



RAGHUNATH INTERNATIONAL LIMITED

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Twelfth Annual Report
2005-2006



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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NOTICE

NOTICE is hereby given that the **Twelfth Annual General Meeting** of the Members of RAGHUNATH INTERNATIONAL LIMITED will be held on Saturday, the 30th September, 2006 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 Audited Profit and Loss Account for the year ended March 31, 2006 and the Balance Sheet as at that date and the Report of the Board 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 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.

By Order of the Board

Place : Delhi
Dated : June 30, 2006

Sachin Agarwal
Company Secretary

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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.**
2. 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. M/s Intime Spectrum Registry Limited is also the depository interface of the Company with both NSDL and CDSL.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 16, 2006 to Saturday, September 30, 2006 (both days inclusive).
4. Members/Proxies should bring the attendance slips duly filled in and signed for attending the meeting.
5. 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.
6. 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.



RAGHUNATH INTERNATIONAL LIMITED

DIRECTORS' REPORT

To
The Members of Raghunath International Limited

Your Directors have pleasure in presenting the Twelfth Annual Report of the Company together with the Audited Accounts of the Company for the year ended March 31, 2006.

FINANCIAL RESULTS

The highlights of the Financial Results are as under:

(Rs. In Lacs)

Particulars	Year Ended 2005-2006	Year Ended 2004-2005
Sales and Other Income	1185.26	1116.80
Profit/(Loss) before Interest and Depreciation	47.54	53.69
Less: Finance Charges	(02.27)	(01.87)
Less: Depreciation	(15.01)	(21.93)
Profit/(Loss) for the Year	30.26	29.89
Add/(Less): Extraordinary Items	1.36	1.03
Less: Fringe Benefit Tax	(1.61)	-
Less: Provision for Income Tax	(8.25)	(11.18)
Less: Provision for Wealth Tax	(0.28)	(0.28)
Add/(Less): Deferred Tax Assets/ (Liability)	0.19	-
Net Profit/(Loss) for the Year	21.67	19.46
Add: Balance brought forward	28.07	13.61
Amount available for appropriation	49.74	33.07
Appropriation:		
Transfer to General Reserves	5.00	5.00
Surplus carried to the Balance Sheet	44.74	28.07

OPERATIONS

During the year under review, the Sales of the Company increased to Rs.1068.82 lacs as compared to Rs.1045.87 lacs in the previous year. During the year, the Company earned Rs.58.14 lacs as income from commission. The Net Profit of the Company enhanced to Rs. 21.67 lacs in comparison to Rs.19.46 lacs in the previous year registering a growth of 11.36%.

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.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Atal Bihari Bajpai is liable to retire by rotation and is eligible for re-appointment.

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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, 2006, 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, 2006, 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, 2006 is as under:-

Particulars	Nos. of Shares	Percentage
<i>Electronic Mode</i>		
NSDL	26,48,157	52.96
CDSL	2,18,263	4.37
	28,66,420	57.33
<i>Physical Mode</i>	21,33,780	42.67
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 June 30, 2006 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.

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.



RAGHUNATH INTERNATIONAL LIMITED

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.

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For and on behalf of the Board

Place : Delhi

(G. N. Choudhary)

Date : June 30, 2006

Chairman

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CORPORATE GOVERNANCE REPORT

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

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. The Company believes that good Corporate Governance practices should be enshrined in all activities of the Company. This would ensure efficient conduct of the affairs of the Company and help the Company achieve its goal of maximizing value for all its stakeholders. The Company has a strong legacy of fair, transparent and ethical governance.

The Company recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders.

2. Board of Directors

Composition as on March 31, 2006

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Board consists of 4 Directors, out of which 3 are Independent Directors. The Chairman of the Company is a Whole-time Director. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Name	Category	No. of Directorships held in other Public Limited Companies	No. of Board Committee position held in other Public Limited Companies	
			Chairman	Member
Mr. Gajanand Choudhary	Executive, Whole Time Director	-	-	-
Mr. Atal Bihari Bajpai	Non-Executive Independent Director	-	-	-
Mr. Samar Bahadur Singh	Non-Executive Independent Director	-	-	-
Mr. Shiv Prakash Trivedi	Non-Executive Independent Director	-	-	-

3. Board Meetings

The Board held 12 (Twelve) Meetings during the year 2005-2006 on 02.04.2005, 28.04.2005, 20.06.2005, 24.06.2005, 30.06.2005, 30.07.2005, 01.08.2005, 05.09.2005, 28.10.2005, 31.12.2005, 30.01.2006, 07.03.2006.

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. Gajanand Choudhary	12	Yes
Mr. Atal Bihari Bajpai	12	Yes
Mr. Samar Bahadur Singh	12	Yes
Mr. Shiv Prakash Trivedi	11	Yes



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The Board ensures compliance of all laws applicable to the Company and takes steps to rectify non-compliances, if any.

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 2005-2006, 5 (Five) Meetings of the Audit Committee were held on 10.04.2005, 24.06.2005, 30.07.2005, 28.10.2005 and 30.01.2006

Name of the Member	Category	No. of Meetings Attended
Mr. Atal Bihari Bajpai (Chairman)	Non-Executive Independent	5
Mr. Shiv Prakash Trivedi	Non-Executive Independent	5
Mr. Samar Bahadur Singh	Non-Executive Independent	5

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 before the Board of Directors. The representative of Statutory Auditors attends the meetings of Audit Committee.

Mr. Sachin Agarwal, Company Secretary acted as Secretary of the Committee

(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 the Remuneration Committee was held during the year.

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.

The key components of the Company's Remuneration policy are:

- Remuneration will be a major driver of performance.
- Remuneration will be transparent, fair and simple to administer.
- Remuneration is determined in accordance with experience and nature of responsibilities.
- Remuneration will be fully legal and tax compliant.

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At present, the Company is not paying remuneration / sitting fees to its Non-Executive Directors. However, remunerating the Non Executive Directors by way of payment of sitting fee is under consideration. Non Executive Directors do not hold any shares and convertible instruments of the Company.

The salary paid during the year ended 31st March, 2006 to Mr. G.N. Choudhary, Whole-time Director is Rs.2,64,650/-

The detail of service contract of Whole-time Director of the Company is as under:

Name	Date of appointment	Tenure	From	To
Mr. Gajanand Choudhary	31 st March, 2002	5 years	31 st March, 2002	30 th March, 2007

- Notice period as per Company's Rules.
- No Severance Fee and Stock is payable.

(iii) Shareholders/Investors' Grievance Committee:

The terms of reference of Shareholders/Investors' Grievance Committee are as under:

- a. Approval of requests received for transfer/transmission of shares including dematerialization/ rematerialization of securities.
- b. Approval of requests received for issue of duplicate certificates.
- c. Rejection of requests for share transfers, wherever applicable.
- d. 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, dividend etc.

Composition of Shareholders/ Investors' Grievance Committee

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

Mr. Sachin Agarwal, Company Secretary was the Compliance Officer during the year under report.

Details of Complaints received during the year:

Nature of Complaint	2005 – 2006		
	Received	Cleared	Pending
Non receipt of Share Certificate duly transferred	3	3	-
Non-receipt of Annual Report	1	1	-

5. (a) General Body Meetings:

The Last three Annual General Meetings were held as per the details given below:

YEAR	DATE	DAY/TIME	VENUE
2002-2003	29.09.2003	Monday 11.00 A.M.	Mandhana Bithoor Road, Village Choudharipur, Bithoor, Kanpur
2003-2004	28.09.2004	Tuesday 11.00 A.M.	Mandhana Bithoor Road, Village Choudharipur, Bithoor, Kanpur
2004-2005	29.09.2005	Thursday 11.00 A.M.	Mandhana Bithoor Road, Village Choudharipur, Bithoor, Kanpur



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(b) Special Resolution passed during last three Annual General Meetings

At the last Annual General Meeting of the Company held on 29th September, 2005, a Special Resolution was passed under Section 372A regarding inter-corporate investments.

In addition to above, a special resolution regarding delisting of Equity shares of the Company from Delhi Stock Exchange in accordance with the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 was passed in the 9th Annual General Meeting held on 29th September, 2003.

(c) Postal Ballot

During the year ended 31st March, 2006, no resolution was passed by the Company's shareholders requiring voting by postal ballot. At the ensuing Annual General Meeting also, there is no resolution proposed to be passed through postal ballot.

6. Disclosures

(a) Disclosure on materially significant related party transactions, pecuniary or business relationship with the Company

There have been no materially significant related party transactions that may have potential conflict with the interests of the Company or its associates, with any of the directors or their relatives during the year 2005-06. However, a detailed disclosure on Related Party Transactions has been made at Sr. No. 14 in the Notes to Accounts appearing under Schedule 'S' (Significant Accounting Policies and Notes to Accounts) forming part of Balance Sheet.

(b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange(s) or SEBI or any Statutory Authority on any matters related to Capital Market:

No penalties or strictures has been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets during the last 3 years.

(c) Whistle Blower Policy:

The Company has formulated a policy known as 'Whistle Blower Policy' to allow and encourage our employees to bring to the Management's Notice (Audit Committee) directly, without necessarily informing their superiors about suspected unethical behavior, malpractice, wrongful conduct, fraud, violation of the Company's policies including code of conduct, violation of law or questionable accounting or auditing matters by any employee/director in the Company without fear of reprisal.

The Company further undertakes that it has not denied any personnel access to the Audit Committee of the Company in respect of matters involving alleged misconduct/malpractice/unethical behavior and that it has provided protection to 'Whistle Blowers' from unfair termination and other unfair or prejudicial employment practices.

(d) Details of compliance with the mandatory requirements and adoption of non-mandatory requirements of Clause 49:

The Company has complied with the mandatory requirements and is in process of adopting non-mandatory requirements of Clause 49, wherever feasible.

(e) Risk Management:

The Executive Management controls risk through means of a properly defined framework.

(f) Code of Conduct:

The Board of Directors of your Company has laid down the Code of Conduct for all Board Members and Senior Management of the Company, which delineates the principles governing