

1998-99
ANNUAL
REPORT

RAUNAQ
INTERNATIONAL
LIMITED

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RAUNAQ



BOARD OF DIRECTORS



RAUNAQ SINGH
Chairman

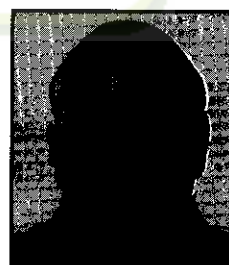


SURINDER P. KANWAR
Managing Director

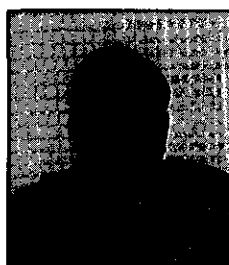
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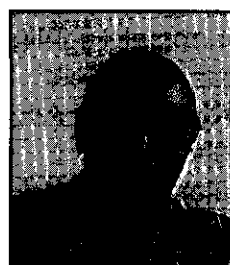
S. K. SINGH



PREM PANDHI



M. K. VIG



VIJAY KARAN



P. MURARI

RAUNAQ INTERNATIONAL LIMITED

MANAGEMENT EXECUTIVES

A.P. Srivastava
Sr. Vice President
S.S. Gulati
Corporate Advisor
P.C. Kothari
General Manager - Accounts
Sanjay K Sachdev
Company Secretary

AUDITORS

V.P. Jain & Associates

BANKERS

Canara Bank
The Vysya Bank Ltd.
IndusInd Bank Limited

REGISTERED OFFICE

Chiranjiv Tower, 43, Nehru Place
New Delhi - 110 019.

BRANCHES

Hoechst House, Nariman Point
Mumbai - 400 021

Mukherjee House, 17, Brabourne Road,
Calcutta - 700 001

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 34th Annual General Meeting of the Members of Raunaq International Limited will be held as under;

Day : Wednesday
Date : 14th July 1999
Time : 12.30 P.M.
Venue : YMCA Tourist Hostel
1 Jaisingh Road
New Delhi

to transact the following business.

1. To receive, consider and adopt the audited accounts of the Company for the year ended 31st March, 1999 together with Report of the Auditors' and Directors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Dr. Raunaq Singh who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. M.K. Vig who retires by rotation and is eligible for re-appointment.
5. To appoint Auditor for the year 1999-2000 and to fix their remuneration.

By order of the Board

SANJAY K SACHDEV
Company Secretary

Place: New Delhi
Dated: 27th May 1999

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, to vote instead of himself. Proxies in order to be valid and effective must be delivered duly completed in the enclosed format, at the registered office of the company not later than forty eight hours before the scheduled time of commencement of the meeting. proxy need not be a member of the company.
2. Member/Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed at the entrance of the meeting for attending the meeting. No Attendance Slip shall be issued at the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 1st July 1999 to the 14th July 1999 (both days inclusive).
4. Dividend as recommended by the Board of Directors, if declared, at the Annual General Meeting will be paid to the members whose names are born on the Company's Register of Members as on 14th July 1999 or to their mandatees. No Income Tax shall be deducted at source from dividend amount.

Dividend mandates and change of address, if any, to be effective must reach Company's Registered Office by 1st July 1999.
5. Members seeking any further clarification/ information relating to the Annual accounts are requested to write at the registered office of the company at least ONE WEEK before the date of the meeting.
6. Securities & Exchange Board of India (SEBI) vide their letter No.SMD/SED/94/2685 dated 5th May, 1994 had suggested Companies to institute a procedure of directing the Shareholders/ Debenture holders to indicate their Bank Account Number, Bank Branch etc. so that the cheques, drafts, warrants sent to them reach

RAUNAQ INTERNATIONAL LIMITED

their destination. This measure has been adopted considering the recurrence of thefts of the dividend warrants, refund orders, interest warrants etc.

Accordingly, Members are requested to intimate the Company, if not furnished earlier, the name of their Bank and Branch with its full address and their Bank Account Number so as to enable the Company to print the same on the Warrants that are sent to them in future.

7. The Shares of the Company are listed on The Delhi Stock Exchange Association Limited, Indira Gandhi Stadium, Indraprastha Estate, New Delhi-110002 and annual listing fee has been paid to the said Stock Exchange upto date.

8. Those Shareholders who have not encash their dividend warrants for the year 1995-96 onward are requested to encash the same after getting these revalidated from the company.

9. Member holding shares in the same name under different folios are requested to apply for consolidation of such folios and send relevant share certificates.

10. Members are requested to bring their own copy of the Annual Report to the meeting.

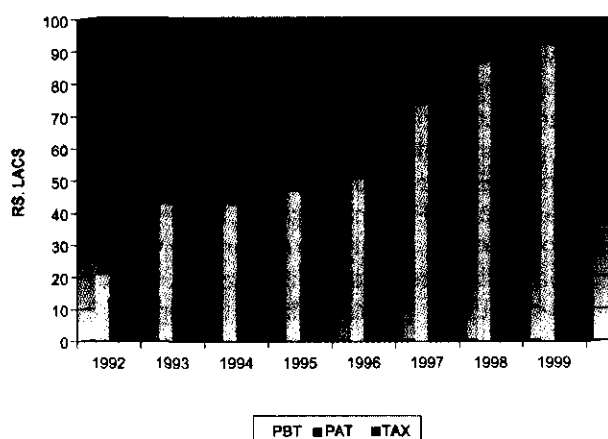




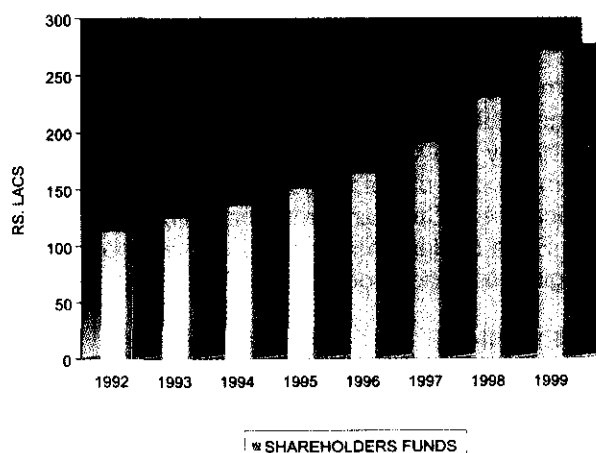
DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the 34th Annual Report and Audited Annual Accounts of the Company for the financial year ended 31st March 1999.

PROFITS



SHAREHOLDERS FUNDS



(Rs. in lacs)
Financial Year Ended

31.03.99 31.03.98

FINANCIAL RESULTS

Sales & Other Income	2017.08	2180.50
Expenditure	1907.73	2080.64
Interest	6.06	7.05
Gross Profit after Interest	103.29	92.81
Depreciation	11.29	5.53
Provision for tax	36.00	32.00
Net Profit	56.00	55.28

Profit brought forward from previous year	36.22	25.54
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Profit available for appropriation	92.22	80.82
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APPROPRIATIONS

Equity Dividend	13.27	13.27
Additional tax on proposed dividend	1.33	1.33
General Reserve (including transfer u/s 205 (2A) of the Companies Act, 1956)	40.00	30.00
Balance Carried Forward	37.62	36.22
	92.22	80.82

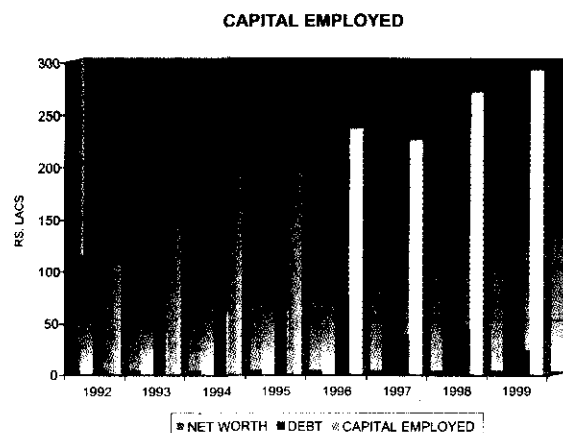
DIVIDEND

Your Directors are pleased to recommend a Dividend of 20% viz., Rs. 2/- per share on the Equity Shares of the Company. This will absorb Rs. 13.27 lacs of the profit. Pursuant to Finance Act, 1997 no income tax shall be deducted at source from the dividend amount.

BUSINESS OPERATIONS

During the year under review, the turnover of the company was marginally lower by 7.5% as compared to the previous year. However, the net profit has been maintained at Rs. 55.99 lacs as against Rs. 55.28 lacs last year. This has been possible due to re-structuring of overheads, increasing the working efficiency and close techno-commercial monitoring of the operations.

RAUNAQ INTERNATIONAL LIMITED

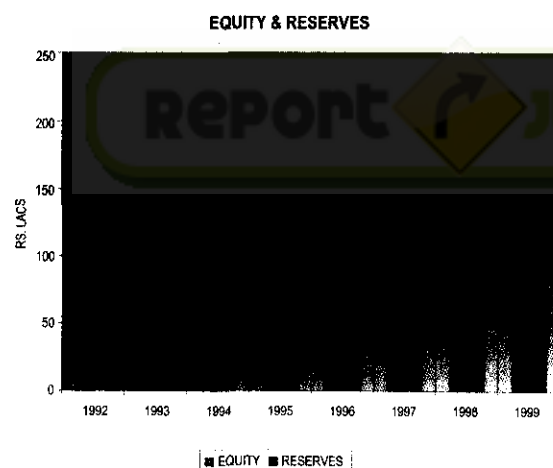


The general economic conditions of the country continued to remain depressed during the year under review. The industrial and investment activities in the country have also not picked up.

Despite depressed economic conditions and tough competition, your company has been able to build its base in execution of hi-tech & specialised projects on turnkey basis by its sustained performance. During the year under review, your company has been able to secure orders valuing more than Rs. 30 crores from Public as well as Private Sectors including infrastructure Sector. These include prestigious contracts secured from Maharashtra State Electricity Board for their Khaperkheda Project Stage -II, Haryana Power Project Stage-III, and Hindustan Petroleum Corporation Ltd. for their refinery at Vizag. Besides, the company has been able to secure repeat orders from Hindustan Lever Ltd. and Maruti Udyog Ltd. This has been possible on the basis of company's credentials and past performance on the similar jobs.

FUTURE OUTLOOK

The position of the company during the current financial year is comfortable as orders worth more than Rs. 2500 lacs are in hand. Further, the company is enlarging its operations in the field of cross-country piping with hi-tech anti-corrosive systems, sophisticated cathodic protection and multi-purpose diffuser systems in addition to specialised restoration project works and fuel oil handling systems. Keeping in view, your Directors are hopeful of improving the performance in the current financial year.

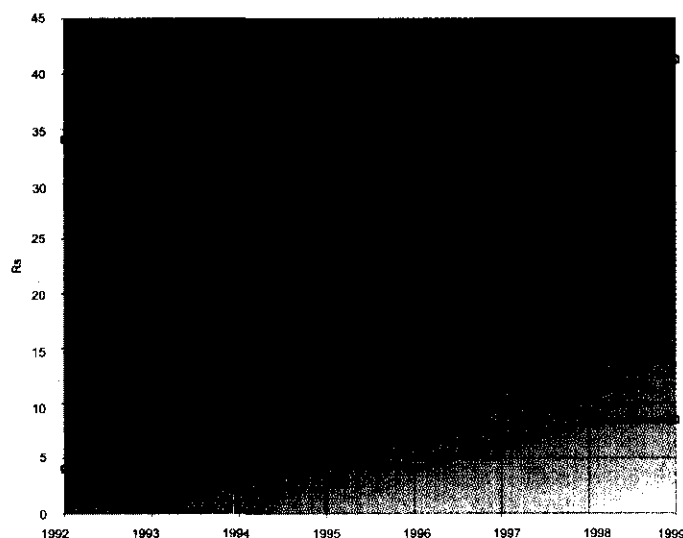


SHIFTING OF REGISTERED OFFICE

Pursuant to the resolution passed by the Members of the Company at their Annual General Meeting held on 18th August 1998, the Company Law Board has, on a petition made by the Company, approved amendment in the Memorandum of Association permitting shifting of Registered Office of the Company from the Union Territory of Delhi to the State of Haryana. Company now proposes to shift the Registered Office from New Delhi to Faridabad.

PERSONNEL

Employees relations continue to be cordial. There was no person employed during the year whose particulars are required to be given pursuant to Section 217 (2A) of the Companies Act, 1956 read with amended Companies (Particular of Employees) Rules, 1975.

**E.P.S & BOOK VALUE**

—●— E.P.S —■— BOOK VALUE

DIRECTORS

Dr. Raunaq Singh and Mr. M.K. Vig retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The provisions of Clause 2(A)(d) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in so far as it relates to conservation of Energy, are not applicable as the company does not have any manufacturing activity.

The company is not using any foreign technology. The company imported finished goods worth Rs. 2.75 lacs during the year under review. Except this, there has been neither any expenditure in foreign currency nor any earning in foreign currency.

Y2K COMPLIANCE

- The Company has initiated appropriate and effective steps to be Y2K compliant by September 1999.
- The expenditure to ensure Y2K compliance is not expected to have any material financial impact.

AUDITORS & AUDITORS' REPORT

M/s V.P. Jain & Associates, Chartered Accountants, retire as auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment.

Auditors' observations are self explanatory and/or explained suitably in the notes on accounts.

ACKNOWLEDGEMENTS

The Board of Directors appreciate the continued cooperation and support given by the Customers, Suppliers, Bankers and the Shareholders of the Company. Directors place on record their appreciation of the continued dedicated services rendered by the Employees of the Company.

For & On behalf of Board of Directors

RAUNAQ SINGH
Chairman

Place: New Delhi
Dated: 27th May 1999



and Tackles have been physically verified by the Management. In our opinion the frequency of verification was reasonable.

4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of above mentioned stocks followed by the Management were found reasonable and adequate in relation to the size of the company and nature of its business.
5. The discrepancies noticed on such verification as compared to book records, which were not significant, have been properly dealt with in the books of account.
6. In our opinion, the valuation of the above mentioned stocks is fair & proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. The Company has not taken loan from any company listed in the register maintained under Section 301 and/or companies under the same Management as defined under Sub Section (1B) of Section 370 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 and/or companies under the same management as defined under Sub Section (1B) of Section 370 of the Companies Act, 1956.
9. The Company has not given any loan or advance in the nature of loan.
10. In our opinion, and according to the information and explanations given to us, the internal control procedures are commensurate with the size of the company and the nature of its business with regard to purchase of Stores, Raw Materials including Tools & Tackles, Plant and Machineries, Equipment and other Assets and for sale of goods and services.
11. According to the information given to us there are no purchase of goods and materials from the parties listed in the Register maintained under Section 301 of the Companies Act, 1956. The transactions of sale of goods, material and services as listed in the said register, as per the information and explanations given to us, are on competitive basis. There is no other similar transaction.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged store, raw material and finished goods. However, no such item was noticed by the management during the year under report.
13. The Company has not accepted any fixed deposit during the year.
14. In our opinion and as explained to us the Company is maintaining reasonable records for the sale and disposal of realisable scrap generated in the construction activities. There are no by-products.
15. In our opinion, the Company has an Internal Audit System commensurate with the size and nature of its business.
16. No order has been made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
17. According to the records of the Company, the Provident Fund dues have been regularly deposited during the period with the appropriate authorities. As explained to us the Scheme of Employees State Insurance is not applicable to the Company.
18. According to the information and explanations given to us, there were no