



RAGHUNATH TOBACCO COMPANY LIMITED



Fifth Annual Report

1998-99 For Raghunath Tobacco Co. Ltd.

[Signature]

Director



RAGHUNATH TOBACCO COMPANY LIMITED

BOARD OF DIRECTORS

Mr. OM PRAKASH AGRAWAL
Chairman

Mr. JAI PRAKASH AGRAWAL
Managing Director

Mr. SRI PRAKASH AGRAWAL
Director

AUDITORS

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

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE

Mandhana Bithoor Road,
Village Chaudharipur,
Billhore, Kanpur Dehat - 209 204

HEAD OFFICE

63/2, City Centre,
3rd Floor, Phase-II,
The Mall, Kanpur - 208 004

WORKS

Mandhana Bithoor Road,
Village Chaudharipur,
Billhore, Kanpur Dehat - 209 204

SHARE TRANSFER & INVESTORS SERVICE DEPARTMENT

6926, Jaipuria Mills, Subzi Mandi, Clock Tower
Delhi-110 007

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FIFTH ANNUAL GENERAL MEETING

| | |
|------|-----------------------|
| Date | : December 10th, 1999 |
| Day | : Friday |
| Time | : 1.30 P.M. |



RAGHUNATH TOBACCO COMPANY LIMITED

NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of RAGHUNATH TOBACCO COMPANY LIMITED will be held on Friday, the 10th December, 1999 at 1:30 P.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, 1999 and Profit and Loss Account for the year ended on that date and Notes thereto together with the Reports of Directors and Auditors.
2. To appoint a Director in place of Mr. Jai Prakash Agrawal, who retires by rotation and being eligible, offers himself for re- appointment.
3. To appoint Auditors, fix their remuneration and for this 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 the conclusion of this meeting be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration and reimbursement of all out of pocket expenses in connection with the audit of the Company, as may be decided by the Board of Directors of the Company, keeping in view the work involved."

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act 1956, the Objects Clause of the Memorandum of Association of the Company be and is hereby altered as under :
 1) The following new Sub Clauses 5 and 6 be added after Sub Clause 4 :
 "5. To carry on and undertake the business of purchasing, selling, acquiring, hiring or letting on lease or otherwise any land, building or land appurtenant thereto or otherwise dealt with them in any manner whatsoever including construct, execute, carryout, improve, work, develop, resale in whole or in any other manner, erect, charge, mortgage, enlarge, rebuilt, pulldown, administer and otherwise deal in the land, houses, building, markets, warehouses and all other works or conveniences whatsoever and to convert and appropriate any land, building or land appurtenant thereto in to and for roads, streets, squares, markets, shopping complexes, commercial or official complexes, business complexes, residential complexes, godowns, colonies, sports and recreation centres, library, reading room and generally to carry out the business of builders, contractors, real estate developer, engineers, architects, surveyors, estimators and designers and to undertake or direct the construction and management and control of property, building, land and estate of any tenure or kind.
 6. To manage land, building and other property whether belonging to the company or not and to collect rents, profits and issues and to provide and supply to tenants or other occupier refreshments, light, waiting rooms, reading rooms, meeting rooms, swimming pools, club rooms, gardens, lavatories, laundry, conveniences, garaging facilities, play grounds, water air conditioning facilities and equipment, lifts and all other such conveniences and appliances relating to or connected with offices and residence requirements in general."
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :
 "RESOLVED THAT pursuant to the provisions of Sections 198, 269 & 309 read with Schedule-XIII of

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the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modifications or re-enactment thereof for the time being in force, the approval of the members of the Company be and is hereby granted to the reappointment of Mr. Om Prakash Agrawal as Managing Director of the Company w. e. f. 9th November, 1999 for a period of 5 (Five) Years on the terms and conditions as mentioned in the Explanatory Statement annexed herewith."

By Order of the Board

Place : Delhi

(OM PRAKASH AGARWAL)

Date : November 1, 1999

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. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to the Special Business under Item No 4 & 5 as set out above is annexed herewith.
3. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hour 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.
4. The Share Department of the Company has shifted to Delhi w. e. f. 1st July, 1999. Members are, therefore, requested to make all correspondence in this regard at the following address :

Raghunath Tobacco Limited
6926, Jaipuria Mills, Clock Tower, Subzi Mandi
Delhi-110 007

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT (PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

ITEM NO.4

With a view to diversify the business activities of the Company in the areas of sale, purchase, development or otherwise dealing in land, building, real estate development and business of like nature, it is necessary to amend the Main Objects clause of the Memorandum of Association of the Company in accordance with the provisions of Section 17 of the Companies Act, 1956.

As per the provisions of the said Section, prior approval of the Members by way of Special Resolution is required.

The Board of Directors of the Company recommend the passing of the Special Resolution contained at Item No. 4 of the accompanying Notice.

A copy of Memorandum of Association of the Company is available at the Registered Office of the Company for inspection by the Members during business hours.

None of the Directors of the Company is, in any way, concerned or interested in the said Resolution except to the extent of their individual shareholding in the company.

ITEM NO. 5

Shri Om Prakash Agrawal was appointed by the Company as Managing Director for a period of 5 years w. e. f. 9th November, 1994 under Schedule XIII of the Companies Act, 1956 and his tenure comes to end on 8th November, 1999.

The Board of Directors of the Company at their meeting held on 1st November, 1999 reappointed Shri Om Prakash Agrawal as Managing Director of the Company for a period of five years w. e. f. 9th November, 1999.



RAGHUNATH TOBACCO COMPANY LIMITED

The terms and conditions including remuneration payable to Shri Om Prakash Agrawal are as follows :

- (1) **SALARY** : Salary @ Rs. 25,000/- (Rupees Twenty Five Thousand only) per month.
- (2) **PERQUISITES** : Managing Director shall be entitled to the following perquisites and benefits :
 - (i) Company's Contribution to Provident Fund and Superannuation Fund to the extent these either singly or put together are not taxable under the Income Tax Act.
 - (ii) Gratuity at the rate of one month's Salary for each completed year of service.
 - (iii) Reimbursement of medical expenses incurred in India or abroad, including hospitalisation, nursing home and surgical charges for himself and family subject to a ceiling of one months salary in a year or three months salary over a period of three years.
 - (iv) Leave Travel Concession for self and his family once in a year to and fro a place in India or Abroad subject to the condition that actual fare shall be reimbursed.
 - (v) Children's Education Allowance : In case of Children studying in or outside India, an allowance limited to maximum of Rs. 5,000/- per month per child or actual expenses incurred, whichever is less, if claimed by the Director. Such allowance is admissible upto maximum of two children.
 - (vi) Holiday passage for children studying outside India/family staying abroad, Return holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from the place of their study or stay abroad to India if they are not residing in India with the managerial person.
 - (vii) Fees in respect of one club to be borne by the Company but not the admission or life membership fees payable to the Clubs.
 - (viii) Free use of Car with driver for the Company's business. All the expenditure in connection there with to be borne by the Company.
 - (ix) Free Telephone facility at the residence.

(3) **OTHER TERMS**

- (i) Reimbursement of travelling, entertainment and other expenses incurred by him during the course of the business of the Company.
- (ii) He is not entitled to sitting fees for attending Meetings of the Board or of a Committee thereof
- (iii) The appointment shall be terminated by the Company giving to the said Managing Director a notice of three months of such termination or on payment of three months salary in lieu thereof and by the Director notice of three months to the company.

Provision of car for use on Company's business and telephone at residence would not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose would be billed to the said Managing Director by the Company and reimbursed by him to the Company.

As per the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule-XIII, approval of the members of the Company is required for the appointment of Mr. Om Prakash Agrawal as Managing Director of the Company. Your Board recommends the above resolution for your approval.

This Notice may also be considered a notice under Section 302 of the Companies Act, 1956 fully containing the terms and conditions of the appointment of Shri Om Prakash Agrawal as Managing Director of the Company. Shri Jai Prakash Agrawal and Shri Sri Prakash Agrawal are brothers of Shri Om Prakash Agrawal and are therefore related.

All the Directors of the Company are concerned or interested in the above resolution.

Place : Delhi
Dated : November 1, 1999

By Order of the Board
(OM PRAKASH AGARWAL)
Managing Director

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Your Directors are pleased to present before you their Fifth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 1999.

FINANCIAL HIGHLIGHTS

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

| | Year Ended 1998-99 | Year Ended 1997-98 |
|--|-----------------------|-----------------------|
| | | (Rs. in Lacs) |
| Sales and Other Income | 591.07 | 192.99 |
| Profit before Interest and Depreciation | 70.90 | 64.47 |
| Interest/Finance Charges | 3.62 | 18.89 |
| Depreciation | 37.70 | 37.76 |
| Profit for the year | 29.59 | 7.82 |
| Expenditure related to earlier years | 1.23 | 0.21 |
| Income Tax for earlier years | 0.12 | 7.25 |
| Net Profit for the year | 28.24 | 0.36 |
| Profit Brought Forward | (85.01) | (85.36) |
| Profit/(Loss) carried to Balance Sheet | (56.77) | (85.00) |

OPERATIONS

During the year under review, your Company was able to achieve better Turnover by diversifying its business activities into the area of trading of some items, apart from manufacturing and trading of Cigarette under brand name "Current". Company has also recorded a sharp increase in the Gross Profit as well as Net Profit After Tax for the year, mainly due to reduction on part of Interest/Finance charges. Your directors are pleased to inform you that Term Loan taken by the Company from Uttar Pradesh Financial Corporation has been paid in full by the Company during the year under review. Your directors expect better Turnover and Profitability during the current year.

PROMISES vs. PERFORMANCE

In terms of Clause 43 of the Listing Agreement with the Stock Exchange(s), the projection of profitability in the prospectus dated January 1st, 1995 and actual performance on 31st March, 1999 is given hereunder :

| Particulars | Projections | Actuals |
|---|-------------|---------|
| Turnover | 1,894.05 | 591.07 |
| Profit before Interest, Depreciation and Tax | 650.67 | 70.90 |
| Profit after Tax | 262.21 | 28.24 |

The Company could not achieve its targets as envisaged in offer document mainly due to stiff competition in the market. Company is planning to diversify its activities in other Business Areas.

SUBSIDIARY COMPANY

A statement relating to Subsidiary Company-Raghunath Builders Limited (formerly known as Raghunath Securities and Credit Limited) pursuant to the provisions of Section 212 of the Companies Act, 1956 is attached to the Balance Sheet.



RAGHUNATH TOBACCO COMPANY LIMITED

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Shri Jai Prakash Agrawal, Director, will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment as the Director of the Company.

PARTICULARS OF EMPLOYEES

During the year under review, your Company did not have any employees within the purview of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended upto date.

PUBLIC DEPOSITS

During the year under review, your 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.

AUDITORS

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

CIGARETTE LICENCE

Company has already taken all the necessary and effective steps to convert its Letter of Intent into Cigarette Licence.

LISTING DETAILS

The Equity Shares of the Company are listed at the following Stock Exchanges :

The Uttar Pradesh Stock Exchange Association Limited

Padam Towers,
14/113, Civil Lines,
Kanpur-208 001

Delhi Stock Exchange Association Limited

West Plaza, I. G. Stadium,
Indraprastha Estate,
New Delhi-110 002

The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Tower,
Dala Street,
Mumbai-400 001

The Annual listing fees for the financial year 1999-2000 has already been paid by the company with respect to aforesaid stock exchanges.

Y2K PREPAREDNESS

Your Directors are pleased to report that your Company has taken all the necessary and effective steps to ensure Y2K compliance for all its Computer Systems. The Company's contingency plan in the event of system breakdown/failure due to the Y2K problem is to take the backup on December 31st, 1999 of all its data/information available on Computer System.

INDUSTRIAL RELATIONS

During the year under review, your Company had cordial and harmonious industrial relations at all levels of the Organisation.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review your Company has neither earned nor spent any Foreign Exchange.

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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 the Directors' Report.

ACKNOWLEDGEMENT

Your Directors with to thank Customers, Dealers, Bankers, Financial Institution and Share-holders for their continued support. They also take this opportunity to record their appreciation of the contribution made by the employees at all levels for the growth of the Company during the year.

For and on behalf of the Board

Place : Delhi

(OM PRAKASH AGRAWAL)

Dated : August 2, 1999

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.

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 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 required 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 : Delhi

(OM PRAKASH AGRAWAL)

Dated : August 2, 1999

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, 1999 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, the profit and loss account and balance sheet comply with the mandatory accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e) 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 (2) appearing in Schedule 'L') 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, 1999; AND
 - ii) In case of Profit and Loss Account of the profits for the year ended 31st March, 1999.

For KUMAR PIYUSH & CO.
Chartered Accountants

Place : Delhi
Dated : August 2, 1999

KAMAL PIYUSH
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in the paragraph number (1) of our report of even date on the statements of accounts of Raghunath Tobacco Company Limited as at and for the year ended March 31, 1999)

1. The 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. The stock of Raw Materials, Packing Materials, Stores and Spares and Finished Goods have been physically verified by the management during the year except, goods-in-transit.
4. The 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. The 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.

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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.
7. The Company has not taken any loans secured or unsecured from Companies, firms or other parties, as listed in the register maintained under section 301 of the Companies Act, 1956, and from the Companies under the same management as defined under section 370 (1-B) of the Companies Act, 1956.
8. The Company has not granted any loans secured or unsecured, 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.
9. The parties including employees 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. The 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 for damaged stores, raw materials and finished goods.
13. The 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 control system commensurate with the size of the Company and nature of its business.
16. The 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, Custom Duty and Excise Duty which were due from than six months from the date they became payable.
19. According to information and explanations given to us and the records examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The 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
Dated : August 2, 1999