



RAGHUNATH INTERNATIONAL LIMITED

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Eleventh Annual Report
2004-2005



RAGHUNATH INTERNATIONAL LIMITED

Board of Directors

Mr. G. N. CHOUDHARY
Chairman (Whole-time Director)

Mr. ATAL BIHARI BAJPAI
Director

Mr. SHIV PRAKASH TRIVEDI
Director

Mr. SAMAR BAHADUR SINGH
Director

COMPANY SECRETARY

Mr. SACHIN AGARWAL

AUDITORS

KUMAR PIYUSH & CO.
Chartered Accountants
C-5, Lajpat Nagar, Phase-III,
New Delhi -110 024

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE

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

CORPORATE OFFICE

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

WORKS

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

HEAD OFFICE

123/778. Fazalganj, Kanpur (U.P.)

SHARE TRASFER AGENT

Intime Spectrum Registry Limited, A-31, IIIrd Floor, Naraina Industrial Area, Phase-I,
New Delhi - 110 028

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RAGHUNATH INTERNATIONAL LIMITED NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of RAGHUNATH INTERNATIONAL LIMITED will be held on Thursday, the 29th September, 2005 at 11.00 A.M. at the Registered Office of the Company at Mandhana Bithoor Road, Village Choudharipur, Bithoor, Kanpur-209201 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2005 and the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Samar Bahadur Singh who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Kumar Piyush & Co., Chartered Accountants, retiring Auditors are eligible for re-appointment.

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 the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to borrow any sum or sums of money from time to time notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's Bankers in the ordinary course of business) may exceed the Paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, so however, that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed a sum of Rs.50.00 Crores."

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

"RESOLVED THAT in accordance with the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the Board of Directors of the Company to acquire by way of subscription, purchase or otherwise the securities including Equity Shares and Preference shares of any Body Corporate notwithstanding the fact that such investment to be so made together with the investment already made may exceed sixty percent of the aggregate of the Paid up Share Capital and Free reserves of the Company or hundred percent of its free reserves, whichever is more"

"RESOLVED FURTHER THAT in addition to the above, the Board of Directors of the Company be and is hereby authorised to make further investments in the securities of any other Bodies Corporate provided that the aggregate of the investments made shall not at any time exceed Rs.50.00 Crores."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to determine the actual sum or sums to be invested in the securities of the said Bodies Corporate out of the above limit and to determine the time and manner of investment and to take all decisions and to do all such acts, deeds, matters and things as may be required to be done for giving effect to this resolution."

By Order of the Board

(Sachin Agarwal)

Company Secretary

Place : Delhi

Dated : August 1, 2005

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.



RAGHUNATH INTERNATIONAL LIMITED

2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is given below and forms part of the Notice.
3. M/s Intime Spectrum Registry Limited, A-31, 3rd Floor, Naraina Industrial Area, Phase-I, New Delhi-110028 is the Registrar and Share Transfer Agent for physical shares of the Company. Intime Spectrum Registry Limited is also the depository interface of the Company with both NSDL and CDSL.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 15, 2005 to Thursday, September 29, 2005 (both days inclusive).
5. Members/Proxies should bring the attendance slips duly filled in and signed for attending the meeting.
6. Members who are holding shares in the identical order of names in more than one folio, are requested to write to the Company to enable it to consolidate their holding in one folio.
7. As per the provisions of the Companies Act, 1956, facility for making nomination is available for Members of the Company in respect of shares held by them. Members who wish to nominate a person, may furnish the required details to the Company in prescribed form.

EXPLANATORY STATEMENT

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

ITEM NO. 4

The Company proposes to raise additional resources by way of availing Term Loan or other borrowings keeping in view its funds requirements for its business propositions. In accordance with the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting borrow moneys, together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the Paid-up Share Capital and Free Reserves of the Company that is to say reserves not set apart for any specific purpose.

It has been, therefore, considered expedient to obtain the Members approval for availing Term Loans or other borrowings for an amount not exceeding Rs.50.00 crores at any point of time.

The Directors commend the proposed resolution for acceptance by the Members.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution.

ITEM NO. 5

According to the provisions of Section 372A of the Companies Act, 1956, the Board of Directors of the Company can make investments not exceeding sixty percent of the aggregate of the paid-up capital and free reserves or one hundred percent of its free reserves, whichever is more. In case where the aforesaid limit of sixty percent or hundred percent as the case may be likely to exceed, such investments can be made only with the previous authorization of the Shareholders by a Special Resolution passed in the General Meeting and also with the approval of the Financial Institutions, wherever required.

Accordingly, the authorization of shareholders is sought with a view to enable the Board of Directors to make investment in securities including Equity shares and Preference Shares of the Bodies Corporate as stated in the resolution. Further, it is also proposed to ratify the acts and deeds of the Board of Directors in connection with the Investments made by the Company due to exigencies of business pending Shareholders' approval.

The Directors commend the proposed resolution for acceptance by the Members.

The Directors of the Company may be considered as concerned or interested in the transaction entered/ to be entered by the Company with the other Bodies Corporate in which they are or their relatives are interested as a Director and/or shareholder of the said Company.

Place : Delhi

Dated : August 1, 2005

By Order of the Board
(Sachin Agarwal)
Company Secretary

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RAGHUNATH INTERNATIONAL LIMITED
DIRECTORS' REPORT
To**The Members of Raghunath International Limited**

Your Directors have pleasure in presenting the Eleventh Annual Report of the Company together with the Audited Accounts of the Company for the year ended March 31, 2005.

FINANCIAL RESULTS

The highlights of the Financial Results are as under:

(Rs. In Lacs)

| Particulars | Year Ended 2004-2005 | Year Ended 2003-2004 |
|--|---------------------------------|---------------------------------|
| Sales and Other Income | 1116.80 | 1326.20 |
| Profit before Interest and Depreciation | 53.69 | 51.60 |
| Less: Finance Charges | (1.87) | (6.82) |
| Less: Depreciation | (21.93) | (21.73) |
| Profit for the Year | 29.89 | 23.05 |
| Add/(Less): Extraordinary Items | 1.03 | (3.32) |
| Less: Income Tax for the year | (11.18) | (1.52) |
| Less: Income Tax Adjustments for earlier years | - | (0.16) |
| Less: Provision for Wealth Tax | (0.28) | (0.25) |
| Less: Adjustments of Deferred Tax Assets | - | (6.75) |
| Net Profit for the Year | 19.46 | 11.05 |
| Add: Balance brought forward | 13.61 | 7.56 |
| Amount available for appropriation | 33.07 | 18.61 |
| Appropriation: | | |
| Transfer to General Reserves | 5.00 | 5.00 |
| Surplus carried to the Balance Sheet | 28.07 | 13.61 |

OPERATIONS

The performance of the Company during the year 2004-2005 was in the backdrop of sluggish market conditions. During the year under review, the Sales of the Company reduced to Rs.1045.87 lacs as compared to Rs.1281.98 lacs in the previous year. However, the Company was able to achieve the Net Profit of Rs.19.46 lacs in comparison to Rs.11.05 lacs in the previous year registering a growth of 76.10%.

The Company will continue to be responsive to changes in market dynamics and consumer behaviour and other key factors influencing the business, and will formulate its strategies accordingly.

DIVIDEND

With a view to conserve resources for the future corporate needs, the Board of Directors considered it expedient not to recommend any dividend during the financial year.



RAGHUNATH INTERNATIONAL LIMITED

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Shri Samar Bahadur Singh is liable to retire by rotation and is eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2005, the applicable accounting standards had been followed and no material departure have been made from the same;
- (ii) That the 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 profit 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, 2005, on a 'going concern' basis.

DEMATERIALIZATION OF EQUITY SHARES

The Company's equity shares are available for trading in the Depository systems of both the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allotted by NSDL and CDSL to the Company is INE753B01014. The Demat status of the Company as on March 31st, 2005 is as under:-

| Particulars | Nos. of Shares | Percentage |
|------------------------|------------------|---------------|
| <i>Electronic Mode</i> | | |
| NSDL | 23,77,808 | 47.55 |
| CDSL | 1,24,412 | 2.49 |
| | 25,02,220 | 50.04 |
| <i>Physical Mode</i> | 24,97,980 | 49.96 |
| Total : | 50,00,200 | 100.00 |

CORPORATE GOVERNANCE

Your Company has successfully implemented the mandatory provisions of Corporate Governance in accordance with the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges. Separate Report on Corporate Governance and Management Discussion & Analysis are included in the Annual Report and Certificate dated August 1, 2005 of the Auditors of your Company confirming the compliance of conditions of Corporate Governance is also annexed thereto.

PARTICULARS OF EMPLOYEES

There was no employee in respect of whom information is required to be given pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended up-to-date.

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AUDITORS

M/s. Kumar Piyush & Co. Chartered Accountants, the Statutory Auditors, will retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

INDUSTRIAL RELATIONS

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

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.

SUBSIDIARY COMPANY

There was no Subsidiary Company during the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

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.

ACKNOWLEDGEMENTS:

The Directors acknowledge with gratitude, the co-operation and assistance received from the Government, Banks, Authorities and other Business Constituents. The Directors would also like to thank the employees, shareholders, customers and suppliers for their continuous support given by them to the Company and their confidence in the Management.

For and on behalf of the Board

(G. N. Choudhary)

Chairman

Place : Delhi

Date : August 1, 2005



RAGHUNATH INTERNATIONAL LIMITED

ANNEXURE 'A'

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 optimize the use of energy, wherever possible.

B. FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY, RESEARCH AND DEVELOPMENT:

Technology Absorption:

The production of Pan Masala, Gutkha, Mouth Freshner and Mawa does not require any specific technology absorption, adaptation and innovation except the blending of compound, which are developed in-house.

Research & Development:

| Sr. No. | Particulars | Status |
|---------|--|---|
| 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 Pan Masala, gutkha, Mouth freshner and Mawa. |
| 2. | Benefit derived as a result of the above Research and Development. | The Company is improving the premium quality of Pan Masala, Gutkha, Mouth Freshner and Mawa under Brand Name 'SIR'. |
| 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. | Research & Development activities are carried out in-house. No separate accounts are maintained as such |

C. FOREIGN EXCHANGE EARNINGS & OUTGO:

During the year under review, your Company has neither earned or spent any foreign exchange.

For and on behalf of the Board

Place : Delhi

(G. N. Choudhary)

Date : August 1, 2005

Chairman

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CORPORATE GOVERNANCE REPORT

1. The Company's Philosophy on Code of Corporate Governance

The Company's philosophy on Corporate Governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations, and all interactions with its stakeholders, including the shareholders, employees, the government and the lenders.

It is imperative for the Management to institutionalize a "Framework of Corporate Governance and Code of Practices" as an enabling methodology to strengthen decision-making processes and organization wide compliance with core values of ethical integrity and reliability, while enhancing effective, harmonious and transparent functioning amongst the Board of Directors and its Committee(s) to meet challenges and to make the best of opportunities in the years ahead.

2. Board of Directors

Composition as on March 31, 2005

The Board of Directors consists of Four Directors out of whom one is Whole-time Executive Director and other three are Non-Executive Directors. All the three Non-Executive Directors are Independent Directors. The Chairman of the Company is Whole-time Director.

| Name of the Director | Category | No. of Directorships held in other Companies | No. of Board Committee Memberships held in other Companies |
|--------------------------|--------------------------------|--|--|
| Mr. G. N. Choudhary | Executive, Whole Time Director | - | - |
| Mr. Atal Bihari Bajpai | Non Executive, Independent | - | - |
| Mr. Shiv Prakash Trivedi | Non Executive, Independent | - | - |
| Mr. Samar Bahadur Singh | Non Executive, Independent | - | - |

3. Board Meetings

The Board held 10 (Ten) Meetings during the year 2004-2005 on 20.04.2004, 30.04.2004, 24.06.2004, 31.07.2004, 09.08.2004, 25.08.2004, 30.10.2004, 31.01.2005, 16.03.2005 and 25.03.2005.

Attendance of Directors at Board Meetings and at the Annual General Meeting

| Name of the Director | No. of Board Meetings Attended | Whether Attended the Last AGM |
|--------------------------|--------------------------------|-------------------------------|
| Mr. G. N. Choudhary | 10 | Yes |
| Mr. Atal Bihari Bajpai | 9 | Yes |
| Mr. Shiv Prakash Trivedi | 10 | Yes |
| Mr. Samar Bahadur Singh | 10 | Yes |



RAGHUNATH INTERNATIONAL LIMITED

4. Committees of the Board

(i) Audit Committee

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges. The terms of the reference of the Audit Committee are as per the Guidelines set out in the Listing Agreement with the Stock Exchanges that inter alia include the overview of the Company's financial reporting processes, review of quarterly, half-yearly and annual financial statements, review of adequacy of internal control systems, review of financial and risk management policies and review of significant finding and adequacy of internal control system etc.

Composition and Attendance

During the year 2004-2005, 4 (Four) Meetings of the Audit Committee were held on 24.06.2004, 31.07.2004, 30.10.2004 and 31.01.2005

| Name of the Member | Category | No. of Meetings Attended |
|--------------------------------------|---------------------------|--------------------------|
| Mr. Atal Bihari Bajpai (Chairman) | Non-Executive Independent | 4 |
| Mr. Shiv Prakash Trivedi | Non-Executive Independent | 4 |
| Mr. Samar Bahadur Singh | Non-Executive Independent | 4 |

The Members of the Audit Committee have requisite knowledge in the field of Finance, Accounts and Management. Minutes of each Meeting of Audit Committee are placed and discussed in before the Board of Directors.

Mr. Vishal Saxena, Company Secretary acted as Secretary of the Committee.

Mr. Virendra Kumar Goel, Statutory Auditors, M/s Kumar Piyush & Co., was the permanent invitee for all the meetings.

(ii) Remuneration Committee

The terms of reference of Remuneration Committee are as per the Guidelines set out in the Listing Agreement with the stock exchange(s), falling under the category of non-mandatory requirements of Corporate Governance that inter alia includes formulation and recommendation to the Board from time to time, a remuneration structure for the Whole-time Members of the Board.

Composition of Remuneration Committee

| Name | Category |
|-------------------------------------|----------------------------|
| Mr. Shiv Prakash Trivedi (Chairman) | Non-Executive, Independent |
| Mr. Atal Bihari Bajpai | Non-Executive, Independent |
| Mr. Samar Bahadur Singh | Non-Executive, Independent |

No meeting of Remuneration Committee was held during the year under review.

Remuneration Policy

The Remuneration Committee determines and recommends to the Board, the remuneration of the Directors and the same is subject to the approval of Members. Remuneration of Managing/Whole-time Directors consists of salary only.