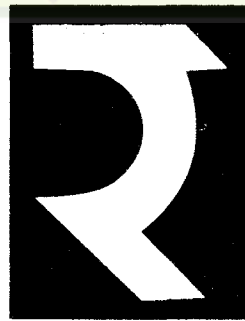


ANNUAL REPORT 2006-2007

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RAUNAQ INTERNATIONAL LIMITED

RAUNAQ INTERNATIONAL LIMITED

The logo for Report Junction, featuring the text "Report" in grey and "Junction.com" in green, separated by a yellow diamond icon with a green arrow pointing upwards and to the right. The entire logo is enclosed in a light green rounded rectangular border.**Contents****Page Nos.**

Board of Directors, Management Executives & Offices	1
Notice	2
Directors' Report	4
Auditors' Report	9
Balance Sheet	12
Profit & Loss Account	13
Cash Flow Statement	14
Schedules	15
Shareholder's Information Updation Form	27
Nomination Form	28

**Board of Directors**

Mr. Surinder P. Kanwar,
Chairman & Managing Director

Mr. M. K. Vig

Mr. P. K. Mittal

Mr. N.V. Sirinivasan

Dr. Sanjeev Kumar

Management Executives

Mr. P. C. Kothari

Mr. A. D. Jain

Mr. Ashwani Chaswal

Mr. Rajan Malhotra

Compliance Officer

Mr. Ashish Pandey

Auditors

M/s. V. P. Jain & Associates

Bankers

Canara Bank

ING Vysya Bank Ltd.

Bank of Bahrain & Kuwait BSC

The Federal Bank Ltd.

State Bank of India

Registered Office

20 K.M. Mathura Road

P. O. Amar Nagar,

Faridabad - 121 003. (Haryana)

Other Offices

512, Surya Kiran Building,

19, Kasturba Gandhi Marg,

New Delhi- 110 001.

14th Floor, Hoechst House,

Nariman Point, Mumbai-400 021.

Mukherjee House

17, Brabourne Road,

Kolkata-700 001.

RAUNAQ INTERNATIONAL LIMITED

NOTICE

TO THE MEMBERS OF RAUNAQ INTERNATIONAL LIMITED

NOTICE is hereby given that the 42nd Annual General Meeting of the Members of Raunaq International Limited will be held as under:

Day : Wednesday
 Date : July 25, 2007
 Time : 11.30 A.M.
 Venue : Mahalakshmi Palace
 68, Neelam Bata Road
 NIT, Faridabad -121 001

to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts of the Company for the year ended 31st March, 2007 together with Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. M.K.Vig, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors for the financial year 2007-2008 to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
4. To declare the dividend @ 20% (including interim dividend @ 12% as recommended on 22nd July, 2006) as recommended by the Board of directors in its meeting held on 24th May, 2007.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 257 and other applicable provisions of the Companies Act, 1956 Mr. N.V. Srinivasan who was appointed as an Additional Director of the Company on 30th October, 2006 in terms of Section 260 of the Act, and who holds the office of Director as such up to the date of this Annual General Meeting and in respect of whom the Company has received a notice proposing his candidature for the office of Director, be and is hereby appointed to hold office as a Director liable to retire by rotation."


6. To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 268, 269, 309, 310, 311, 316, read with Schedule

XIII and other applicable provisions of the Companies Act, 1956, if any, and subject to such other approval(s) as may be required, Mr. Surinder P. Kanwar be and is hereby re-appointed as Managing director and designated as Chairman cum Managing Director of the Company for a further period of Five (5) years w. e. f. 1st October, 2007, on a token remuneration of rupee one per month.

RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorized to do such act(s), deed(s), & thing(s) as may be deemed necessary for the purpose aforesaid.

By Order of the Board



Ashish Pandey

Senior Manager (Secretarial)

Place: Faridabad.

Dated: June 28, 2007.

NOTES:

- i. A member entitled to attend and vote is entitled to appoint for one or more proxies to attend and vote on a poll, instead of himself and the proxy need not be a member of the Company. The 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.
- ii. NO GIFTS OR COUPONS SHALL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.
- iii. 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.
- iv. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business set out above is annexed hereto and forms part of the Notice.
- v. The Register of Members and the Share Transfer Books of the Company shall remain closed from 17th day of July, 2007 to 25th day of July, 2007 (both days inclusive).
- vi. The documents referred to in the accompanying Notice and Explanatory Statement and the Annual Report are open for inspection at the Registered Office of the Company during the office hours between 10:00 A. M. to 1:00 P. M. on all working days except Sundays up to the date of the Annual General Meeting and shall also be available at the venue of the Meeting.



- vii. 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 i. e. on or before 18th July, 2007 so as to enable the management to keep the information ready at the Annual General Meeting.
- viii. The securities of the Company are listed on the Delhi Stock Exchange Association Limited, 3/1, Asaf Ali Road, New Delhi-110 002 and annual listing fee has been paid to the Stock Exchange up-to-date.
- ix. If the dividend on shares as recommended by the Board of Directors is declared at the meeting, payment of such dividend will be made on and after 25th July, 2007 to those members whose names are on the Company's register of Members on 25th July, 2007.
- x. Pursuant to Section 205C of the Companies Act, 1956 all unclaimed dividends which remain unclaimed/unencashed for a period of 7 (seven) years from the date they became due for payment will be transferred to Investor Education and Protection Fund. The Shareholders shall not be able to claim any unpaid dividend from the said Fund or from the Company thereafter.
- xi. The unclaimed dividend upto the financial year 1998-99 has already been deposited with the Investor Education and Protection Fund. The unclaimed dividend for the financial year 1999-2000 shall be deposited with Investor Education and Protection Fund after 17th October, 2007. The same shall not be available for withdrawal after 17th October, 2007. The Shareholders who have not claimed dividend for the financial year 1999-2000 are requested to forward their claims for revalidation of their dividend warrants.
- xii. As a measure of economy, copies of the Annual Report shall not be distributed at the Meeting. Members are requested to bring along their own copies to the meeting.
- xiii. Members are requested to notify change in their addresses, bank details, bank mandate and nomination, if any, quoting their respective Folio Numbers and other particulars to the Registrar and Share Transfer Agents of the Company. Alternatively, they may also be sent at the Registered Office of the Company. (Relevant Forms for nomination and updating of Shareholders information is enclosed at the end of the Annual Report.)
- xiv. Members holding shares in the same name under different folios are requested to apply for consolidation of such folios and send relevant share certificates.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 5

The members are informed that pursuant to Section 260 of the Companies Act, 1956 Mr. N.V. Srinivasan was appointed as an Additional Director by the Board of Directors of the Company at its Meeting held on 30th October, 2006 to hold office until the conclusion of this Annual General Meeting. The Company has now received a notice from a member under section 257 of the Companies Act, 1956 along with a security deposit of Rs. 500/- proposing the candidature of Mr. N.V. Srinivasan for the office of Director liable to retire by rotation. Accordingly, the matter of appointment of Mr. N.V. Srinivasan for the office of Director liable to retire by rotation, is being placed before the members of the Company.

None of the director except Mr. N.V. Srinivasan himself is deemed to be interested or concerned in the resolution.

Item No. 6

Mr. Surinder P. Kanwar was appointed as Managing Director of the Company with effect from 1st October, 2002 on a token remuneration of rupee one per month. Mr. Kanwar is also holding the position of Chairman & Managing Director of M/s Bharat Gears Limited on the remuneration. In view of rich experience Mr. Kanwar has, the Board of directors of the Company propose to re-appoint Mr. Kanwar as Chairman & Managing director of the Company for a further term of five years w.e.f. 1st October, 2007 on a token remuneration of rupee one per month.

For the purpose of the said re-appointment, the resolution is recommended for the approval of shareholders of the Company to be passed as Ordinary Resolution.

None of the director except Mr. Surinder P. Kanwar himself is deemed to be interested or concerned in the resolution.

This may be treated as notice under section 302 of the Companies Act, 1956 regarding re-appointment of Mr. Kanwar.

By Order of the Board

Ashish Pandey
Senior Manager (Secretarial)

Place: Faridabad.
Dated: June 28, 2007.

RAUNAQ INTERNATIONAL LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

The Directors are pleased to present the 42nd Annual Report on the business and operations of the Company and Audited Statement of Accounts of the Company for the financial year ended on 31st March 2007.

FINANCIAL RESULTS

	(Rs./Lacs)	
	Financial Year Ended	
	31.03.2007	31.03.2006
Sales and Other Income	3827.57	2157.63
Expenditure	3549.80	2003.08
Interest	10.31	13.53
Gross Profit after interest	267.46	141.02
Depreciation	12.69	4.91
Profit Before Tax	254.77	136.11
Less: Provision for tax	88.65	49.27
Less: Short Provision of tax for earlier years	0.62	—
Profit After Tax	165.50	86.84
Profit brought forward from previous year	177.89	91.05
Profits Available for appropriations	343.39	177.89
Appropriations:		
Dividend (Proposed)	13.27	-
Tax on proposed dividend	2.01	-
Transferred to General Reserve	120.00	-
Carried forward to Balance Sheet	208.11	177.89

Dividend

The company has been able to make good profits for the past two years and therefore it is pay back time for the company to its shareholders, who have shown remarkable patience and stood with the company in difficult period and extended their solid support. Your company has already paid interim dividend @ 12% for the year under review, which must have been received by you. Your directors are pleased to recommend dividend @ 20% (including interim dividend) on the equity shares of the company. The total payout will be Rs. 15.28 lacs, inclusive of dividend tax and surcharge thereon. Also the directors have proposed to transfer an amount of Rs. 120 lacs to General Reserve.

Business Operations

During the year under review, as forecasted the Sales & Other Income of the company handsomely improved by 77% to Rs. 3827.57 lacs from Rs. 2157.63 lacs in previous year. Consequently, the Profit after Tax made a quantum jump and nearly doubled to 165.5 lacs from Rs. 86.84 Lacs during

the previous year. The growth in profitability is mainly due to healthy growth in top line, better margins and strict cost control and monitoring. The company has concentrated emphatically in execution of orders in hand to the satisfaction of various customers and meeting their requirement & schedule. All customers are satisfied with company's timely delivery performance and thus your company has honourably discharged its obligation and fulfilled the trust & confidence reposed by them. However, inspite of substantial business opportunities available there is still tough competition prevailing in this field and thus new business is to be secured keeping this parameter in mind.

Future Outlook

The continued thrust of the Government for Infrastructure development has fashioned numerous opportunities for creation of new business avenues. The momentum built over previous years is further carried forward by appropriate Government initiatives and desired policy changes. This has resulted into increasing the scale of industrial construction and infrastructure development. The business confidence of private and public sector in government policies is at all time high and there is substantial growth in investment in Greenfield projects as well as expansion of existing capacities. The central government has embarked on mission to implement number of Ultra mega power projects of 4000 MW each and have invited participation of public & private sector on competitive basis. This will enable new business opportunities of mega scale and large EPC contracts and therefore your company has geared up its operations to meet the new challenges in the field. Further, as per National Electricity Policy of Govt. of India, capacity addition of 68500 MW is expected to be done by the year 2012, thereby opening vast opportunities in this field. The Company is vigorously pursuing to secure fresh orders to meet its growth projections. Power being the key input for overall development of the country, it is expected that Power Sector shall witness exponential growth in the years to come.

Compliance Certificate

In Compliance with Section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules, 2001 the Company has obtained a certificate from M/s Ranjeet Pandey & Associates, Company Secretaries, New Delhi confirming that the Company has complied with all the provisions of the Companies Act, 1956 and a copy of such Certificate is attached to this report.

Directors

In accordance with the Articles of Association of your Company, Mr. M. K. Vig, Director retires by rotation at the forthcoming Annual General Meeting and being eligible offer himself for reappointment.



The Board in its meeting held on 30th October 2006 appointed Mr. N.V. Srinivasan as an Additional Director of the Company. He shall hold the office of the Director upto conclusion of the forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature as Director, liable to retire by rotation. The Board recommend the same. During the year Mr. Y.P. Gupta has resigned with effect from 20th September 2006 from the Directorship of the Company. The board appreciates and acknowledges his contribution and guidance provided by him during his tenure as a director of company.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that, -

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) appropriate accounting policies have been selected and applied consistently, and have 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 as at 31st March, 2007 and of the profits of the company for the period ended on that date;
- iii) proper and sufficient care has been taken 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; and
- iv) the annual accounts have been prepared on a going concern basis.

Personnel

Employees' relations continue to be cordial. There is no employee in the Company whose particulars are required to be given under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo.

The information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

The particulars with respect to foreign exchange earning and out go are detailed below:

	<u>2006-2007</u>	<u>2005-2006</u>
<i>C.I.F. Value of Imports</i>	Rs.	Rs.
- Raw Materials	39,63,492	3,93,83,773
- Finished Goods	1,69,374	-
- Samples	-	7,913
- Traveling	1,59,669	-

Further, during the year under review, there was no foreign exchange earning.

Auditors

M/s. V. P. Jain & Associates, Chartered Accountants, the Statutory Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

Auditors' Report

The observations of the Auditors in their report are self-Explanatory and/or explained suitably in the Note to the Accounts.

Acknowledgements

The Board of Directors gratefully acknowledge the continued cooperation, trust and support of our shareholders and would like to place on record its appreciation for the dedicated services rendered by the Employees at all levels. The Directors further express their gratitude to the Bankers, Customers and Sub-vendors and other associates for cooperation and confidence reposed by them in the Company.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : May 24, 2007

Surinder P. Kanwar
Chairman and Managing Director

RAUNAQ INTERNATIONAL LIMITED

COMPLIANCE CERTIFICATE

To

The Members

RAUNAQ INTERNATIONAL LIMITED

20KM, Mathura Road, P.O. Amar Nagar

Faridabad-121003 (Haryana)

We have examined the registers, records, books and papers of **RAUNAQ INTERNATIONAL LIMITED** as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended 31st March, 2007 (the financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we hereby certify that:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns on the dates as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time limit prescribed under the Act and the rules made there under.
3. The company being a public limited company, has the minimum prescribed paid up capital.
4. The Board of Directors duly met 4 (Four) times on 25th May, 2006, 22nd July 2006, 30th October 2006 and 24th January, 2007 in respect of which meetings proper notices were given and the proceedings were duly recorded and signed in the minutes books maintained for the purpose.
5. The Company closed its Register of Member from 17th August, 2006 to 25th August, 2006 for Annual General Meeting and fixed 22nd July, 2006 as record date for declaration of dividend, necessary compliance of section 154 of the Act has been made in this regard.
6. The Annual General Meeting for the financial year ended 31st March 2006 was held on 25th August, 2006 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary Meeting was held during the financial year.
8. The Company has not advanced any loan to its directors or persons or firms or companies referred in the section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has issued duplicate share certificate (s) during the financial year after complying with all the statutory formalities under the Act.
13. The Company:
 - (i) has delivered all certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act. However, there was no allotment of securities during the financial year.
 - (ii) has deposited the amount of dividend declared during the financial year, within 5 (five) days in a separate bank account.
 - (iii) was not required to post warrants to any member of the Company, as no dividends was declared during the financial year.
 - (iv) has deposited Rs. 57,546/- to Investor Education and Protection Fund account of Government of India, the amount of unclaimed/ unpaid dividend, which have remained unclaimed or unpaid for a period of seven years.
 - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. The appointment of Additional Director was duly made. However, there was no appointment of Alternate Directors and Directors to fill casual vacancy during the financial year.
15. There was no appointment of Managing Director/Whole time director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/ Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.



19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including unsecured loans from the public during the financial year, as specified under sections 58A and 58AA read with Companies (Acceptance of Deposits) Rules 1975.
24. The amounts borrowed by the Company from banks and others during the financial year are within the borrowing limits of the Company.
25. The Company has made investment in other Bodies Corporate and necessary compliance of the provisions of section 372A has been duly made.
26. The Company has not altered the provisions of the Memorandum of Association with respect to Situation of the Registered office of the Company from one state to another during the financial year.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the Objects of the Company during the financial year.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the financial year.
29. The Company has not altered the provisions of the Memorandum of Association with respect to Share Capital of the company during the year.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has constituted its own Provident Fund Trust and necessary compliance of provisions of section 418 of the Act, has been made.

For RANJEET PANDEY & ASSOCIATES
COMPANY SECRETARIES

Place : New Delhi
Dated : May 24, 2007

RANJEET PANDEY
PROPRIETOR
C.P. No. 6087

ANNEXURE 'A'

Registers as maintained by the Company:

Statutory Registers:

S. No.	Name of Register(s)	Under Section
1.	Register of charges & instrument creating charges	135 & 143
2.	Register of Members	150
3.	Register & Returns	163
4.	Minutes Book of General Meetings, Board Meetings & Meetings of Share Transfer Committee.	193
5.	Books of Accounts	209
6.	Register of particulars of contracts in which directors are interested.	301
7.	Register of Director, Managing Director, Manager, Secretary.	303
8.	Register of Directors' Shareholdings	307
9.	Register of loans and Investments	372A