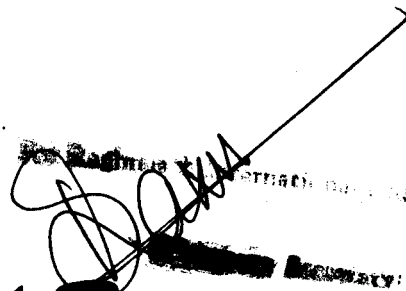




RAGHUNATH INTERNATIONAL LIMITED



***Ninth Annual Report
2002-2003***





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

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BANKERS

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

REGISTERED OFFICE

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

HEAD OFFICE

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

CORPORATE OFFICE

6926, Jaipuria Mills, Clock Tower, Subzi Mandi, Delhi-110007

WORKS

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

SHARE TRANSFER AGENT

Intime Spectrum Registry Limited
A-31, IIIrd Floor, Naraina Industrial Area, Phase-I, New Delhi-110028

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RAGHUNATH INTERNATIONAL LIMITED

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of Raghunath International Limited will be held on Monday, the 29th day of September, 2003 at 11:00 A.M. at the Registered Office of the Company at Mandhana 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, 2003 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 Atal Bihari Bajpai, 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 fixed and approved by the Audit Committee of the Company."

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution:

"RESOLVED THAT the Equity Shares of the Company be delisted from the Delhi Stock Exchange Association Limited, in accordance with the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals permissions and sanctions as may be necessary and compliance with such conditions and modifications as may be necessary for this purpose."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being, exercising the powers conferred by the Board) be and is hereby authorized to seek voluntarily delisting, to take all necessary steps in this regard and to do all such acts, deeds matters and things as its may in its absolute discretion deem necessary proper or desirable and to settle any question, difficulty doubt that may arise in regard to delisting of the equity shares and to executes all such deed documents writing as may be necessary, desirable or expedient as may be deemed fit and for this purpose, to delegate the authority and the duty vested in it by virtue hereof to the whole-time director may consider suitable to do the various acts, deeds and things required to be done in this behalf".

By Order of the Board

Place : Delhi

(Vishal Saxena)

Date : June 30, 2003

Company Secretary



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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 relating to the Special Business under Item No. 4 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 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.
5. The Register of members and the share transfer books shall remain closed from Tuesday, the 16th September, 2003 to Monday, the 29th September, 2003 (Both days inclusive).
6. Members who are holding shares in the Identical order of names in more than one folio, are requested to write to the Company at the address mentioned in the Corporate Governance Report, to enable it to consolidate their holding in one folio.
7. Shareholders, who wish to nominate a person, may furnish us required details in the prescribed Form.

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

ITEM NO. 4

Due to extensive networking of the Stock Exchange, Mumbai (BSE), investors have access to online dealing with the Company's securities across the country. Most of the trading in the Company's Equity Shares takes place on the BSE and the depth and liquidity of trading in the Company's Equity Shares on other Stock Exchanges are lower. Board of Directors is of the opinion that benefits accruing to the investors by keeping the equity shares of the Company listed on Delhi Stock Exchange are not commensurate with the costs incurred by the Company for the continued listing on above Stock Exchange.

Therefore, The Board of Directors has decided to delist the securities of the Company (voluntarily) from the Delhi Stock Exchange in accordance with the provisions of Securities Exchange Board of India (Delisting of Securities) Guidelines, 2003, under which prior approval of the members of the Company is required by way of Special Resolution to this effect.

The Company's Equity Shares shall continue to be listed with The Stock Exchange, Mumbai, which has nation wide trading terminals and consequently delisting of equity shares from Delhi Stock Exchange will not adversely affect the members/investors. Company will also continue listing of its Equity shares of Uttar Pradesh Stock Exchange.

Considering the above proposal in the interest of the Company, Board recommends the Special Resolution as mentioned at Item No. 4 of the accompanied notice for your approval. None of the Directors is concerned interested in the said resolution.

By Order of the Board

Place : Delhi
Date : June 30, 2003

(Vishal Saxena)
Company Secretary

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development :

Manufacturing of Pan Masala & Gutkha

Company is engaged in the manufacturing of Pan Masala (without tobacco), Gutkha (with tobacco), Mawa and Meetha Masala. These products are popular in both urban and rural areas of the country and have higher penetration of 8.6% in the urban areas as compared to 6.6% in the Rural areas. The industry has a strong presence in the northern part of India. Penetration of these products is significantly low amongst highly educated and upper class urban customers. Sale of Gutkha, including export from India is around Rs. 50 billion per year.

The development of this industry during the year under review was not remarkable at all. This business of manufacturing of Pan Masala, Gutkha and allied products is under continuous threat of ban. On July 17, 2002, Maharashtra Government banned the Gutkha and Pan Masala in the state, containing the prohibition of Manufacturing, Storing, Advertising and sale of Pan Masala and Gutkha with effect from August 1st, 2002. With this decision, State of Maharashtra joins the states like Tamilnadu, Kerala, Andhra Pradesh, Goa and Gujarat in banning tobacco additives. Similarly, acting on the directions issued by Hon'ble High Court of Allahabad, the Uttar Pradesh Government on July 19, 2002 banned the manufacture and sale of all brands of Pan Masala and Gutkha in the Uttar Pradesh State with immediate effect. Later on some petitions were filed before the Hon'ble High Court of Allahabad. The Hon'ble Supreme Court was pleased to stay the operation of the impugned order of the High Court of Allahabad on August 6th, 2002. Resultantly, ban on manufacture and sale of Pan Masala and Gutkha in the state of Uttar Pradesh was lifted. Recently, Bihar State Government has also imposed ban on Gutkha.

Trading and Agency Business

Company is engaged in the agency business on commission basis for procuring various orders as well as commodities for the big manufacturers and traders and achieved good results from these business activities due to strong, network in the northern and eastern part of the country. Apart from this, Company is also fetching good revenue from its trading business.

Real Estate

Company has also taken necessary steps for the diversification of its Business Activities in the area of Real Estate.

Opportunities & Threats

Due to availability in convenient sachets and high profile advertising, the use of Pan Masala and Gutkha is growing among population segments like young men and women who otherwise do not smoke or chew tobacco. The projected growth rate for this industry may be 10% to 15% (approximately) annually.

This business of manufacturing of Pan Masala, Gutkha and allied products is under continuous threat of ban due to health reasons.

Segment wise Performance :

A detail segmental report is prepared and presented at Sr. No. 29 in Notes to Accounts appearing under Schedule 'S' (Significant Accounting Policies and Notes to Accounts) forming part of the Balance Sheet.



RAGHUNATH INTERNATIONAL LIMITED

Out-Look :

The patterns of tobacco consumption in India are totally different from other parts of the world. Here just about 20% tobacco users consume cigarettes, while nearly 40% smoke Bidis. The remaining 40% chew tobacco and tobacco containing products such as Pan Masala and Gutkha. The absolute number of people consuming Pan Masala and Gutkha is growing everyday with its consumption gaining social acceptance. Company has projected 10% growth, which seems to be achievable in view of the better-projected growth rate for industry (10-15% approximately). The primary focus will be centered on consolidating capabilities and building market standing. Over the time, it is the objective to gain a position of leadership in the industry.

Risks and Concerns :

Competition today is more challenging than ever before. Intense competition will continue to redefine the industry. There are nearly 375 brands of Gutkha in India. Competitors have a deep penetration in the market, as they attract the lower section of the consumers by pricing their premium products at competitive rates. Besides there are external risks and concerns including anti-tobacco campaign being under taken by the Social Organizations as well as the Government.

Internal Control Systems and their Adequacy :

The Company has adequate internal control system & procedures with regard to purchase of raw materials, components, plant & machinery, furniture & fixtures and other assets. The Company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled.

All expenditure, revenue or capital, are approved at appropriate levels and regular internal checks are done to ensure the effectiveness of the system. Suitable Management Information System is prevailing in all operating departments for management review and remedial actions.

Financial Performance with respect to Operational Performance :

Financial performance of the Company has been given separately in the Directors' Report.

Material Development in Human Resource/Industrial Relations Front :

The Company is dedicated to the welfare of its employees, their families and surrounding locality. It is committed to improve quality of the life of its employees by providing safe and clean working atmospheres. By providing general awareness training, the Company provides continuous learning and development opportunities for its employees and is committed to maintain good Industrial Relation.

Cautionary Statement :

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic market in which Company operates, changes in the Government Policies and Regulations, Tax Laws and other statutes and other incidental factors.

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CORPORATE GOVERNANCE REPORT

1. **Company's Philosophy on Code of Governance :**

There has been a marked change in the Indian business scenario towards liberalization over the last decade, which has resulted in a fundamental shift in the management's approach to maximize stakeholders' value. Consequently, the Company has whole heartedly welcomed the concept of Corporate Governance as an important tool for enhancing the stakeholders' value. The Company has adopted the best practices of Corporate Governance to ensure highest levels of equity, transparency, accountability and responsibility in its operations in order to fulfill its endeavor for ensuring the best interests of its stakeholders i.e. Shareholders, Creditors, State, Employees etc. The Company has fully implemented the applicable provisions of Corporate Governance during the year 2002-2003.

2. **Board of Directors:**

(a) **Composition of the Board:**

The Board of Directors of the Company comprises of Executive, Non-Executive and Independent Directors. There are five Directors, of which only one is Whole-time Executive Director (independent), while two are Non-executive Independent Directors and remaining two are Non-Executive Promoter Directors. The Chairman is Non-Executive Promoter Director. As on March 31st, 2002, the Composition of the Board of Directors of the Company meets the stipulated requirements of Clause 49 of the Listing Agreements of the Stock Exchanges.

(b) **Number of Board Meetings :**

There were 16 Meetings of the Board held during the year 2002-2003, the details of which are given as under:

Sl. No.	Date	Board Strength	No. of Directors present
1.	01.04.2002	5	3
2.	18.04.2002	5	3
3.	22.04.2002	5	3
4.	30.04.2002	5	3
5.	03.06.2002	5	4
6.	11.06.2002	5	4
7.	29.06.2002	5	5
8.	19.07.2002	5	3
9.	23.07.2002	5	4
10.	31.07.2002	5	3
11.	19.08.2002	5	3
12.	31.10.2002	5	4
13.	15.01.2003	5	4
14.	31.01.2003	5	3
15.	02.03.2003	5	4
16.	31.03.2003	5	4



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(c) Directors' Attendance record and directorship held:

Name of Directors	Position	Attendance			Other Directorships/ Committee Memberships		
		No. of Board Meeting held during the year	No. of Board Meeting attended	Last AGM attended (Yes / No)	Directorships in other public limited companies	Committee Member	Committee Chairman
Sh. S. P. Agrawal	Non Executive Chairman promoter	16	16	Yes	4	1	-
Sh. J. P. Agrawal	Non Executive Promoter	16	16	Yes	4	-	1
Sh. G. N. Choudhary	Executive Whole Time Director Independent	16	8	Yes	-	-	-
Sh. A. B. Bajpai	Non Executive Independent	16	9	Yes	-	-	-
Sh. S. P. Trivedi	Non Executive Independent	16	8	Yes	-	-	-

Notes:

- None of the Directors is a member of more than 10 Board-level Committees, or a chairman of more than five such committees, as required under clause 49 of the listing agreement.

3. Audit Committee :

(a) Brief description of terms of reference:

The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges that inter alia include the overview of the Company's financial reporting processes, review of the quarterly, half-yearly and annual financial statements, review of adequacy of internal control systems, review of the financial and risk management policies and review of significant finding and adequacy of internal control systems etc.

b) Composition, name of members and Chairperson:

The Audit Committee was constituted in January, 2001 in terms of the provisions of Section 292A of the Companies Act, 1956, consist of Mr. O. P. Agrawal, Mr. J. P. Agrawal and Mr. S. P. Agrawal as a member of the said committee. However, above Audit Committee has

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been reconstituted on March 31st, 2002 in terms of the provisions of Corporate Governance as well as Section 292A of the Companies Act, 1956. It now consists of three members as under.

Name	Category
Mr. A. B. Bajpai (Chairman)	Independent, Non Executive
Mr. J. P. Agrawal	Promoter, Non Executive
Mr. S. P. Trivedi	Independent, Non Executive

All members of the Audit Committee are knowledgeable in project finance, accounts and company law. Minutes of each Audit Committee Meeting are placed and discussed in before the Board of Directors.

(c) *Meetings and Attendance during the year:*

The Audit Committee met 5 times during the year. Table below gives the attendance :

Name of Director	Nos. of Meeting	Meetings attended
Mr. A. B. Bajpai	5	5
Mr. J. P. Agrawal	5	5
Mr. S. P. Trivedi	5	4

Mr. Vishal Saxena, Company Secretary acts as the Secretary of the Committee. Mr. Kamal Piyush, Statutory Auditors, M/s. Kumar Piyush & Co. was the permanent invitee for all the meetings of Audit Committee.

4. **Remuneration Committee:**

(a) *Brief Description of terms of reference :*

Your Company has constituted a Remuneration Committee on March 31st, 2002, in accordance with the amended provisions of Part II, Section II of Schedule-XIII of the Companies Act, 1956. The terms of reference of the Remuneration Committee are as per the guidelines set out in the Listing Agreements with the Stock Exchange(s), falling under the category of Non Mandatory requirements of Corporate governance, that inter alia includes determination of the Company's policy on specific remuneration packages for Executive Directors.

(b) *Composition, name of members and Chairperson :*

The composition of Remuneration Committee is as under :

Name	Category
Mr. J. P. Agrawal (Chairman)	Non-Executive, Promoter
Mr. A. B. Bajpai	Non-Executive, Independent
Mr. S. P. Trivedi	Non-Executive, Independent

(c) *Meetings and Attendance during the year :*

Only one meeting of above constituted remuneration committee was held on March 31st, 2002 for the purpose of approval of remuneration of Mr. G. N. Choudhary, appointed as Whole-time Director of the Company, in which all the members of the Committee were present.



RAGHUNATH INTERNATIONAL LIMITED

(d) **Remuneration Policy:**

However, Company has a credible and transparent policy in determining and accounting for the remuneration of the Managing/Whole-time Directors. Their remuneration is determined in accordance with experience and nature of responsibilities. The same is subject to the approval of Board of Directors and the members. Remuneration of Managing/Whole-Time Directors consists of Salary. At present, the non-executive directors do not draw any remuneration from the company.

(e) **Details of Remuneration to all the Directors for the Financial Year 2001-2002:**

The details of payment made to the Directors during the year from 01.04.2001 to 31.03.2002 is given below:

Name	Designation	Salary Rs.	Notice Period	Severance Fees	Stock Options
Mr. G. N. Choudhary	Whole-time Director	1,96,080	As per Company's Rules	Nil	Nil
Mr. J. P. Agrawal	Director	-	-	-	-
Mr. S. P. Agrawal	Director	-	-	-	-
Mr. A. B. Bajpai	Director	-	-	-	-
Mr. S. P. Trivedi	Director	-	-	-	-

5. **Shareholder / Investor's Grievance Committee :**

The erstwhile Share Transfer Committee was re-constituted as the Shareholder / Investor's Grievance Committee, at the meeting of the Board of Directors held on March 31, 2002.

a) **Terms of Reference :**

- Approval of requests received for transfer/transmission of shares including dematerialization/re-materialization of Securities.
- Approval of requests received for issue of Duplicate Share Certificate.
- Rejection of requests for Share Transfers, wherever applicable.
- Redressal of serious complaints received from Shareholders / investors on non-receipt of shares after transfer in the physical form, complaints on Non-receipt of Balance Sheet, dividends etc.

b) **Members of Shareholder/ Investors' Grievances Committee :**

Committee comprises of following directors as its members:

Name	Category
Mr. J. P. Agrawal (Chairman)	Non-Executive, Promoter
Mr. S. P. Agrawal	Non-Executive, Promoter
Mr. A. B. Bajpai	Non-Executive, Independent

c) **Name and Designation of Compliance Officer :**

Mr. Vishal Saxena, Company Secretary