in offer documents mainly due to stiff competition in the market. However inspite of unhealthy business climate, Company is making its constant efforts to improve its performance and achieve its better results in near future by improving its product quality and Geographical Area of Sales. Company is also planning to diversify its activities in other Business Areas.

## HOLDING &amp; SUBSIDIARY RELATIONSHIP

During the year under review, the Company has made an investment in 3,56,000 Equity Shares of Rs. 10/- each of Raghunath Securities and Credit Ltd.,. The Board would like to invite the attention of the members towards the provisions of Section 4 of the Companies Act, 1956, according to which the Raghunath Securities and Credit Ltd. has become a subsidiary of Raghunath Tobacco Company Ltd. since its Equity Shareholding is 72.20%. Particulars of Subsidiary Company are also annexed with this report.



## RAGHUNATH TOBACCO COMPANY LIMITED

### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The information required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is attached hereto as Annexure 'A' and forms part of Directors' Report.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year Company has spent Rs. 9.07 Lacs in Foreign Exchange.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Sri Prakash Agrawal will retire at the ensuing Annual General Meeting and is eligible for reappointment as Director of the Company.

### PARTICULARS OF EMPLOYEES

As required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the particulars are given in Annexure 'B' which is attached hereto and forms a part of the Directors' Report.

### PUBLIC DEPOSITS

Your Company has not accepted any deposit during the year.

### AUDITORS

Your Company's Auditor M/s. Kumar Piyush & Co., Chartered Accountants will retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if reappointed.

### INDUSTRIAL RELATIONS

The Company had cordial and harmonious industrial relations at all levels of the organisation.

### ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the assistance and co-operation received from U.P. Financial Corporation for financing the Project and Company's Bankers, Punjab National Bank for their valued support. Your Directors also acknowledge the recognition given and trust reposed in your Company by the investors, suppliers, employees, customers, various Government Authorities and thank them for their support and co-operation.

For and on behalf of the Board

Place : Kanpur

Dated : July 30, 1998

(Om Prakash Agrawal)  
Chairman

### ANNEXURE 'A' OF THE DIRECTORS' REPORT

The information required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

#### A. CONSERVATION OF ENERGY

The Company's operations involve low energy consumption. There are no major areas where any energy conservation measure can be taken. However, efforts are being made to conserve and optimise the use of energy.

## FOURTH ANNUAL REPORT

### B. Form of Disclosure of Particulars with respect to Absorption of Technology, Research and Development:

#### I. Research and Development:

1. Specific areas in which Research and Development carried out by the Company:  
In the development of new products, blend and taste in production of Cigarettes.
2. Benefits derived as a result of the above Research and Development:  
The Company is improving the quality of Cigarettes under the brand name 'CURRENT'.
3. Future Plan of action  
The ongoing process of Research and Development will be undertaken in the areas of production, quality and development of new products.
4. Expenditure on Research and Development : NIL

#### II. Technology Absorption, Adaptation and Innovation:

The production of Cigarettes does not require any specific technology absorption, adaptation and innovation except the blending of compound which has already been developed.

For and on behalf of the Board

Place : Kanpur

Dated : July 30, 1998

(Om Prakash Agrawal)  
Chairman

### ANNEXURE 'B' OF THE DIRECTORS' REPORT

#### STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREIN FOR THE YEAR ENDED 31ST MARCH, 1998.

Sl. No.	Name	Age (Years)	Designation	Qualification	Total Remuneration (Rs.)	Experience (Years)	Date of Joining	Particulars of the last Employment
(A) Employed throughout the Financial year and in receipt of remuneration aggregating not less than Rs. 3,00,000/- per annum.								
1.	Om Prakash Agrawal	41	Managing Director	B.Com.	3,00,000	22	9.11.94	Own Business
(B) Employed for part of the year under review and were in receipt of remuneration for any part of the year at the rate of which in aggregate was not less than Rs. 25,000/- per month.								
1.	Sri Prakash Agrawal	33	Wholetime Director	B.Com.	50,000	14	9.11.94	Own Business

#### NOTE :

- (1) Appointment of Mr. Om Prakash Agarwal and Mr. Sri Prakash Agarwal is on contractual basis and are related.
- (2) Mr. Sri Prakash Agrawal has resigned from the Whole-time Directorship of the Company w.e.f. 31st May, 1997.

For and on behalf of the Board

Place : Kanpur

Dated : July 30, 1998

(Om Prakash Agrawal)  
Chairman



# RAGHUNATH TOBACCO COMPANY LIMITED

## AUDITORS' REPORT

TO THE MEMBERS OF RAGHUNATH TOBACCO COMPANY LIMITED

We have audited the attached Balance Sheet of Raghunath Tobacco Company Limited as at 31st March, 1998 and the relative Profit and Loss Account for the year ended on that date, both of which we have signed under reference to this report.

We report as follows :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 dated 7th September, 1988 issued by the Central Government, we enclose in the Annexure a statement of matters specified in paragraph 4 & 5 of the said order.
  2. Further to our comments in the Annexure referred to in para 1 above :
    - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the audit.
    - b) In our opinion, proper Books of Accounts as required by law have been kept by the Company so far as appears from our examination of the books.
    - c) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the Books of Accounts.
    - d) In our opinion and to the best of our information and according to the explanations given to us, the said statements of accounts, subject to :
      - i) Non registration, no deduction and deposit of contribution of employer and employees under the provisions of Employees' State Insurance Act, 1948 (refer note number (4) appearing in Schedule 'P')
- and read together with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
- i) In case of Balance Sheet of the state of the Company's affairs as at 31st March, 1998; AND
  - ii) In case of Profit and Loss Account of the profits for the year ended 31st March, 1998.

For KUMAR PIYUSH & CO.  
Chartered Accountants

Place : Delhi  
Date : June 26, 1998

KAMAL PIYUSH  
Partner

### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in the paragraph number (1) of our report of even date)

1. Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. These records are updated for additions and deletions during the year. The fixed assets of the company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
2. None of the fixed assets of the Company have been revalued during the year.
3. Stock of Raw Materials, Packing Materials and Finished Goods including stock lying with consignee have been physically verified by the management during the year.
4. Procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. Discrepancies noticed on verification between the physical stock and book stocks were not materials in relation to the operations of the Company and the same have been properly dealt within the books of accounts.
6. On the basis of the examination of the stock records, we are of the opinion that the valuation of the stocks is fair and proper in accordance with normally accepted accounting principles.



## FOURTH ANNUAL REPORT

7. Company has not taken any loans secured or unsecured from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and from the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
8. In our opinion and according to the information and explanations given to us in respect of unsecured loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and to the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
9. Parties including employees to whom loans or advances in the nature of loans have been given by the Company, are generally repaying the principal and interest, where applicable, as stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw materials, packing materials, plant and machinery, equipment and other assets and with regard to sale of goods.
11. Transactions of purchase of goods, material and other services made in pursuance of contracts or arrangements falling under section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices that were reasonable having regard to the prevailing market prices for such services where such market prices were available or the prices at which transactions for similar services have been made with other parties.
12. According to the information and explanations given to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods.
13. Company has not accepted any fixed deposits from the public within the meaning of section 58A of the Companies Act, 1956, and the Rules made thereunder.
14. According to the information and explanations given to us, the Company does not generate any by-product or scrap.
15. The Company has an internal audit system commensurate with the size of the Company and nature of its business.
16. Central Government has not prescribed for the maintenance of cost records by the Company under Section 209 (1) (d) of the Companies Act, 1956 for any of its products.
17. We were informed that provisions of the Provident Fund and Miscellaneous Provisions Act, 1952 are not applicable. According to the records of the Company, the provisions of Employees' State Insurance Act, 1948 have not been complied with.
18. On the last day of the financial year there was no amount outstanding in respect of undisputed Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which were due for more than six months from the date they became payable.
19. Company has a policy of authorising expenditure based on reasonable checks and controls. This policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's needs and exigencies. In terms of these observations, we have not come across any expenses charged to Profit and Loss Account which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses.
20. Company is not a sick industrial company within the meaning of clause (o) of Section 3 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. According to the information and explanations given to us, in respect of trading activities of the Company, there were no material damaged goods.

For KUMAR PIYUSH & CO.  
Chartered Accountants

KAMAL PIYUSH  
Partner

Place : Delhi  
Date : June 26, 1998

