

# 2000-2001 ANNUAL REPORT

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RAUNAQ  
INTERNATIONAL  
LIMITED

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# RAUNAQ

**RAUNAQ INTERNATIONAL LIMITED****BOARD OF DIRECTORS**

**Dr. Raunaq Singh, *Chairman***  
**Mr. Surinder P Kanwar, *Managing Director***  
**Mr. Prem Pandhi**  
**Mr. S. K. Singh**  
**Mr. M. K. Vig**  
**Mr. Vijay Karan**

**MANAGEMENT EXECUTIVES**

**A.P. Srivastava**  
 Sr. Vice President  
**P.C. Kothari**  
 General Manager - Accounts

**COMPLIANCE OFFICERS**

**Tilak Raj Sethi**  
 Company Secretary  
**Sanjay K Sachdev**  
 Asstt. General Manager (Secretarial)

**AUDITORS**

V.P. Jain & Associates

**BANKERS**

Canara Bank  
 The Vysya Bank Ltd.  
 IndusInd Bank Ltd.  
 Bank of Bahrain & Kuwait BSC

**REGISTERED OFFICE**

20 KM Mathura Road  
 P.O. Amar Nagar, Faridabad-121003

**OTHER OFFICES**

17, Sansad Marg,  
 New Delhi - 110001.

Hoechst House,  
 Nariman Point  
 Mumbai - 400021.

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

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## NOTICE TO THE MEMBERS OF RAUNAQ INTERNATIONAL LIMITED

NOTICE is hereby given that the 36th Annual General Meeting of the Members of Raunaq International Limited will be held as under:

Day	:	Wednesday
Date	:	19th September, 2001
Time	:	12.00 NOON
Venue	:	City Palace Banquet SCO 104-105, Sector 16, Faridabad

to transact the following business :

1. To receive, consider and adopt the audited accounts of the Company for the year ended 31st March 2001 together with Report of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Prem Pandhi, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Vijay Karan who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors for the year 2001-2002 and to fix their remuneration.

To consider and if thought fit, to pass, with or without modification(s), the following resolutions:

### 5. AS AN ORDINARY RESOLUTION

RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act and subject to Schedule XIII to the Companies Act, 1956 and subject to such other approvals as may be required, Mr. Anand Prakash Srivastava, be and is hereby appointed as Whole-Time Director of the company for a period of 3 (three) years with effect from 1st October, 2001.

RESOLVED FURTHER THAT Mr. Srivastava be paid the following remuneration with the authority to the Board of Directors to alter or vary the below mentioned terms and conditions in accordance with the laws from time to time in force:

- i. Basic Salary: Rs.28000/- per month in the grade of Rs.28,000-2000-32000.
- ii. Company's Car for business and private purposes.
- iii. Rent Free Accommodation with monthly rent not exceeding Rs.20,000/- per month or alternatively equivalent House Rent Allowance shall be payable.
- iv. Free telephone facility at residence. However, long distance personal calls shall be billed to the appointee.
- v. Club Membership fee subject to maximum of two clubs (but not to include life membership).
- vi. Professional membership fees upto a maximum of two professional bodies.

- vii. Payment of water, gas and electricity charges and furnishings for residence as per rules of the Company.
- viii. Reimbursement of medical and hospitalisation expenses for self, wife and dependent children upto an amount not exceeding one month basic salary in a year or three months basis in a block of three years.
- ix. Leave Travel Concession - Equivalent to one month basic salary in a year.
- x. Leaves as per rules of the Company.

RESOLVED FURTHER THAT Mr. Srivastava will be eligible to all other benefits and facilities applicable to Senior Executives in his grade in the company.

RESOLVED FURTHER THAT the total remuneration payable to Mr. Srivastava shall not exceed the limit prescribed under section 198, 309 and other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT in case of inadequacy of profits or no profit in any year, Mr. Srivastava will be paid minimum remuneration as provided in Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Mr. Surinder P Kanwar, Managing Director be and is hereby authorised to enter into contract with Mr. Srivastava on the broad terms and conditions as stated above and approved by Shareholders in the General Meeting.

By Order of the Board

**TILAK R SETHI**  
Company Secretary

Place : Faridabad.  
Dated : August 01, 2001

### NOTES:

- i. 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.
- ii. Members/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.
- iii. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto and forms part of this notice.
- iv. The Register of Members and the Share Transfer Books of the Company shall remain closed from Friday, the 14th September 2001 to Wednesday, the 19th September 2001 (both days inclusive).

## RAUNAQ INTERNATIONAL LIMITED

- iv. Change of address, if any, be intimated to the Company at its registered office.
- v. 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.
- vi. The securities of the Company are listed on The Delhi Stock Exchange Association Limited, 3/1, Asaf Ali Road, New Delhi-110002 and annual listing fee has been paid to the said Stock Exchange upto date.
- vii. Those Shareholders who have not encashed their dividend warrants for the year 1994-95 onwards are requested to encash the same after getting these revalidated from the company.
- viii. Members holding shares in the same name under different folios are requested to apply for consolidation of such folios and send relevant share certificates.
- ix. Members are requested to bring their own copy of the Annual Report to the meeting.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS:

#### ITEM NO. 5

Mr. Anand Prakash Srivastava is working with Company as Senior Vice President for the last seven years and is due to retire shortly on attaining the age of superannuation. At present he is independently handling the execution of various projects. Earlier to his present assignment he was associated with BST Mfg. Ltd. (Project Division), a part of Raunaq Group, as Vice President for 11 years. As such his association with the group is around 18 years.


In view of his enriched experience in the field of Company's business and his long association with the Company it is proposed to induct him as Whole-Time Director on the Board of the Company on the terms and conditions stated in the resolution.

The above may be treated as abstract in terms of section 302 of the Companies Act, 1956.

None of the directors is concerned or interested in the resolution.

#### INSPECTION OF DOCUMENTS

Documents relating to items referred to above shall be open for inspection of members at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on all working days (Monday to Friday) till the date of the meeting.



**TILAK R SETHI**  
Company Secretary

Place : Faridabad

Dated : August 01, 2001

### SHAREHOLDERS INFORMATION :

#### ANNUAL GENERAL MEETING

Day	:	Wednesday
Date	:	19th September, 2001.
Time	:	12.00 Noon
Venue	:	City Palace Banquet SCO 104-105, Sector 16, Faridabad

#### BOOK CLOSURE DATES

14th September, 2001 (Friday) to 19th September, 2001 (Wednesday) (both days inclusive).

#### LISTING

The shares of the Company are listed on The Delhi Stock Exchange Association Limited, Delhi. The Company has already paid the Annual Listing Fees to the Stock Exchange for the financial year 2001-2002.

#### INVESTORS SERVICE CELL

Your company is having the investors' service cell at the registered address in Faridabad. Any type of correspondence regarding share transfer/transmission, change of address, duplicate/missing share certificates and other queries of the investors may be addressed to:

**THE COMPANY SECRETARY**  
**RAUNAQ INTERNATIONAL LIMITED**  
**20 K.M., MATHURA ROAD,**  
**P.O. AMAR NAGAR**  
**FARIDABAD - 121 003.**

#### ON LINE SHARE TRANSFER

The Company has "On Line" system of share transfer. Under this system, all valid applications for transfer/transmission of shares upto 500 shares per transferee are effected by the authorised Officers of the Company and share certificates are returned to the applicants within a period of 15 days from the date of receipt.

#### NOMINATION FACILITY

As per the provisions of Companies Act, 1956, the shareholders may avail nomination facility in respect of their shareholding. For the convenience of the shareholders Nomination Form is enclosed at some other place in this Annual Report. The same may be sent duly filled at the registered office of the Company addressing the Company Secretary.

#### UPDATION OF SHAREHOLDERS INFORMATION

The shareholders of the company are requested to intimate their latest residential address alongwith the details of the shareholding in the enclosed form. The enclosed form may either be sent to the company or be hand delivered at the Annual General Meeting of the Company.



## DIRECTORS' REPORT

### TO THE MEMBERS OF RAUNAQ INTERNATIONAL LIMITED.

The Directors have pleasure in presenting the 36th Annual Report and Audited Annual Accounts of the Company for the financial year ended 31st March 2001.

	(Rs. lacs)	
	Financial Year Ended	
	31.3.2001	31.3.2000
<b>FINANCIAL RESULTS</b>		
Sales & Other Income	2300.80	2448.33
Expenditure	2172.25	2305.51
Interest	8.41	11.55
Gross Profit after Interest	120.14	131.27
Depreciation	9.13	9.59
Provision for tax	43.00	48.00
Net Profit	68.01	73.68
Profit brought forward from previous year	53.21	37.62
PROFIT AVAILABLE FOR APPROPRIATION	121.22	111.30
<b>APPROPRIATIONS</b>		
Equity Dividend	—	6.63
Additional tax on proposed dividend	—	1.46
General Reserve including transfer U/s 205(2A) of the Companies Act, 1956	60.00	50.00
Balance Carried Forward	61.22	53.21
	121.22	111.30

## BUSINESS OPERATIONS

During the year under review, Sales & Other Income of the company were lower by about 6% to Rs.2301 lacs against Rs.2448 lacs during the previous year. The net profit after tax was also lower by about 8% at Rs. 68.01 lacs over last year. This was mainly on account of persistent recessionary conditions prevailing in the Indian economy in general & construction industry in particular. Consequently, the opening Order booking position of the company was lower as compared to previous year.

In spite of the recessionary trends and continued constraints being faced by the construction industry all over the country, your company was able to secure repeat orders from HLL, MUL and NTPC. In furtherance to company's plans of

diversification in the specialised and high tech areas, your company has secured Orders from West Bengal Health System Projects, LSTK (LumpSum TurnKey) retail outlets from Balmer Lawrie & Co. Ltd. for Indian Oil Corporation Limited and piping works for Chennai Petrochemicals Corporation Limited & Mumbai Port Trust (MbPT) Jetty's. Your directors are happy to report that the Order value of MbPT job is Rs. 2890 lacs, which is by far the highest value single order, booked by your company.

## FUTURE OUTLOOK

The recessionary scenario is expected to continue in the construction industry during the current year as well. To counter this your directors are proposing to focus the attention of the Company towards the areas of cross country pipelines, pre-treatment systems of raw industrial water, waste water management systems and petro-chemical projects.

The Order position of the company during the current year is comfortable with orders to the tune of Rs. 4500 lacs are in hand. However, in view of cut throat competition, the orders have been secured at very competitive rates, as a result of which the margins are under pressure. With the big orders and lower margins, the cash flow position of the company is not very comfortable. Further, your directors do not foresee any considerable improvement in the cashflow scenario during the current year.

Your directors are hopeful of maintaining the profitability at the same level during the current year.

## DIVIDEND

In view of the tight liquidity position your directors propose to skip the dividend for the year under review.

## PERSONNEL

Employee's relations continue to be cordial. None of the employees is in receipt of remuneration exceeding the limit prescribed under section 217(2A) of the Companies Act, 1956.

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors' give the following statement in terms of the requirements of 217(2AA) of the Companies (Amendment) Act, 2000 :

- that your company has followed all the applicable accounting standards and that material departures, if any, have been suitably explained in the notes on Accounts.
- that your company had followed accounting policies and applied them consistently, and changes, if any, have

**RAUNAQ INTERNATIONAL LIMITED**

been suitably explained wherever applicable, and in our view the same are reasonable and prudent in giving a true and fair view of the state of affairs of your company as at the end of 31st March, 2001 and of the profit or loss of your company for that period;

- iii) that proper and sufficient care has been taken by the company for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that your company has prepared the annual accounts on a going concern basis.

**DIRECTORS**

During the year under review, Mr. P. Murari, director resigned from the directorship of the company. Your Directors place on record their appreciation for his guidance and support during his association with the company.

Mr. Prem Pandhi and Mr. Vijay Karan retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

**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.0.23 lac (previous year Rs. 10.40 lacs) during the year under review. Further company's earning in foreign currency by way of Deemed Exports is Rs. 431.73 Lacs (previous year Nil). Except this, there was no other earning or expenditure in foreign currency.

**AUDITORS & THEIR REPORT**

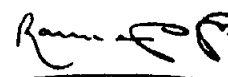
M/s V.P Jain & Associates, Chartered Accountants, retire as auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment.

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: June 11, 2001

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## AUDITOR'S REPORT TO THE MEMBERS OF THE COMPANY


We have audited the attached Balance Sheet of Raunaq International Limited as on 31st March 2001 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in Annexure referred to in paragraph 1 above:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account, as required by law have been kept by the company so far as appears from our examination of the books.
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) (i) **Loans and advances includes Rs.858068 where legal cases are pending for more than 5 years and not provided for but considered good by the management.** (ii) **Accounting of material supplied by clients in construction contracts is subject to final reconciliation of material with client on completion of contract.**
  - f) On the basis of the written representation received from the directors as on 31st March 2001, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - g) In our opinion and to the best of our information and according to the explanations given to us, the said

account subject to our comments in para (e) above and read together with the Accounting Policies and other Notes to Accounts give the information as required by the Companies Act, 1956, in the manner so required and give true and fair view :-

- (i) In so far as it relates to Balance Sheet, of the state of affairs of the company as at 31st March 2001 and
- (ii) In so far as it relates to Profit & Loss Account of the Profit of the Company for the year ended on that date.

For V.P.Jain & Associates  
Chartered Accountants

  
(V.P.Jain)  
Partner

Place : New Delhi  
Dated : June 11, 2001

## ANNEXURE TO THE AUDITOR'S REPORT

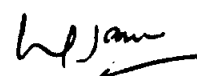
(Referred to in paragraph 1 of our Report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. In our opinion, the frequency of verification of fixed assets by the Management is reasonable having regard to the size of the Company and the Assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of these Assets on physical verification.
2. None of the fixed assets have been revalued during the year.
3. According to the information and explanations given to us, subject to Note No. 3(b), Raw Materials, Stores, Spares & Tools 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 the book records, which were not significant, have been properly dealt with in the books of account.

**RAUNAQ INTERNATIONAL LIMITED**

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 Sec 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 Sec 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 nature of its business with regard to purchase of Stores, Raw Material including Tools & Tackles, Plant and Machineries, Equipment and other Assets and for the 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 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 and Employees State Insurance dues have generally been regularly deposited with the appropriate authorities.
18. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which have remained outstanding as at 31st March 2001 for a period of more than six months, from the date they became payable.
19. To the best of our knowledge and based on test checks carried out by us and according to the information and explanations given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligation or in accordance with the generally accepted business practice.
20. The Company is not Sick Industrial Company within the meaning of Clause (O) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. The Company has laid down and improved the procedure for recording receipt and issue of material and stores for its construction sites.
22. The Company has a reasonable system of allocating man hours utilized in the relative jobs, commensurate with size and nature of its business.
23. The Company has a reasonable system, commensurate with size and nature of its business, regarding issue and allocation of stores and labour to jobs.

For **V.P.Jain & Associates**  
Chartered Accountants



(V.P.Jain)  
Partner

Place : New Delhi  
Dated : June 11, 2001