





RAGHUNATH INTERNATIONAL LIMITED

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For Raghunath International Ltd

(Company Secretary)

***Eighth Annual Report
2001-2002***



RAGHUNATH INTERNATIONAL LIMITED

BOARD OF DIRECTORS

Mr. SRI PRAKASH AGRAWAL
Chairman

Mr. JAI PRAKASH AGRAWAL
Director

Mr. G. N. CHOUDHARY
Whole-time Director

Mr. ATAL BIHARI BAJPAI
Director

Mr. SHIV PRAKASH TRIVEDI
Director

COMPANY SECRETARY

Mr. VISHAL SAXENA

AUDITORS

KUMAR PIYUSH & CO.
Chartered Accountants
C-5, Lajpat Nagar, Phase-III,
New Delhi - 110024

BANKERS

STATE BANK OF INDIA,
M.G. ROAD, KANPUR

REGISTERED OFFICE

Mandhana Bithoor Road,
Village Chaudharipur,
Bithoor, Kanpur - 209 201

WORKS

Unit - I

84/12, Fazalganj,
Kanpur (U.P.)

Unit - II

123/779, Fazalganj,
Kanpur (U.P.)

HEAD OFFICE

123/779, Fazalganj,
Kanpur (U.P.)

SHARE TRANSFER & INVESTORS SERVICE DEPARTMENT

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

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EIGHTH ANNUAL GENERAL MEETING

Date : 27th September, 2002

Day : Friday

Time : 11.00 P.M.



RAGHUNATH INTERNATIONAL LIMITED

NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the Members of RAGHUNATH INTERNATIONAL LIMITED will be held on Friday, the 27th, September 2002 at 11.00 A.M. at the Registered Office of the Company at Madhana Bithoor Road, Village Chaudharipur, Bithoor, Kanpur -209 201 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt Audited Balance Sheet as at 31st March, 2002 and Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sri Prakash Agarwal, 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, New 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 and / or any committee thereof."

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Gaja Nand Choudhary, who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom a notice has been received from a member of the Company in terms of Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation."
5. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Atal Bihari Bajpai, who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom a notice has been received from a member of the Company in terms of Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation."
6. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Shiv Prakash Trivedi, who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom a notice has been received from a member of the Company in terms of Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation."
7. 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 Section 198, 269 & 309 read with Schedule-XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifica-



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tions or re-enactment thereof for the time being in force, the approval of the members of the Company be and is hereby granted for the appointment of Mr. Gaja Nand Choudhary as Whole-Time Director of the Company w.e.f. March 31st, 2002 for a period of 5 (Five) years on the following terms and conditions, which has been approved by the Remuneration Committee at their meeting held on March 31st, 2002, in accordance with the amended provisions of Part II, Section II of Schedule- XIII to the Companies Act, 1956 :

(i) **Salary** : He shall be entitled for a monthly remuneration of Rs. 11,250/- (Rupees Eleven Thousand Two Hundred and Fifty only).

(ii) **Accommodation** : He shall be provided a Rent Free Unfurnished Accommodation by the Company in the local limits of New Delhi, subject to the maximum rent of Rs. 6,000/- per month.

(iii) **Increment** : He shall be entitled for the yearly increment on salary within the range of 10% to 20%, as may be decided by the Board of Directors."

Place : Delhi
Date : June 29, 2002

By Order of the Board
(VISHAL SAXENA)
Company Secretary

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.
2. The instrument appointing a proxy 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.
3. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 relation to the Special Businesses under Item No 4 to 7 as set out above is annexed herewith.
4. 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.
5. The Share Department of the Company has been shifted to Delhi w. e. f. 1st July, 1999. Members are, therefore, requested to make all their requests/correspondence at the following address :
Company Secretary,
Raghunath International Limited
6926, Jalpura Mills, Clock Tower, Subzi Mandi,
Delhi - 110 007
Phone - 011-3974386, 3962583 Fax - +91-11-3962666
E-Mail - raghunathintl@eth.net
6. Company's Shares are being compulsorily traded in Demat form w.e.f. 31st October, 2000. Members are requested to send Dematerialization Request Form (DRF) along with Share Certificates/Option Letter through their Depository Participant for Demat of Shares of the aforesaid address.
7. The Register of members and the share transfer books shall remain closed from Monday, the 16th September, 2002 to Thursday, the 26th September, 2002 (Both days inclusive).
8. Members who are holding shares in the identical order of name in more than one folio, are requested to write to the Company at the address mentioned under Sr. No. 5 above, to enable it to consolidate their holding in one folio.
9. Shareholders, who wish to nominate a person, may furnish us required details in the prescribed Form.

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

ITEM NO. 4

Mr. Gaja Nand Choudhary was appointed as an Additional Director by the Board w.e.f. March 31st, 2002, who hold the office of Director upto the date of present Annual General Meeting. The Company has received the notice in writing from a member, pursuant to section 257 of the Companies Act, 1956, proposing the candidature of Mr. Gaja Nand Choudhary for the Directorship of the Company along with requisite deposit.

Considering the above proposal in the interest of the Company, Board recommends the Ordinary Resolution as mentioned at Item No. 4 of the accompanied notice for your approval. None of the Directors except Mr. Gaja Nand Choudhary is concerned or interested in the said resolution.

ITEM NO. 5

Mr. Atal Bihari Bajpai was appointed as an Additional Director by the Board w.e.f. March 31st, 2002 who hold the office of Director upto the date of present Annual General Meeting. The Company has received the notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing the candidature of Mr. Atal Bihari Bajpai for the Directorship of the Company along with requisite deposit.

Considering the above proposal in the interest of the Company, Board recommends the ordinary resolution as mentioned in Item No. 5 of the accompanied notice for your approval. None of the Directors except Mr. Atal Bihari Bajpai is concerned or interested in the said resolution.

ITEM NO. 6

Mr. Shiv Prakah Trivedi was appointed as an Additional Director by the Board w.e.f. March 31st, 2002 who hold the office of Director upto the date of present Annual General Meeting. The Company has received the notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing the candidature of Mr. Shiv Prakah Trivedi for the Directorship of the Company along with requisite deposit.

Considering the above proposal in the interest of the Company, Board recommends the ordinary resolution as mentioned in Item No. 6 of the accompanied notice for your approval. None of the Directors except Mr. Shiv Prakah Trivedi is concerned or interested in the resolution.

ITEM NO. 7

Board of Directors of the Company at their meeting held on March 31st 2002 has appointed Mr. Gaja Nand Choudhary as Whole-time Director for a period of five years w.e.f. March 31st, 2002 on the terms and conditions as set out in the Resolution. 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. Gaja Nand Choudhary as Whole-time Director of the Company. Your board recommends the above resolution for your approval.

None of the Directors, except Mr. G.N. Choudhary, is concerned or interested in the above resolution.

Place : Delhi

Dated : June 29, 2002

By Order of the Board
(VISHAL SAXENA)
Company Secretary



RAGHUNATH INTERNATIONAL LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to present before you their Eighth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2002.

FINANCIAL HIGHLIGHTS

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

(Rs. in Lacs)

Particulars	Year Ended 2001-2002	Year Ended 2000-2001
Sales and Other Income	751.98	542.24
Profit before Interest and Depreciation	69.90	23.50
Finance Charges	5.23	3.66
Depreciation	24.77	8.49
Profit for the year	39.90	11.35
Less : Prior Period Adjustments	43.31	(1.01)
Less : Income Tax for the year		2.31
Add : Deferred Tax Assets	11.72	-
Less : Loss on Sale of Long Term Investments	47.98	-
Net Profit for the year	(39.67)	10.05
Add : Balance Brought Forward	37.92	32.88
Amount Available for Appropriation	(1.74)	42.93
Appropriations:		
Transfer to General Reserves		5.00
Surplus Carried to Balance Sheet	(1.74)	37.93

OPERATIONS

During the year under review, turnover of your company has fairly increased from Rs. 514.90 Lacs to Rs. 643.60 Lacs reported a growth of 25% approximately. The Operational Profit for the year has sharply increased from Rs. 11.34 Lacs (2000-2001) to Rs. 39.90 Lacs. However, Company has reported a Net loss of Rs. 39.66 Lacs, during the year under review, mainly due to the following reasons:

- During the year, method of depreciation was changed from straight line method at rates prescribed by the Schedule XIV of the Companies Act, 1956 to written down value method at rates and method described in the Income Tax Rules, 1962. Consequent to this change, current year charge of depreciation is more by Rs. 13.65 Lacs. Accordingly profits of the current year and

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Reserves and Surplus are effected by Rs.13.65 Lacs and Rs. 54.52 Lacs respectively. Prior Period adjustments include charge of excess depreciation of Rs. 40.86 Lacs for the earlier years consequence to change in method of depreciation.

- During the year, Long term investment made by the Company in the equity shares of RTCL Limited (Formerly known as Raghunath Tobacco Company Limited) has been sold at a loss of Rs. 47.97 Lacs.

Stocks of goods-in-transit of Betelnut of Rs. 2.45 Lacs imported from Singapore, which had been lying at Chennai port since November 24, 1995 due to dispute with Custom Authorities, has been valued at Nil (lower of cost and net realizable value, as against at cost followed earlier, in conformity to the valuation method prescribed by Accounting Standard-2 on "Valuation of Inventories" issued by the Institute of Chartered Accountant of India) being meant for human consumption and is not usable. Similarly Inventory of Old Lamination of Rs. 8.32 Lacs which is used for packing finished products, have been valued at Rs. Nil, being the old printed material having no market value. Consequent to change in method of valuation of inventory, profit of the company is affected by Rs. 10.77 Lacs.

Company has already entered into the area of Real Estate Business and making its endeavor to explore the opportunities available in this segment. Company has entered into partnership agreement on August 1, 2001 for acquiring properties and developing commercial and/or residential complexes. As initial capital contribution, the Company has introduced land valued at Rs. 132.15 Lacs.

During the year under review, new flavours have been developed in category of Sada Pan Masala (without Tobacco) and Gutkha (with Tobacco) under brand name 'Sir 1000'. This product has received fairly good response from the consumers and gaining popularity day by day in all over the country. Your Company is making its best efforts, by improving the quality of the product as well as launching the new products, to improve its competitiveness and achieve the leadership in Pan Masala.

The Company has also setup a new unit in the city of Kanpur for the manufacturing of Pan Masala, Gutkha, Mawa and Meetha Pan Masala. This unit has commenced its commercial production on 18th October, 2001.

Your directors have not recommended any dividend for the year, due to the loss suffered by the company.

DIRECTORS

During the year under review, Mr. Om Prakash Agrawal, Mr. Gopal Chand Gupta and Mr. Nand Lal Prasad resigned from the Directorship of the Company with effect from March 31st, 2002. The Board places on record its appreciation for the valuable services rendered by them during their association with the Company.

Mr. G. N. Choudhary, Mr. Atal Bihari Bajpai and Mr. S. P. Trivedi have joined the Board as Additional Director on March 31st, 2002 upto date of present Annual General Meeting of the Company. Company has received notices from members proposing the name of Mr. G. N. Choudhary, Mr. Atal Bihari Bajpai and Mr. S. P. Trivedi for appointment as Director of the Company.

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

Subject to the Approval of the share holders, Board of Directors of the Company has appointed Mr. Gaja Nand Choudhary as Whole-time Director of the Company at their meeting held on March 31st, 2002 for a period of five years on the terms and condition, as also approved by the Remuneration Committee at their meeting held on March 31st, 2002.



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DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, Directors of your Company confirm:

- (i) That in the preparation of the Annual accounts, the applicable accounting standards had been followed and no material departure have been made from the same;
- (ii) That Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- (iii) That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That Directors have prepared the annual accounts for the financial year ended 31st March, 2002, on a 'going concern' basis.

DEMATERIALIZATION OF EQUITY SHARES

Through the Notification No. SMDRP/POLICY/CIR-23/2000 dated May 29th, 2000, issued by Securities and Exchange Board of India (SEBI), trading in the Equity Shares of your Company is permitted only in dematerialization form w.e.f. October 31st, 2000.

NSDL and CDSL have allotted International Security Identification Number (ISIN) - INE753B01-014 for the equity shares of your Company.

The status of Equity Capital exist in Electronic Form and Physical Form as on March 31st, 2002 is as under :

Particulars	No. of Shares	Percentage
Electronic Mode		
NSDL	1,079,925	21.60
CDSL	14,095	0.28
Total	1,094,020	21.88
Physical Mode	3,906,180	78.12
Grand Total	5,000,200	100.00

CORPORATE GOVERNANCE

Your Company has initiated necessary steps for putting in place a good corporate governance system as per clause 49 of the Listing Agreement entered into with the Stock Exchanges, which is mandatory during the year 2002-2003, but not later than March 31st, 2003.

AUDIT COMMITTEE

In terms of the Listing Agreement executed by the Company with Stock Exchange(s), where the Company's shares are listed and pursuant to section 292A of the Companies Act, 1956, your Company has reconstructed Audit Committee of the Directors comprising of three Directors, Mr. Jai Prakash Agrawal, Mr. Atal Bihari Bajpai and Mr. S. P. Trivedi, to act in accordance with the terms and reference specified by the Board.

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REMUNERATION COMMITTEE

Your Company has constituted a remuneration committee in accordance with the amended provisions of Part II, Section II of Schedule-XIII to the Companies Act, 1956 comprising of three directors Mr. Jai Prakash Agrawal, Mr. Atal Bihari Bajpai and Mr. S. P. Trivedi.

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 there under.

AUDITORS

Yours Company's Auditors M/s Kumar Piyush & Co. Chartered Accountants, New Delhi, are retiring at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

The Observation of Auditors in their report read with the relevant notes to accounts in Schedule 'S' annexed to accounts are self explanatory. However, Directors furnish further information/explanations, in connection with the following points, as under :

Valuation of Land : In connection to the valuation of Stocks of Land and Building, same are stated at Cost. According to valuation prescribed in the Accounting Standard-2 on the valuation of Inventory issued by the Institute of Chartered Accountants of India, such inventory of Land and Building should be valued at the lower of cost and net realizable value. Board is of the opinion that the market Value of the other properties situated in same locality in which Land and Buildings of the Company are situated (i.e. net realizable value) is more than its cost and consequently Company has not gone under the procedure for ascertaining the Market Value or Net Realizable value of such inventory of Land and Building. Therefore, Inventory of Land and Building are stated at cost, being lower than the Net Realizable Value or Market Value.

Retirement Benefit : Company is providing Normal Retirement Benefits under approved schemes in the following manner :

- **Defined Contribution Plans :** Provident Fund is a defined contribution plan duly constituted under the provisions of Employee's Provident Fund and Miscellaneous Provisions Act, 1952. Every contribution made by the Company during the year to Provident Fund is considered as expenses and therefore, charged against Revenue. In case of Defined Contribution Plan, the employers' liability is defined and so there is no need of making any provision.
- **Defined Benefit Plans :** Company is presently following the 'Pay-As you-go' system of accounting under which expenses for retirement benefits, within the sphere of Defined Benefit Plans, are accounted for as and when employees become eligible for such benefits. It is difficult to ascertain exactly the accrued cost on account of a retirement benefits. During the year, accrued liability of the company under a defined benefit scheme can only be determined actuarially. Company is planning to adopt actuarial valuation method for taking into account such accrued liability.

**RAGHUNATH INTERNATIONAL LIMITED****STOCK EXCHANGE LISTING**

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

- The Uttar Pradesh Stock Exchange Association Limited
- The Delhi Stock Exchange Association Limited
- The Stock Exchange, Mumbai

Company has paid the Annual Listing Fees for the financial year 2001-2002 to all the Stock Exchanges where the Company's equity shares are listed, except Delhi Stock Exchange.

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.

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 appreciate the valuable co-operation extended by the Central and State Government authorities and are extremely grateful to the Company's Bankers for their continued assistance, guidance and support. Your Directors are also grateful to the Employees, Shareholders, customers and the General Public for their support and confidence reposed in the Management.

For and on behalf of the Board

Place : Delhi

S. P. AGRAWAL

Dated : June 29, 2002

Chairman

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