



# RAUNAQ INTERNATIONAL LIMITED

Annual Report 2008-2009

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## **BOARD OF DIRECTORS**

Mr. Surinder P. Kanwar,  
*Chairman & Managing Director*

Mr. Sachit Kanwar,  
*Executive Director*  
(Appointed by Board w.e.f. 1<sup>st</sup> April, 2009)

Mr. M. K. Vig

Mr. P. K. Mittal

Dr. Sanjeev Kumar

Mr. G. Venkataraman

Mr. N.V. Sirinivasan

Mr. Gautam Mukherjee

## **INVESTORS' GRIEVANCE COMMITTEE**

Mr. Surinder P. Kanwar

Mr. P. K. Mittal

Mr. Ashish Pandey

Mr. P. C. Kothari

## **REMUNERATION COMMITTEE**

Dr. Sanjeev Kumar

Mr. M. K. Vig

Mr. Gautam Mukherjee

## **MANAGEMENT EXECUTIVES**

Mr. Rajan Malhotra (*CEO*)

Mr. P. C. Kothari

Mr. A. D. Jain

Mr. Ashwani Chaswal

## **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
- 14<sup>th</sup> Floor, Hoechst House,  
Nariman Point, Mumbai-400 021
- Mukherjee House,  
17, Brabourne Road,  
Kolkata-700 001

# RAUNAQ INTERNATIONAL LIMITED

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## NOTICE

### TO THE MEMBERS OF RAUNAQ INTERNATIONAL LIMITED

NOTICE is hereby given that the 44<sup>th</sup> Annual General Meeting of the Members of the Company will be held as under:

Day : Thursday  
Date : July 30, 2009  
Time : 11.00 A.M.  
Venue : Faridabad Industries Association,  
FIA House, Bata Chowk,  
Faridabad –121 001,  
Haryana

to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts of the Company for the year ended March 31, 2009 together with Reports of the Auditors and Directors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. P. K. Mittal, who retires by rotation and is eligible for re-appointment.
4. To appoint Statutory Auditors for the financial year 2009-2010 and fix their remuneration.

### SPECIAL BUSINESS

5. To consider the appointment of Mr. Gautam Mukherjee as Director of the Company and pass the following as Ordinary Resolution, with or without, modification(s):

**“RESOLVED THAT** Mr. Gautam Mukherjee who was appointed as Additional Director of the Company by the Board of Directors in its meeting held on March 23, 2009 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 in writing proposing his candidature for the office of director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

6. To consider the appointment of Mr. G. Venkataraman as Director of the Company and pass the following as Ordinary Resolution, with or without, modification(s):

**“RESOLVED THAT** Mr. G. Venkataraman who was appointed as Additional Director of the Company by the Board of Directors in its meeting held on March 23, 2009 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 in writing proposing his candidature for the office of director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

7. To consider the appointment of Mr. Sachit Kanwar as Director of the Company and pass the following as Ordinary Resolution, with or without, modification(s):

**“RESOLVED THAT** Mr. Sachit Kanwar who was appointed as Additional Director of the Company by the Board of Directors in its meeting held on March 23, 2009 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 in writing proposing his candidature for the office of director, be and is hereby appointed as Director of the Company and shall not be liable to retire by rotation.”

8. To consider the appointment of Mr. Sachit Kanwar as Executive Director of the Company and pass the following as Special Resolution, with or without, modification(s):

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendments, modifications, or re-enactments thereof) and subject to the approval of Central Government, if required and other requisite approvals, if required, in this regard, Mr. Sachit Kanwar be and is hereby appointed as Executive Director of the Company w.e.f. April 1, 2009 for a period of three (3) years on the following terms and conditions:

- A. Basic Salary: Rs. 2,00,000 per month
- B. Allowances and perquisites:



- i. In addition to the aforesaid basic salary, he shall be entitled for Leased Accommodation or House Rent Allowance and;
- ii. Perquisites the total value of which, wherever applicable, shall be computed as per the provisions of Income Tax Act, 1961 read with the applicable Income Tax Rules, as amended from time to time, and for the time being in force. In case of absence of any such Rule(s), the value of the said perquisite shall be computed at the actual cost incurred.

The total of above i.e. (i) & (ii) shall not exceed 1/4<sup>th</sup> of his basic salary per month.

C. Other terms:

- i. He shall be entitled to re-imburement of actual out-of-pocket expenses incurred in connection with the business of the Company.
- ii. He shall be entitled to reimbursement of entertainment expenses incurred for the business of the Company.
- iii. As long as he functions as Executive Director he shall not be paid any sitting fees to attend any meeting of the board and/or committee thereof.
- iv. He shall be entitled to earned/privileged leave as per the rules of the Company.

The Executive Director shall also be eligible to the following perquisites which shall not be included in the computation of ceiling on remuneration specified in the said Part II Section II of Schedule XIII of the Companies Act, 1956:

- a. Contribution to Provident fund, Superannuation fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c. Encashment of the leave at the end of the tenure.

**RESOLVED FURTHER THAT** in case of adequate profits in any financial year, the remuneration, as set out above, which forms a part of this resolution, payable to Mr. Sachit Kanwar, Executive Director, is subject to the condition that the total remuneration payable in that financial year, by way of basic salary, perquisites and other allowances shall not exceed the overall limit of five percent (5%) of the net profits of the Company as applicable to each of the Managing/Whole-time Directors of the Company and/or ten percent (10%) of the net profits of the Company for all the Managing/Whole-time Directors in accordance with the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII including any statutory amendments, modifications, or re-enactments thereof, as may be made thereto and for the time being in force or the higher remuneration as specifically approved by the Central Government.

**RESOLVED FURTHER THAT** where in any financial year, during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Executive Director shall be entitled to remuneration by way of basic salary, perquisites and other allowances not exceeding the limits specified under Section II Part II of Schedule XIII of the Companies Act, 1956, as amended and for the time being in force including such amendments, modifications, revisions, or re-enactments, as may be made thereto by the Central Government in the said limits from time to time or the higher remuneration as specifically approved by the Central Government.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things, to enter into such agreement(s), deed(s) of amendment(s) or any such document(s), as the Board may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit."

9. To consider amendment in Articles of Association of the Company and pass the following as Special Resolution, with or without, modification(s):

**“RESOLVED THAT** the following Articles No. 14A and 14B be and is hereby inserted after Article No. 14 of the Articles of Association of the Company:

**“Article 14A: Dematerialisation of Securities:**

a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing securities, rematerialize its securities held in the Depositories and offer its fresh securities in a dematerialized form pursuant to the Depositories Act, 1996, any rules framed thereunder, and any amendments, modifications, re-promulgation or re-enactment thereof.

b) Every person subscribing to securities offered by the company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is a beneficial owner of the securities can at anytime opt out of depository, if permitted and in the manner provided by law and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of security, and on receipt of the information, the depository shall enter in its record, the name of the allottee as beneficial owner of the securities.

c) All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 (“the Act”) shall apply to a depository in respect of the securities held by it, on behalf of the beneficial owners.

d) (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of affecting transfer of ownership or security on behalf of the beneficial owner.

(ii) Save as otherwise provided in (i) above the depository as the Registered owner of the securities shall not have any voting rights or other rights in respect of securities held by it.

(iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a depository.

e) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository the records of a beneficial owner may be served by such depository on the Company by means of electronic mode, by floppy discs and pen drive etc.

f) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor or transferee both of whom are entered as beneficial owners, in records of depository.

g) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

h) Nothing contained in these Articles regarding the necessity of having distinctive number of securities issued by the Company shall apply to securities held with a depository.

i) The Register and Index of beneficial owner maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and security holders for the purpose of such securities.”

**“Article No. 14B: Nomination of Securities:**

Subject to the provisions of Section 109A of the Act and any regulations made in that behalf, the Company shall be entitled to accept nominations from its holders of securities.”





**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such act(s), deed(s) and thing(s) as deemed necessary to give effect to this resolution."

**By Order of the Board**

**Ashish Pandey**  
**Head (Secretarial)**

Place : Faridabad.

Dated : July 4, 2009

**NOTES:**

- i. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint one or more proxies to attend and vote on a poll, instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing proxy (ies) must, however, be received at the Registered Office of the Company not less than forty eight hours before commencement of the Meeting.**
- ii. **NO GIFTS OR COUPONS SHALL BE DISTRIBUTED AT THE MEETING.**
- iii. Members/Proxies are requested to submit the enclosed Attendance Slip duly filled in and signed at the entrance of the venue 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 July 22, 2009 to July 30, 2009 (both days inclusive).
- vi. The documents referred to in the accompanying Notice and the 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. and 1:00 P. M. on all working days except Sundays up to the date of the 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 July 23, 2009 so as to enable the management to keep the information ready at the Meeting.
- viii. The equity shares of the Company are listed on the Delhi Stock Exchange Limited, DSE House, 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 July 31, 2009 to those members whose names are on the Company's register of Members on July 22, 2009.
- x. Pursuant to Section 205C of the Companies Act, 1956, the unclaimed dividend upto the financial year 1999-2000 has already been deposited with the Investor Education and Protection Fund. As on date there is no unclaimed/unpaid dividend which is required to be transferred to Investor Education and Protection Fund.
- xi. As a measure of economy, copies of the Annual Report shall not be distributed at the Meeting. Therefore, members are requested to bring along their own copies to the Meeting.
- xii. Members are requested to intimate their dividend mandates like bank account number, type and bank addresses in which they intend to deposit the warrants. The banks details can also be printed on the warrants to avoid any incidence of fraudulent encashment.  
  
The change in address, nomination etc, if any, to be effective must reach to the Registered Office of the Company by July 15, 2009. (Relevant Forms for nomination and updating of Shareholders information is enclosed at the end of the Annual Report.)
- xiii. 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**

Mr. Gautam Mukherjee, is a graduate from Punjab University, Chandigarh and worked at different levels in leading public and private sector banks including SBI, ICICI, ING Vysya. During his banking career, he handled credit portfolio of leading corporate houses of Northern India. He also worked for The Economic Times and wrote extensively on topics like Indian Economy, Steel, Banking & Finance, Labour etc. Further, he also worked for National Commodity & Derivative Exchange Ltd. (NCDEX) as Head – Corporate Communication. He also worked closely with Government of India agencies for promotion of awareness of futures trading among farmers. Presently, he is President (Finance) of Jamna Auto Industries Ltd. which is the leading manufacturer of spring leaves for commercial vehicles.

The Company has 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. Gautam Mukherjee for the office of Director liable to retire by rotation.

In view of his immense knowledge and varied experience, it is proposed to appoint him as rotational Director and accordingly, the resolution set out as Item no. 5 of the Notice is for the approval of the members.

### **Nature of Concern or Interest of Other Director (s)**

None of the director except Mr. Gautam Mukherjee himself, is deemed to be interested or concerned in the resolution.

### **Item No. 6**

Mr. G. Venkataraman has graduated in Electrical Engineering from University of Madras. He is also a Post Graduate in Business Administration and also done LL.B. from Osmania University. He has vast experience in Engineering, Construction and Consultancy services. Besides working for different Companies, he worked for National Thermal Power Corporation Limited, joined as Deputy Manager and rose to the position of Director on the NTPC Board in 1992. Presently, he takes up certain Arbitration Assignments as panel member or sole arbitrator and provides service as free lance consultant in the areas of procurement and Project Management in infrastructure areas.

The Company has 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. G. Venkataraman for the office of Director liable to retire by rotation.

In view of his immense knowledge and varied experience, it is proposed to appoint him as rotational Director and accordingly, the resolution set out as Item no. 6 of the Notice is for the approval of the members.

### **Nature of Concern or Interest of Other Director (s)**

None of the director except Mr. G. Venkataraman himself, is deemed to be interested or concerned in the resolution.

### **Item No. 7**

The Company has 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. Sachit Kanwar for the office of Director, who shall not be liable to retire by rotation.

Accordingly, the resolution set out as Item no. 7 of the Notice is for the approval of the members.

### **Nature of Concern or Interest of Other Director (s)**

None of the director except Mr. Sachit Kanwar himself and his father, Mr. Surinder P. Kanwar, Chairman & Managing Director of the Company, are deemed to be interested or concerned in the resolution.

### **Item No. 8**

Mr. Sachit Kanwar, born on 1<sup>st</sup> November, 1982, is the youngest son of Mr. Surinder P. Kanwar, Chairman & Managing Director of the Company. Mr. Sachit Kanwar is having a Canadian Citizenship and has obtained the status of Overseas Citizenship of India, granted by the Ministry of Home Affairs, Government of India. Further, Mr. Sachit Kanwar has Bachelor's Degree in Administrative Studies from York University-Atkinson Faculty of Liberal & Professional Studies, Toronto, ON. He is expertised in Microsoft Office Suite, Micros Point of Sale Systems and Windows Operating Systems etc. After completing his graduation in the year 2004, he worked as Corporate Sales/Lease Portfolio Manager, Airport Kia, Toronto, ON for a period of four years, where he got the experience in the fields such as dealership sales, lease portfolio management, fleet management sales and service management etc.





Mr. Sachit Kanwar joined the Company as Management Trainee on 1<sup>st</sup> April, 2008 and drew a consolidated monthly remuneration of Rs. 50,000/-. During his four years experience in Canada, Mr. Sachit Kanwar obtained decent exposure in marketing and sales. Further, on the job training in the Company for last one year has transformed his capabilities manifold to deal with the specialized business segment of the Company. Therefore, his appointment as Executive Director will strengthen the management of the Company and his overseas experience would benefit the Company in recognizing the new business opportunities.

Further, pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the terms & conditions of remuneration are subject to the approval of the Shareholders in the ensuing Annual General Meeting by way of a Special Resolution, and subject to the approval of the Central Government, if required, in this regard, and further, subject to the approval of the institutions, as may be required. The terms of remuneration and other terms and conditions of appointment has also been approved by the Remuneration Committee and the Board of Directors of the Company in their meetings held on 23<sup>rd</sup> March, 2009.

The Board of Directors of your Company, therefore, recommends the passing of the Special Resolution as set out in the item No. 8 of the Notice.

Certified copy(ies) of the Resolution(s) recommended by the Remuneration Committee and approved by the Board of Directors in their meetings held on 23<sup>rd</sup> March, 2009 respectively, are available for inspection by the members of the Company at its Registered office during the office hours between 10.00 A.M. to 1.00 P.M. on all working days except Sundays upto the date of Annual General Meeting and shall also be available at the venue of the meeting.

Further, the Statement of Particulars as per Schedule XIII of the Companies Act, 1956 is attached to this Notice separately.

#### **NATURE OF CONCERN OR INTEREST OF OTHER DIRECTOR(S)**

Except, Mr. Sachit Kanwar himself, and his father Mr. Surinder P. Kanwar, Chairman & Managing Director of the Company, no other director is concerned or interested in the passing of the above resolution as set out in Item No. 8.

#### **Item No. 9**

Consequent upon the enactment of the Depository Act, 1996 and the introduction of the depository system, certain provisions of the Companies Act, 1956 related to issue, transfer and other dealing in shares and other securities and also share/security certificates have been amended in consonance with the amendments incorporated in the Companies act, 1956 as stated above, it has become necessary to amend the Articles of Association of the Company so as to enable the Company to participate in the depository system.

Further, in view of the enactments the Companies act 1956 the nomination facility has also been extended for securities. As such the provisions relating to nomination is being incorporated in the Articles.

The members are requested to accord their approval to the alterations of Articles of Association of the Company.

#### **NATURE OF CONCERN OR INTEREST OF OTHER DIRECTOR(S)**

None of the directors of the Company is concerned or interested in the resolution as set out in Item no. 9.

**By Order of the Board**

**Ashish Pandey**  
**Head (Secretarial)**

Place : Faridabad.  
Dated : July 4, 2009

**STATEMENT OF PARTICULARS  
(PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956)**

**I. GENERAL INFORMATION**

<b>Sl. No</b>	<b>Particulars/Subject</b>	<b>Information</b>
1.	Nature of industry	Mechanical Construction including EPC jobs.
2.	Date or expected date of commencement of commercial production	24 <sup>th</sup> April, 1965
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable
4.	Financial performance based on given indicators	In the financial year 2007-2008, the Company posted turnover of Rs. 43.34 Crores and Profit Before Tax (PBT) of Rs. 3.42 Crores. In the financial year 2008-2009, the Company registered higher turnover of Rs. 60.51 Crores and higher PBT of Rs. 4.88 Crores. The Company has been doing well and improving decently on the growth path. The position of Company is expected to grow at higher pace in forthcoming years.
5.	Export performance and net foreign exchange collections	NIL
6.	Foreign Investments or collaborators, if any.	NIL

**II. INFORMATION ABOUT THE APPOINTEE**

<b>Sl. No</b>	<b>Particulars/ Subject</b>	<b>Information</b>
1.	Back ground details	Mr. Sachit Kanwar, born on 1 <sup>st</sup> November, 1982, is the youngest son of Mr. Surinder P. Kanwar, Chairman & Managing Director of the Company. Mr. Sachit Kanwar is having a Canadian Citizenship and has obtained the status of Overseas Citizenship of India, granted by the Ministry of Home Affairs, Government of India. Further, Mr. Sachit Kanwar has Bachelor's Degree in Administrative Studies from York University-Atkinson Faculty of Liberal & Professional Studies, Toronto, ON. He has gained expertise in areas such as Microsoft Office Suite, Micros Point of Sale Systems and Windows Operating Systems etc. After completing his graduation in the year 2004, he worked as Corporate Sales/Lease Portfolio Manager, Airport Kia, Toronto ON for a period of four years, where he got the experience in the fields such as dealership sales, lease portfolio management, fleet management sales and service management etc.
2.	Past remuneration	Mr. Sachit Kanwar joined the Company as Management Trainee on 1 <sup>st</sup> April, 2008 and had been drawing a consolidated monthly remuneration of Rs. 50,000/- (Rupees fifty thousands only).
3.	Recognition or awards	



SI. No	Particulars/ Subject	Information
4.	Job profile and his suitability	Mr. Sachit Kanwar joined the Company as Management Trainee on 1 <sup>st</sup> April, 2008. During his four years experience in Canada, Mr. Sachit Kanwar obtained decent exposure in marketing and sales. Further, on the job training in the Company for last one year has transformed his capabilities manifold to deal with the specialized business segment of the Company. Therefore, his appointment as Executive Director will strengthen the management of the Company and his overseas experience would benefit the Company in recognizing the new business opportunities.
5.	Remuneration proposed	He is proposed to be paid basic salary of Rs. 2,00,000 per month. In addition, he shall be entitled to draw allowances and/or perquisites not exceeding 1/4 <sup>th</sup> of the basic salary and other statutory benefits which are not included in determining the Schedule XIII limits. Other details of the remuneration are given in the Notice calling Annual General Meeting.
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The proposed remuneration is comparative with the remuneration being drawn by the Executive Directors of other Companies with same size in the same industry.
7.	Pecuniary relationship directly or indirectly with the Company personnel, if any	Mr. Sachit Kanwar, Executive Director and Mr. Surinder P. Kanwar, Chairman & Managing Director, are the two Key Managerial Personnel (KMPs) in the Company and both are related as son and father. The KMPs do not have any, direct and /or indirect, pecuniary transactions with the Company which is prejudicial to the interest of the Company. Except the KMPs, no other director or relative is having any material pecuniary relationships with the Company.  In financial year 2008-09, related party transactions amounted to Rs. 44.20 Crores including value of Corporate Guarantee given to banks for the credit facilities sanctioned to the Company. Mr. Sachit Kanwar drew Rs. 6.00 lacs as remuneration and Mr. Surinder P. Kanwar drew token remuneration of Rs. 12 only.  The Related party transactions are disclosed annually in the books of accounts of the Company in the Related Party Disclosures Section and the transactions are duly approved by the Board of Directors and in the opinion of Board of Directors of the Company, none of the transactions is prejudicial to the interest of the Company.

### III. OTHER INFORMATION

SI. No	Particulars/Subject	Information
1.	Reason of loss or inadequate profits	In the financial year ended 31 <sup>st</sup> March, 2009 the Company registered Profit After Tax. The proposed remuneration is based on Effective Capital of the Company as defined in Para B Section II Part II of Schedule XIII of the Companies Act, 1956.
2.	Steps taken or proposed to be taken for improvement	The Company has adopted the following measures to improve the profitability: <ul style="list-style-type: none"> <li>● Cost control in all areas</li> <li>● Implementation of ERP</li> <li>● Process are being improved</li> <li>● Emphasis on speedy communication</li> </ul>
3.	Expected increase in the productivity and profits in measurable terms	The Company has set the target of Rs. 70.55 Crores turnover for the current year 2009-10. The Projected cash profit for the period is Rs. 4.20 Crores and net profit of Rs. 3.80 Crores.

# RAUNAQ INTERNATIONAL LIMITED

## DIRECTORS' REPORT

### To The Members

The Directors are pleased to present the 44<sup>th</sup> Annual Report on the business and operations of the Company and Audited Statement of Accounts of the Company for the financial year ended on 31<sup>st</sup> March, 2009.

	<i>(Rupees/Lacs)</i>	
	Financial Year Ended	
<b>Financial Results</b>	<b>31.03.2009</b>	31.03.2008
Sales and Other Income	<b>6050.57</b>	4333.64
Expenditure	<b>5514.86</b>	3961.93
Interest	<b>17.53</b>	5.53
Gross Profit after interest	<b>518.17</b>	366.18
Depreciation	<b>30.59</b>	24.17
<b>Profit Before Tax</b>	<b>487.58</b>	342.01
Less: Provision for tax	<b>154.45</b>	111.73
<b>Profit After Tax</b>	<b>333.45</b>	230.28
Profit brought forward from previous year	<b>296.32</b>	208.11
<b>Profits Available for appropriations</b>	<b>629.77</b>	438.39
<b>Appropriations:</b>		
Dividend (Proposed)	<b>14.60</b>	14.59
Tax on proposed dividend	<b>2.48</b>	2.48
Transferred to General Reserve	<b>125.00</b>	125.00
<b>Carried forward to Balance Sheet</b>	<b>487.69</b>	296.32

### Dividend

Your directors are pleased to recommend dividend of Rs. 2.20 per share on the equity shares of the Company. The total payout will be Rs. 17.08 lacs inclusive of dividend tax and surcharge thereon. Also the directors have proposed to transfer an amount of Rs. 125 lacs to General Reserve.

### Business Operations

During the year under review, the sales and other income of the Company improved by 39.62% to Rs. 6050.57 lacs from Rs. 4333.64 lacs in previous year, whereas, the profit after tax has grown by 44.80 % to Rs. 333.45 lacs in the current year from Rs. 230.28 lacs in the last year.

Even in these troubled economic times, we have successfully maintained and improved our top and bottom lines through strict

cost controls and an improved monitoring process. Although, several expansion projects have been curtailed or postponed, we have successfully managed to bag repeat orders from three major clients, Reliance, Vedanta Group and JSPL. During the year under review your Company has secured new orders worth Rs.7506 lacs thus continuing to maintain a healthy order book. These repeat orders indicate the faith and confidence reposed by three major Indian Business Houses in your Company.

### Future Outlook

Due to the economic depression world over, there was a slow down in India also. With the turn of the New Year and a stable Govt. at the centre, the outlook for infrastructure sector looks bright. The thrust created by Govt. and private companies in Power Sector continues to be there and present a number of opportunities for your Company.

Your Company is expected to have a healthy order booking for the year ending March 2010.

### 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.

### Committees of the Board

The Board of Directors of the Company has constituted a Remuneration Committee as per requirement of Schedule XIII of the Companies Act, 1956. The Investors' Grievance Committee is already in the Company to redress the investors' grievances including issue of duplicate share certificates.

### Directors

Pursuant to Section 256 of the Companies Act, 1956 and in accordance with the Articles of Association of your Company, Mr. P. K. Mittal, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Sachit Kanwar has been appointed as Executive Director of the Company by the Board of Directors for three years. His appointment is subject to approval of the Shareholders in the ensuing Annual General Meeting. The brief resume of Mr. Sachit Kanwar is given in the Notice calling the Annual General Meeting of the Company.



## Directors' Responsibility Statement

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. 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 March 31, 2009 and of the profits of the Company for the period ended on that date;
3. 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
4. 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:

<b>C.I.F. Value of Imports</b>	<u>2008-2009</u> Rs.	<u>2007-2008</u> Rs.
-Finished Goods	—	2,72,621
-Samples	—	—

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 holds office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed 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 acknowledges 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 : Faridabad  
Dated : May 29, 2009

  
**Surinder P. Kanwar**  
Chairman & Managing Director

# RAUNAQ INTERNATIONAL LIMITED

## COMPLIANCE CERTIFICATE

To  
**The Members**  
**RAUNAQ INTERNATIONAL LIMITED**  
20 K. M., 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 31<sup>st</sup> March, 2009 (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 five (5) times on 30<sup>th</sup> May, 2008, 29<sup>th</sup> July, 2008, 24<sup>th</sup> October, 2008, 29<sup>th</sup> January, 2009 and 23<sup>rd</sup> March, 2009 in respect of which 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 Members from 22<sup>nd</sup> July, 2008 to 29<sup>th</sup> July, 2008 for the Annual General Meeting and for declaration of final dividend and has made necessary compliance of Section 154 of the Act.
6. The Annual General Meeting for the financial year ended 31<sup>st</sup> March, 2008 was held on 29<sup>th</sup> July, 2008 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. As informed, the Company has entered into contracts with the parties covered under Section 297 of the Act at cash and prevailing market price by giving advance to the parties before the transaction.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. The Company has obtained approval of Members under Section 314 of the Act for payment of remuneration of Rs. 50,000/- per month to Mr. Sachit Kanwar, son of Chairman & Managing Director of the Company.
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 (including interim dividend) declared during the financial year, within five (5) days in a separate bank account.
  - (iii) has posted the warrants to all members of the Company for dividend declared during the financial year.
  - (iv) was not required to deposit any amount 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, within prescribed time limit.





- (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 appointments of Additional Directors were duly made. However, there was no appointment of Alternate Director and Director to fill casual vacancy during the financial year.
15. The appointment of Mr. Sachit Kanwar as Whole-time Director was duly made. However, there was no appointment of Managing 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. The Company has no Preference Share(s) or Debenture(s), accordingly, there is no redemption.
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 financial 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  
DATE : May 29, 2009

**CS. RANJEET PANDEY  
C.P. No. 6087**

# RAUNAQ INTERNATIONAL LIMITED

## ANNEXURE 'A'

### Registers as maintained by the Company:

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 Investors' Grievance 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

## ANNEXURE 'B'

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or any other Authorities during the financial year ended 31/03/2009.

S. No.	Forms & Returns	U/s	Particulars	Filed on
1.	Form 23AC and 23ACA	220	Balance Sheet and Profit & Loss Account for the financial year ended on 31 <sup>st</sup> March, 2008.	11/08/2008
2.	Form 66	383A	Compliance Certificate for the financial year ended 31 <sup>st</sup> March, 2008.	11/08/2008
3.	Form 20B	159	Annual Return for the Annual General meeting held on 29 <sup>th</sup> July, 2008.	27/09/2008
4.	Form 23	192	Filing of Special Resolution for appointment of Mr. Sachit Kanwar at office and place of profit under Section 314(1)(b) of the Act.	11/08/2008
5.	Form 8	135	Modification of charges in favour of ING Vysya Bank Limited.	30/08/2008



## AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY

We have audited the attached Balance Sheet of Raunag International Limited as on 31<sup>st</sup> March, 2009 and the Profit and Loss Account & the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, (CARO) issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in Annexure referred to above, we report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 those books.
  - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit & Loss account and the Cash Flow Statement comply with the Accounting Statements referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2009, and taken on record by the Board of Directors, we report that

none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 a true and fair view in conformity with the accounting principles generally accepted in India :-
  - (i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009.
  - (ii) In so far as it relates to Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
  - (iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

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

(V.P.Jain)

Partner

Place : Faridabad  
Date : May 29, 2009

Membership No.81514

## RAUNAQ INTERNATIONAL LIMITED

### **ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT DATED 29<sup>TH</sup> MAY, 2009 TO THE MEMBERS OF RAUNAQ INTERNATIONAL LTD. ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification under which all items of fixed assets are verified once in two years. As per the said programme, certain assets were physically verified during the year. According to the information and explanations given to us no discrepancies were noticed. In our opinion, having regard to the size of the Company and the nature of its assets, the programme of verification of fixed asset of the Company is reasonable.
- (c) Since there is no disposal of substantial part of fixed assets during the year, paragraph 4(i)(c) of the Companies (Auditors' Report) Order, 2003 (hereinafter referred to as the Order) is not applicable.
- (ii) (a) The inventories, except for contracted work-in-progress in respect of Civil/Mechanical/Erection Contracts have been physically verified by the management during the year at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. According to the information and explanations given to us no discrepancies were noticed on physical verification between the physical stock and the book records.
- (iii) (a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) Not Applicable
- (c) Not Applicable
- (d) Not Applicable
- (e) Company has taken unsecured loan amounting to Rs.20 Lacs from one party covered in the register maintained under Section 301 of the Act.
- (f) The terms on which the loan was taken were not prejudicial to the interest of the Company.
- (g) The amount has been repaid during the year.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) Particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, transaction made in pursuance of contract or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lacs during the year has been made at reasonable rate though no comparative rates are available since the transaction being contract of miscellaneous civil/mechanical maintenance nature.
- (vi) The Company has not accepted any fixed deposit from public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- (viii) 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.
- (ix) (a) According to the information and explanations given to us and according to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable to it.



- (b) As explained to us and according to the records of the company, the following dues have not been deposited on account of dispute :

Name of the Statute	Nature of Dues	Amount of tax (Rs.)	Period to which the amount relates	Forum where dispute is pending
Maharashtra Sales Tax on Works Contracts Act	Sales Tax (WC)	5,06,999/-	1990-91; 1991-92	Maharashtra Sales Tax Tribunal
Orissa Sales Tax Act	Sales Tax (WC)	8,84,021/-	1984-85 to 1986-87	Orissa Sales Tax Tribunal Cuttack
Central Excise Act	Excise Duty Penalty	22,63,487/-* 22,63,487/-*	1996-97 & 1997-98	The Customs & Service Tax Appellate Tribunal New Delhi

\*Provision made in full.

- (x) There are no accumulated losses at the end of financial year. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues of Financial Institutions or Banks. There are no debenture holders since the Company has not issued any debenture.
- (xii) Since the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable.
- (xiii) As the Company is not a nidhi / mutual benefit fund / society, paragraph 4(xiii) of the Order is not applicable.
- (xiv) Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
- (xv) The Company has not given any guarantee during the year for loans taken by other from Bank or Financial Institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under Section 301 of the Act.
- (xix) Since the Company has not issued any debentures during the year, paragraph 4(xix) of the Order is not applicable.
- (xx) Since the Company has not raised any money during the year by way of public issue, paragraph 4(xx) of the Order is not applicable.
- (xxi) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **V.P.JAIN & ASSOCIATES**  
Chartered Accountants

**(V.P.JAIN)**  
Partner

Membership No.81514

Place : Faridabad  
Date : May 29, 2009

# RAUNAQ INTERNATIONAL LIMITED

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009

	Schedule	As at 31 <sup>st</sup> March, 2009 Rs.	As at 31 <sup>st</sup> March, 2008 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	67,01,660	67,01,660
Reserves & Surplus	2	11,63,55,355	8,47,17,815
		<u>12,30,57,015</u>	<u>9,14,19,475</u>
<b>Loan Funds</b>			
Secured loans	3	23,00,652	50,32,340
		<u>23,00,652</u>	<u>50,32,340</u>
	Total	<u>12,53,57,667</u>	<u>9,64,51,815</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	2,38,98,892	1,93,44,307
Less : Depreciation		91,23,140	60,63,738
Net Block		<u>1,47,75,752</u>	<u>1,32,80,569</u>
<b>Investments</b>	5	1,49,98,073	1,57,03,216
<b>Current Assets, Loans &amp; Advances</b>			
Inventories/Work-in-Progress (Contracts)	6	2,63,75,647	1,26,06,248
Sundry Debtors		9,87,38,653	10,77,23,916
Cash & Bank Balances		8,89,15,111	7,86,61,708
Loans & Advances		1,73,26,778	1,88,47,900
		<u>23,13,56,189</u>	<u>21,78,39,773</u>
Less : <b>Current Liabilities and Provisions</b>	7	14,17,23,043	15,48,42,725
Net Current Assets		<u>8,96,33,146</u>	<u>6,29,97,048</u>
Deferred Tax Assets (Net)	8	59,50,696	44,70,982
	Total	<u>12,53,57,667</u>	<u>9,64,51,815</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>			
	14		

As per our report of even date attached

For V. P. Jain & Associates  
Chartered Accountants

SURINDER P. KANWAR  
Chairman & Managing Director

SACHIT KANWAR  
Executive Director

M. K. VIG  
P. K. MITTAL  
GAUTAM MUKHERJEE  
G. VENKATARAMAN  
N.V. SRINIVASAN  
Directors

(V. P. JAIN)  
Partner  
Membership No. 81514

P. C. KOTHARI  
Vice President (Finance & Accounts)

Place : Faridabad  
Date : May 29, 2009



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

Particulars	Schedule	Year Ended	Year Ended
		31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008
		Rs.	Rs.
<b>INCOME</b>			
Sales:			
- Traded Goods		—	4,86,000
- Supply Contracts (Mechanical)		<b>41,40,55,267</b>	21,24,85,515
- Charged to completed Contracts (Civil/Mechanical)		<b>24,79,98,344</b>	7,64,30,696
- (Decrease) / Increase in WIP-contracts/Inventory	9	<b>(6,23,96,785)</b>	13,89,55,276
Other Income	10	<b>53,99,847</b>	50,06,297
		<b>60,50,56,673</b>	43,33,63,784
<b>EXPENDITURE</b>			
Purchases - Traded Goods		—	3,91,367
Cost of Construction (Supply & Erection)	11	<b>50,03,38,757</b>	35,72,22,869
Selling, Administrative & Other Expenses	12	<b>4,05,79,074</b>	3,13,82,743
Finance Charges	13	<b>1,23,21,018</b>	77,49,141
Depreciation		<b>30,59,402</b>	24,16,619
		<b>55,62,98,251</b>	39,91,62,739
<b>PROFIT BEFORE TAX</b>		<b>4,87,58,422</b>	3,42,01,044
Less : Provision for Tax			
- Current Tax		<b>1,62,50,000</b>	1,28,00,000
- Deferred Tax		<b>(14,79,714)</b>	(22,56,490)
- Fringe Benefit Tax		<b>6,43,015</b>	6,28,992
		<b>1,54,13,301</b>	1,11,72,502
<b>PROFIT AFTER TAX</b>		<b>3,33,45,121</b>	2,30,28,543
Profit Brought Forward from Previous Year		<b>2,96,31,785</b>	2,08,10,823
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>		<b>6,29,76,906</b>	4,38,39,366
<b>APPROPRIATIONS:</b>			
Dividend (Proposed)		<b>14,59,533</b>	14,59,533
Dividend Tax		<b>2,48,048</b>	2,48,048
Transferred to General Reserve		<b>1,25,00,000</b>	1,25,00,000
Carried to Balance Sheet		<b>4,87,69,325</b>	2,96,31,785
		<b>6,29,76,906</b>	4,38,39,366
		<b>50.26</b>	34.71

\*Basic & Diluted earnings per share (in Rupees)  
(Note 9 of Schedule 14)

**SIGNIFICANT ACCOUNTING POLICIES AND  
NOTES ON ACCOUNTS**

14

As per our report of even date attached

For V. P. Jain & Associates  
Chartered Accountants

SURINDER P. KANWAR  
Chairman & Managing Director

SACHIT KANWAR  
Executive Director

M. K. VIG  
P. K. MITTAL  
GAUTAM MUKHERJEE  
G. VENKATARAMAN  
N.V. SRINIVASAN  
Directors

(V. P. JAIN)  
Partner  
Membership No. 81514

P. C. KOTHARI  
Vice President (Finance & Accounts)

Place : Faridabad  
Date : May 29, 2009

# RAUNAQ INTERNATIONAL LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	4,87,58,422	3,42,01,044
Adjustments for:		
Depreciation & Misc. expenditure written off	30,59,402	24,16,619
Profit on Sale of Investment	-	-
Provision for diminution in Investment value	-	-
Loss on sale of investment	2,77,230	-
Interest and other charges	1,23,21,018	77,49,141
Operating profit before working capital changes	6,44,16,072	4,43,66,804
Adjustments for:		
Trade and other receivables	1,05,06,386	(6,37,00,892)
Inventories	(1,37,69,399)	77,62,756
Trade & other Payables	(1,33,19,003)	4,92,57,806
Cash generated from operations	4,78,34,056	3,76,86,474
Interest and other charges paid	(1,23,21,018)	(77,49,141)
Direct Taxes paid (Net)	(1,68,93,015)	(1,34,28,992)
Cash flow before extraordinary items	1,86,20,023	1,65,08,341
Extraordinary items:		
Income Tax for earlier year	-	-
<b>Net Cash from operating activities</b>	<b>1,86,20,023</b>	<b>1,65,08,341</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(45,54,585)	(57,57,044)
Sale of Fixed Assets (net of depreciation)	-	9,486
Purchase of Investments	(2,94,857)	(1,56,13,216)
Sale of Investments	7,22,770	-
<b>Net Cash from/ (used) in investment activities</b>	<b>(41,26,672)</b>	<b>(2,13,60,774)</b>
<b>C. CASH FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	-	-
Proceeds from long / short term borrowings	(27,31,688)	7,32,816
Repayment of finance lease liabilities	-	-
Dividend including Dividend Distribution Tax paid	(15,08,260)	(5,83,225)
<b>Net Cash (used) / from financing activities</b>	<b>(42,39,948)</b>	<b>1,49,591</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,02,53,403</b>	<b>(47,02,842)</b>
<b>Opening balance of Cash and cash equivalents</b>	<b>7,86,61,708</b>	<b>8,33,64,550</b>
<b>Closing balance of Cash and cash equivalents</b>	<b>8,89,15,111</b>	<b>7,86,61,708</b>

As per our report of even date attached

For V. P. Jain & Associates  
Chartered Accountants

SURINDER P. KANWAR  
*Chairman & Managing Director*

SACHIT KANWAR  
*Executive Director*

M. K. VIG  
P. K. MITTAL  
GAUTAM MUKHERJEE  
G. VENKATARAMAN  
N.V. SRINIVASAN  
*Directors*

(V. P. JAIN)  
Partner  
Membership No. 81514

P. C. KOTHARI  
*Vice President (Finance & Accounts)*

Place : Faridabad  
Date : May 29, 2009

**SCHEDULES 1 TO 14 ANNEXED TO THE ACCOUNTS**

		As at <u>31<sup>st</sup> March, 2009</u>	As at <u>31<sup>st</sup> March, 2008</u>
		Rs.	Rs.
<b>(1) SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
3,50,00,000	Equity Shares of Rs. 10 each	<b>35,00,00,000</b>	35,00,00,000
5,00,000	Cumulative Redeemable Convertible or Non-convertible Preference Shares of Rs. 100 each	<b>5,00,00,000</b>	5,00,00,000
		<b>40,00,00,000</b>	40,00,00,000
<b>ISSUED &amp; SUBSCRIBED</b>			
6,63,424	Equity Shares of Rs. 10 each fully paid up	<b>66,34,240</b>	66,34,240
	Add : Forfeited Shares	<b>67,420</b>	67,420
		<b>67,01,660</b>	67,01,660
<b>(2) RESERVES &amp; SURPLUS</b>			
<b>General Reserve</b>			
	As per Last Balance Sheet	<b>5,50,86,030</b>	4,59,05,252
Less :	Increase in Liability of Employees Benefits as per revised AS-15	-	33,19,222
		<b>5,50,86,030</b>	4,25,86,030
Add :	Transferred from P&L A/c	<b>1,25,00,000</b>	1,25,00,000
		<b>6,75,86,030</b>	5,50,86,030
		<b>6,75,86,030</b>	5,50,86,030
<b>Profit &amp; Loss Account</b>			
		<b>4,87,69,325</b>	2,96,31,785
		<b>11,63,55,355</b>	8,47,17,815
<b>(3) LOANS</b>			
<b>SECURED</b>			
	HDFC Bank Limited * (Against Hypothication of Equipments)	<b>17,91,433</b>	43,29,600
	ICICI Bank Ltd (Against Hypothication of Car)	<b>5,09,219</b>	7,02,740
	TOTAL	<b>23,00,652</b>	50,32,340

\* Loan taken from Centurian Bank of Punjab Ltd. which has been merged with HDFC Bank Limited.

**(4) FIXED ASSETS**

ASSETS	COST				DEPRECIATION		NET BLOCK	
	AS AT 01/04/2008	ADDITIONS	DISPOSALS	AS AT 31/03/2009	FOR THE YEAR	UP TO 31/03/2009	AS AT 31/03/2009	AS AT 31/03/2008
Plant & Machinery	1,34,90,262	33,05,717	0	<b>1,67,95,979</b>	<b>16,42,373</b>	<b>46,29,020</b>	<b>1,21,66,959</b>	1,05,03,615
Tractor	1,56,000	0	0	<b>1,56,000</b>	<b>25,813</b>	<b>95,769</b>	<b>60,231</b>	86,044
Office Equipments	1,55,250	0	0	<b>1,55,250</b>	<b>3,914</b>	<b>1,31,024</b>	<b>24,226</b>	28,140
Furnitures & Fixtures	1,35,747	90,116	0	<b>2,25,863</b>	<b>79,225</b>	<b>1,95,649</b>	<b>30,214</b>	19,323
Electricals Fittings	1,48,128	20,557	0	<b>1,68,685</b>	<b>17,699</b>	<b>1,42,894</b>	<b>25,791</b>	22,933
Vehicles	19,86,855	1,10,001	0	<b>20,96,856</b>	<b>3,23,934</b>	<b>11,44,524</b>	<b>9,52,332</b>	11,66,265
Computers	32,72,065	10,28,194	0	<b>43,00,259</b>	<b>9,66,444</b>	<b>27,84,260</b>	<b>15,15,999</b>	14,54,249
Grand Total	1,93,44,307	45,54,585	0	<b>2,38,98,892</b>	<b>30,59,402</b>	<b>91,23,140</b>	<b>1,47,75,752</b>	1,32,80,569
Previous Year	1,36,03,263	57,57,044	16,000	1,93,44,307	24,16,619	60,63,738	1,32,80,569	

(5) INVESTMENT AT COST	As at	
	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008
	Rs.	Rs.
<b>OTHER INVESTMENTS-LONG TERM</b>		
<b>A. SHARES - QUOTED</b>		
2,000 Equity Shares of Rs 10 each of Bharat Gears Ltd., fully paid up Market Value Rs. 32,400 (Previous Year Rs. 88,300)	<b>80,000</b>	80,000
2,91,300 Equity Shares of Rs 10 each of Bharat Gears Ltd., fully paid up Market Value Rs. 47,19,060 (Previous Year Rs. 1,24,94,415)	<b>1,46,08,073</b>	1,43,13,216
Sub Total (A)	<b>1,46,88,073</b>	1,43,93,216
<b>B. SHARES - UNQUOTED</b>		
10,000 Equity Shares of Rs 10 each of BST Mfg Ltd., fully paid up Less: Provision for Diminution in value of investment	<b>1,25,000</b> <b>1,15,000</b>	1,25,000 1,15,000
Sub Total (B)	<b>10,000</b>	10,000
<b>C. OTHERS - MUTUAL FUNDS - UNQUOTED</b>		
1,00,000 Units of Rs 10 each of Optimx Equity Multi Manager FoF Scheme - Series 2 - Growth	—	10,00,000
30,000 Units of Rs 10 each of UTI Infrastructure Advantage Fund - Series 1 - Growth	<b>3,00,000</b>	3,00,000
Sub Total (C)	<b>3,00,000</b>	13,00,000
Total (A + B + C)	<b>1,49,98,073</b>	1,57,03,216
Aggregate Book Value of		
a) Quoted Investment	<b>1,46,88,073</b>	1,43,93,216
b) Unquoted Investment	<b>3,10,000</b>	13,10,000
	<b>1,49,98,073</b>	1,57,03,216
Aggregate Market Value of Quoted Investments	<b>47,51,460</b>	1,25,82,715



(6) CURRENT ASSETS, LOANS & ADVANCES	As at 31 <sup>st</sup> March, 2009 Rs.	As at 31 <sup>st</sup> March, 2008 Rs.
<b>CURRENT ASSETS :</b>		
<b>INVENTORIES</b>		
Stock in Transit (At Cost)	—	88,937
Work-in-Progress-Contracts	26,61,41,646	32,85,38,431
Less: Payment received	23,97,65,999	31,60,21,120
	<u>2,63,75,647</u>	<u>1,25,17,311</u>
	<u>2,63,75,647</u>	<u>1,26,06,248</u>
<b>SUNDRY DEBTORS</b>		
Unsecured Considered Good		
Outstanding for over six months	82,616	82,616
Others*	9,86,56,037	10,76,41,300
	<u>9,87,38,653</u>	<u>10,77,23,916</u>
<b>CASH AND BANK BALANCES</b>		
Cheques/Drafts in hand	20,13,040	1,10,04,383
Cash in Hand	—	13,418
Balances with Scheduled Banks :		
Current Accounts	2,11,69,316	1,56,42,859
Unpaid Dividend Accounts	3,68,981	1,69,660
Fixed Deposit Accounts **	6,27,09,238	4,89,00,138
	<u>8,62,60,575</u>	<u>7,57,30,458</u>
Interest accrued on Fixed Deposits	26,54,536	29,31,250
	<u>8,89,15,111</u>	<u>7,86,61,708</u>
<b>LOANS &amp; ADVANCES</b>		
Unsecured considered good unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received :		
Considered Good	1,20,38,495	1,40,20,095
Considered Doubtful	54,332	54,332
Less: Provision	54,332	54,332
	<u>—</u>	<u>—</u>
	<u>1,20,38,495</u>	<u>1,40,20,095</u>
Security Deposits	42,27,082	42,85,761
Advance Income Tax including FBT (Net of Provision)	10,61,201	5,42,045
	<u>1,73,26,778</u>	<u>1,88,47,901</u>
	<u>23,13,56,189</u>	<u>21,78,39,773</u>

\* Includes Rs. 21,77,340 (Previous Year: Rs. 32,80,080) considered good, due from Bharat Gears Limited, Company under the same management.

\*\* Includes Fixed Deposits amounting to Rs. 6,12,09,238 (Previous Year: Rs. 4,69,00,138) pledged with Banks against Margin money.

# RAUNAQ INTERNATIONAL LIMITED

	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
	Rs.	Rs.
<b>(7) CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES :</b>		
<b>Acceptances</b>	—	2,33,10,461
<b>Sundry Creditors</b>		
- Due to Micro, Small & Medium Enterprises	—	—
- Others	<u>11,25,67,615</u>	<u>8,59,59,976</u>
	<b>11,25,67,615</b>	<b>8,59,59,976</b>
<b>Advances from Customers</b>		
Customer Advances against Order	2,70,80,011	4,36,96,192
Investor Education and Protection Fund		
- Unclaimed Dividend	<u>3,67,836</u>	<u>1,68,515</u>
	<b>14,00,15,462</b>	<b>15,31,35,144</b>
<b>PROVISIONS</b>		
- Dividend (Proposed)	14,59,533	14,59,533
- Tax on Dividend (Proposed)	<u>2,48,048</u>	<u>2,48,048</u>
	<b>17,07,581</b>	<b>17,07,581</b>
	<b>14,17,23,043</b>	<b>15,48,42,725</b>
<b>(8) DEFERRED TAX ASSETS (NET)</b>		
Arising on account of timing difference in		
- Provision for doubtful advances	19,397	19,397
- Provision for diminution in value of investment	41,126	41,126
- Depreciation		
Opening	(58,307)	
Current Year Liability	<u>(31,555)</u>	<u>(58,307)</u>
- Provision for Excise Duty (Disallowance u/s 43B of I.T. Act)	15,23,780	15,23,780
- Employees Benefits as per AS-15	<u>44,56,255</u>	<u>29,44,986</u>
	<b>59,50,696</b>	<b>44,70,982</b>
<b>(9) (DECREASE)/INCREASE IN WIP (CONTRACTS) / INVENTORY</b>		
<b>STOCK AT COMMENCEMENT OF THE YEAR</b>		
Work-in-Progress (Civil/Mech. Contracts)	32,85,38,431	18,95,83,155
	<u>32,85,38,431</u>	<u>18,95,83,155</u>
<b>STOCK AT CLOSE OF THE YEAR</b>		
Work-in-Progress (Civil/Mech. Contracts)	26,61,41,646	32,85,38,431
	<u>26,61,41,646</u>	<u>32,85,38,431</u>
(Decrease)/Increase in WIP (Contracts)/Inventory	<b>(6,23,96,785)</b>	<b>13,89,55,276</b>





	Year Ended 31 <sup>st</sup> March, 2009	Year Ended 31 <sup>st</sup> March, 2008
	Rs.	Rs.
<b>(10) OTHER INCOME</b>		
Dividend - Gross of Income Tax Deducted at source - Rs. NIL (Previous Year Rs. NIL)	2,93,300	—
Interest - Gross of Income Tax deducted at source Rs.13,08,546 (Previous Year: Rs. 10,18,715)	51,06,547	49,83,692
Miscellaneous Income	—	22,605
	<u>53,99,847</u>	<u>50,06,297</u>
<b>(11) COST OF CONSTRUCTION (SUPPLY &amp; ERECTION)</b>		
Material Purchased	32,31,52,194	21,51,32,100
Stores & Spares, Tools & Tackles	83,01,672	70,67,849
Erection Expenses	10,89,33,076	7,73,17,391
Freight and Forwarding	1,23,98,077	1,09,19,106
Salaries & Wages	2,87,02,256	2,57,35,069
Provident Fund and ESI Contribution	13,06,602	13,16,812
Staff & Labour Welfare	19,42,273	14,71,277
Temporary Structures	8,31,533	11,03,052
Hire Charges	11,23,368	8,72,271
Rent, Rates & Taxes	4,29,024	5,52,098
Power, Fuel, Water & Electricity	7,25,906	5,38,882
Insurance	8,75,980	10,17,326
Repairs & Maintenance		
- Plant & Machinery	3,26,739	2,76,353
- Others	43,218	44,658
Travelling & Conveyance	46,02,626	33,83,432
Postage, Telegram, Telephone & Telex	6,14,070	5,60,044
Printing & Stationery	2,79,585	2,60,149
Legal & Professional Charges	20,56,491	20,95,161
Miscellaneous Expenses	4,30,302	4,37,932
Sales Tax on Works Contracts	32,63,765	71,21,906
Total	<u>50,03,38,757</u>	<u>35,72,22,869</u>

# RAUNAQ INTERNATIONAL LIMITED

	Year Ended 31 <sup>st</sup> March, 2009	Year Ended 31 <sup>st</sup> March, 2008
(12) SELLING, ADMINISTRATIVE & OTHER EXPENSES	Rs.	Rs.
Employees Remuneration & Benefits including Bonus	2,41,59,775	1,93,44,918
Provident Fund, ESI, Gratuity and Superannuation Fund	31,76,159	25,80,328
Welfare Expenses	13,65,417	8,76,360
Rent, Rates & Taxes	1,90,500	2,44,639
Marketing Development Expenses	2,87,506	2,43,402
Insurance	8,01,523	9,03,986
Repairs & Maintenance - Others	2,93,900	1,96,040
Advertisement & Publicity, Subscription & Periodicals	86,932	1,86,589
Travelling, Conveyance & Vehicle Maintenance *	45,08,868	34,62,250
Postage, Telegram, Telephone & Telex	8,82,641	8,06,172
Printing & Stationery	4,47,228	4,11,575
Tendering Expenses	1,02,225	1,81,850
Director's Sitting Fees	1,20,000	45,000
Auditors Remuneration : (includes Service Tax where applicable)		
Audit Fees	1,65,450	89,984
Statutory Certification Charges	65,168	44,944
Others Professional Charges	11,236	16,280
Legal & Professional Expenses	23,07,228	13,51,200
General Expenses	4,72,020	3,89,240
Bad Debts Written Off	8,58,068	—
Loss on Sale of Investments	2,77,230	—
Loss on Sale of Fixed Assets	—	7,986
	<u>4,05,79,074</u>	<u>3,13,82,743</u>

\* Includes Rs.29,250 (Previous Year: Rs.14,350) reimbursed to Auditors.

## (13) FINANCE CHARGES

Interest :		
Banks	4,01,018	4,61,315
Others	13,52,109	92,040
Guarantee Commission & Other Bank Charges	1,05,67,891	71,95,786
	<u>1,23,21,018</u>	<u>77,49,141</u>



## (14) SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### A. SIGNIFICANT ACCOUNTING POLICIES:

1. The Financial Statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.
2. The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.
3. Fixed Assets are valued at cost net of CENVAT. Borrowing cost that are directly attributable to the acquisition or construction of a qualifying asset are considered as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.
4. The depreciation is charged on the written down value method at the rate and in the manner specified under Schedule XIV of the Companies Act, 1956.
5. The contracts Work-in-Progress as at the end of the year is valued on percentage of completion method as detailed hereunder:
  - (i) Where the value of Running Account Bill(s) is less than the cost, the Work-in-Progress is valued at lower of the two.
  - (ii) Where current estimates of cost and selling price of a contract as at the end of year indicate loss, such foreseeable loss is accounted for during the year.
  - (iii)
    - (a) In case the value of Running Account Bill(s) is less than 33% of the contract value, the job is valued at actual cost incurred as at the end of year.
    - (b) In case the value of Running Account Bill(s) is more than 33% but less than 50% of the contract value, the job is valued at actual cost incurred plus one third of the contribution available as at the end of year.
    - (c) In case the value of Running Account Bill(s) is 50% and above, the job is valued at actual cost incurred plus two third of the contribution available as at the end of year.

For the purpose of valuation, cost means the direct cost on a particular job excluding depreciation and finance charges, which are directly charged to Profit and Loss Account.

6. Accumulated value of Amount Billed to client is carried forward on memorandum basis till the project is charged to completed contracts. On closure of a project the accumulated value of work in progress in accordance with Accounting Policy '5' discussed above and difference between Accumulated Amount of WIP and total Amount Billed to client is accounted in the value of amount "charged to completed contracts".
7. Works Contracts are charged to completed contracts on obtaining completion certificates from concerned clients.
8. The following items are accounted for on cash basis:
  - (a) Extra items claims.
  - (b) Penalties or interests, if any, on delayed payment of statutory dues.
  - (c) Any receipts/additional liability on account of pending income tax, sales tax and excise duty assessments.
  - (d) Insurance claims.
9. Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Current Assets and Current Liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Current Assets and Current Liabilities at the end of the year is recognised as income or expense, as the case may be, for the year.

## RAUNAQ INTERNATIONAL LIMITED

10. Long term investments are stated at cost. Where there is a decline other than temporary in the value of these investments, the carrying amount is reduced on individual investment basis and decline is charged to Profit and Loss Account.
11. Employees' long-term benefits are accounted in accordance with AS-15.
12. The Company provides current tax based on the provisions of the Income Tax Act applicable to it. Timing differences between book profit and taxable profit is accounted as deferred tax. Deferred Tax Asset, if any, is recognised considering prudence.
13. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when an asset is identified as impaired.
14. Provision involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

### B. NOTES ON ACCOUNTS:

1. CONTINGENT LIABILITIES		<b>2008-09</b> <u>(Rs./lacs)</u>	2007-08 <u>(Rs./lacs)</u>
(a) Guarantees given by the banks which are counter Guaranteed by the Company and secured against Fixed & Current Assets		<b>3015.03</b>	2265.75
(b) Corporate Guarantee given by the Company		<b>50.00</b>	50.00
(c) Others where company had gone in to appeals before appropriate authorities:			
- Sales Tax		<b>13.91</b>	13.91
- Income Tax		<b>1.84</b>	4.59

2. Work-in-Progress includes stocks as at the end of the year of Raw Materials and Stores & Spares.

		Opening Stock (Rs.)	Purchase (Rs.)	Consumption (Rs.)	Closing Stock (Rs.)
i)	Raw materials	1,12,83,094	32,31,52,194	32,93,62,457	50,72,831
ii)	Stores, Spares & Tools & Tackles	-	83,01,672	83,01,672	-

		<b>2008-09</b> <u>Rs.</u>	2007-08 <u>Rs.</u>
3. (a) C.I.F.VALUE OF IMPORTS:			
- Raw Materials		-	-
- Finished Goods		-	2,72,621
(b) EXPENDITURE IN FOREIGN CURRENCY:		-	-



(c) Value of imported and indigenous materials consumed and percentage thereof :

	Materials Consumed		Stores, Spares & Tools & Tackles	
	%	Value (Rs.)	%	Value (Rs.)
Imported	-	-	-	-
	(-)	(-)	(-)	(-)
Indigenous	100.00	32,93,62,457	100.00	83,01,672
	(100.00)	(20,38,49,006)	(100.00)	(70,67,849)
Total	100.00	32,93,62,457	100.00	83,01,672
	(100.00)	(20,38,49,006)	(100.00)	(70,67,849)

4. Quantity details in respect of Goods Traded: NIL

5. Remuneration paid to Managerial personnel

	<u>2008-09</u> (Rs.)	<u>2007-08</u> (Rs.)
- Salary and HRA etc.	12*	12*

\*Token remuneration paid to Chairman & Managing Director.

6. Employee Benefits:

(a) Defined Contribution Plan:

The Company's contributions to the Provident Fund and Superannuation Fund are charged to the Profit and Loss Account.

(b) Defined Benefit Plan / Long Term Compensated Absences:

The Company's liability towards gratuity (Funded), terminal Ex-gratia (Unfunded) and compensated absences is determined on the basis of the year end actuarial valuation done by an independent actuary. The actuarial gains and losses determined by the actuary are recognized immediately in the Profit and Loss Account as an income or expense.

(c) Details of Employees Benefits as required by the Accounting Standard-15 "Employee Benefits" are as follows: -

Defined Contribution Plans

Rs. in lacs

During the year, the Company has recognised the following amounts in the Profit and Loss account:	<b>2008-09</b>	2007-08
- Contribution to Provident Fund and Family Pension Fund	<b>22.65</b>	19.27
- Contribution to Superannuation Fund	<b>9.11</b>	6.79

The above amounts are included in Schedules 11 and 12.

Defined Benefit Plans

a) A general description of the Employees Benefit Plans:

Gratuity (Funded)

The Company has an obligation towards gratuity, a funded defined benefits retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment, of an amount calculated in accordance with the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of services.

b) Details of defined benefit plans - As per Actuarial Valuation as on 31<sup>st</sup> March, 2009

(Rs. in lacs)

<b>Particulars</b>		<b>Gratuity-Funded</b>	
		<b>2008-09</b>	<b>2007-08</b>
<b>I</b>	<b>Components of employers expenses</b>		
1	Current service cost	<b>6.79</b>	4.53
2	Interest Cost	<b>2.90</b>	2.42
3	Expected return on Plan Assets	<b>(2.65)</b>	-
4	Curtailment Cost/(Credit)	-	-
5	Settlement Cost/(Credit)	-	-
6	Past Service Cost	-	-
7	Actuarial Losses/(Gains)	<b>5.45</b>	4.30
8	Effect of the limits in Para 59 (b) of AS 15	-	-
9	Total expenses recognised in the Profit & Loss Account	<b>*12.49</b>	*11.25

(\* Included in Schedules 11 and 12)

		<b>Gratuity-Funded</b>	
<b>II</b>	<b>Actual Contribution and Benefits Payments for the year</b>		
1	Actual Benefits Payments	<b>(2.69)</b>	(0.61)
2	Actual Contributions	<b>35.88</b>	2.57

<b>III</b>	<b>Net asset/(liability) recognised in the Balance Sheet</b>		
1	Present Value of Defined Benefits Obligation	<b>54.02</b>	41.57
2	Fair value of Plan Assets	<b>37.86</b>	2.02
3	Funded Status [Surplus/(Deficit)]	<b>(16.16)</b>	(39.55)
4	Unrecognised Past Service Costs	-	-
5	Net asset/(liability) recognised in the Balance Sheet	<b>(16.16)</b>	(39.55)

<b>IV</b>	<b>Change in Defined Benefit Obligation during the year</b>		
1	Present value of Defined Benefit Obligation as at the beginning of the year	<b>41.57</b>	30.32
2	Current Service Cost	<b>6.79</b>	4.53
3	Interest Cost	<b>2.90</b>	2.42
4	Curtailment Cost /(Credit)	-	-
5	Settlement Cost /(Credit)	-	-
6	Plan amendments	-	-
7	Acquisitions	-	-
8	Actuarial Losses /(Gains)	<b>5.45</b>	4.30
9	Benefits paid	<b>(2.69)</b>	-
10	Present value if Defined Benefits Obligation as at the end of the year	<b>54.02</b>	41.57





<b>V</b>	<b>Change in Fair Value of the Plan Assets during the year</b>	<b>2008-09</b>	2007-08
1	Plan Asset as at the beginning of the year	<b>2.02</b>	-
2	Acquisition Adjustment	-	-
3	Expected return on Plan Assets	<b>2.65</b>	0.06
4	Actuarial Gains /(Losses)	-	-
5	Actual Company Contributions	<b>35.88</b>	2.57
6	Benefits Paid	<b>(2.69)</b>	(0.61)
7	Plan Assets as at the end of the year	<b>37.86</b>	2.02

<b>Gratuity-Funded</b>			
<b>VI</b>	<b>Actuarial Assumptions</b>		
1	Discount Rate	7.00%	8.00%
2	Expected return on plan assets	8.00%	9.00%
3	Salary escalation Rate	5.00%	5.00%

<b>VII</b>	The expected rate of return on the plan asset (Gratuity-Funded) is based on the average long term rate of return expected on investments of funds during estimated term of obligation. Actual return on Plan Assets is Rs. 0.06 lacs.
<b>VIII</b>	The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion & other relevant factors.

<b>IX</b>	<b>The major categories of plan assets as a percentage of the total plan assets.</b>	<b>2008-09</b>	2007-08
	Insurer Managed funds	<b>100%</b>	100%

<b>X</b>	<b>Experience Adjustments</b>		
1	Present value of Defined Benefit Obligation as at the end of the year	<b>54.02</b>	41.57
2	Fair value of plan asset as at the end of the year	<b>37.86</b>	2.02
3	Funded Status [Surplus/(Deficit)]	<b>(16.16)</b>	(39.55)
4	Experience adjustment on Plan Liabilities	-	-
5	Experience adjustment on Plan Asset	-	-

c) The liability for leave encashment is accounted for on accrual basis on actuarial valuation at the year end.

#### 7. Segment Reporting:

Based on the guiding principles given in Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India, this Accounting Standard is not applicable to the Company.

## 8. Related Party Disclosures :

### (i) Related Parties are as under:-

#### (a) Enterprises over which key management Personnel is able to exercise significant influence :

- Bharat Gears Limited (BGL)
- Vibrant Finance & Investment Pvt. Ltd. (VFIPL)
- Ultra Consultants Pvt. Ltd. (UCPL)
- Future Consultants Pvt. Ltd. (FCPL)
- ClipLok Simpak (India) Pvt. Ltd. (CSPL)
- Raunaq ABM India Ltd. (RAIL)
- Samreet Investment & Management Consultants Pvt. Ltd. (SIMCPL)

#### (b) Key Management Personnel :

- Mr. Surinder P. Kanwar (SPK)– CMD

#### (c) Relative of Key Managerial Personnel:

- Mr. Sachit Kanwar (SK) – son of CMD

Note : Related parties are as identified by the Company and relied upon by the Auditors.

### (ii) Transactions with the Related Parties and their relatives during the year ended 31<sup>st</sup> March, 2009:-

#### A) Enterprises over which key management personnel is able to exercise significant influence

Nature of Transaction	31.03.2009 (Rs./Lacs)	31.03.2008 (Rs./Lacs)
- Rent paid (BGL)	1.74	1.43
- Investment in shares (BGL)	-	143.13
- Construction work income received (BGL)	84.19	85.65
- Sale of clips for collapsible boxes (CSPL)	-	4.86
- Advance against order (CSPL)	15.00	-
- Unsecured loans (SPK)	20.00	-
- Corporate Guarantee (VFIPL) offered for credit limits availed by Company to:		
- Federal Bank Ltd.	300.00	300.00
- ING Vysya Bank Ltd.	1300.00	329.05
- SBI Mumbai	2700.00	1000.00
- Mr. Sachit Kanwar (Salary)	6.00	-
- Remuneration to Managerial Personnel :	Rs.	Rs.
- Mr. Surinder P. Kanwar	12.00	12.00

### (iii) Balance outstanding as at the end of the year in respect of the transactions entered into during the year with the related parties.

	31.03.2009	31.03.2008
Amount recoverable from:		(Rs./Lacs)
- Enterprise over which key management personnel is able to exercise significant influence	21.77	32.80



(iv) No amount have been written off/provided for or written back during the year in respect of amount receivable from or payable to the related parties.

9. Disclosure as per Accounting Standard 20 - Earning per share – The numerator & denominator used to calculate basic & diluted Earning Per Share :

<b>Profit Attributable to Equity Shareholders</b>	<b>2008-09 (Rs.)</b>	<b>2007-08 (Rs.)</b>
Profit After Tax & Before Extra Ordinary Items (A)	<b>3,33,45,121</b>	2,30,28,543
Less : Excess provision for the tax for earlier year being Extra Ordinary Item	-	-
Add : Short provision for the tax for earlier year being Extra Ordinary Item	-	-
Profit After Tax & After Extra Ordinary Items (B)	<b>3,33,45,121</b>	2,30,28,543
Weighted average number of Equity Shares outstanding during the year (C)	<b>6,63,424</b>	6,63,424
Basic and Diluted EPS with Extra Ordinary Income (A)/(C)	<b>50.26</b>	34.71
Basic and Diluted EPS without Extra Ordinary Income (B)/(C)	<b>50.26</b>	34.71

10. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is not ascertainable.

11. Figures of previous year have been regrouped/reclassified wherever considered necessary.

12. Figures in brackets are in respect of previous year.

As per our report of even date attached

For V. P. Jain & Associates  
Chartered Accountants

SURINDER P. KANWAR  
Chairman & Managing Director

SACHIT KANWAR  
Executive Director

M. K. VIG  
P. K. MITTAL  
GAUTAM MUKHERJEE  
G. VENKATARAMAN  
N.V. SRINIVASAN  
Directors

(V. P. JAIN)  
Partner  
Membership No. 81514

P. C. KOTHARI  
Vice President (Finance & Accounts)

Place : Faridabad  
Date : May 29, 2009

**STATEMENT AS REQUIRED BY PART IV OF SCHEDULE VI TO COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

CIN of the Co. 

L	5	1	9	0	9	H	R	1	9	6	5	P	L	C	O	3	4	3	1	5
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

State Code : 

0	5
---	---

Balance Sheet Date : 

3	1
---	---

 / 

0	3
---	---

 / 

2	0	0	9
---	---	---	---

  
Date Month Year

**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)**

Public Issue  

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Rights Issue  

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Bonus Issue  

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Private Placement  

			N	I	L				
--	--	--	---	---	---	--	--	--	--

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)**

Total Liabilities  

			1	2	5	3	5	8
--	--	--	---	---	---	---	---	---

Total Assets  

			1	2	5	3	5	8
--	--	--	---	---	---	---	---	---

Sources of Funds : Paid - up Capital  

					6	7	0	2
--	--	--	--	--	---	---	---	---

Reserves & Surplus  

			1	1	6	3	5	5
--	--	--	---	---	---	---	---	---

Secured Loans  

					2	3	0	1
--	--	--	--	--	---	---	---	---

Unsecured Loans  

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Application of Funds : Net Fixed Assets  

			1	4	7	7	6
--	--	--	---	---	---	---	---

Investments  

			1	4	9	9	8
--	--	--	---	---	---	---	---

Net Current assets  

			8	9	6	3	3
--	--	--	---	---	---	---	---

Misc. Expenditure  

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Accumulated Losses  

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Deferred Tax Assets  

					5	9	5	1
--	--	--	--	--	---	---	---	---

**IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)**

Turnover  

			6	0	5	0	5	7
--	--	--	---	---	---	---	---	---

Total Expenditure  

			5	5	6	2	9	9
--	--	--	---	---	---	---	---	---

+ - Profit / Loss Before Tax  

+						4	8	7	5	8
---	--	--	--	--	--	---	---	---	---	---

+ - Profit / Loss After Tax  

+						3	3	3	4	5
---	--	--	--	--	--	---	---	---	---	---

(Please tick Appropriate box + for profit - for loss)

Earning Per Share in (Rs.)  

5	0	.	2	6
---	---	---	---	---

Dividend per share in (Rs.)  

2	.	2	0
---	---	---	---

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY**  
(As per monetary terms): Not applicable

As per our report of even date attached

For V. P. Jain & Associates  
Chartered Accountants

SURINDER P. KANWAR  
Chairman & Managing Director

SACHIT KANWAR  
Executive Director

M. K. VIG  
P. K. MITTAL  
GAUTAM MUKHERJEE  
G. VENKATARAMAN  
N.V. SRINIVASAN  
Directors

(V. P. JAIN)  
Partner  
Membership No. 81514

P. C. KOTHARI  
Vice President (Finance & Accounts)

Place : Faridabad  
Date : May 29, 2009

**PROFORMA FOR UPDATION OF SHAREHOLDER'S INFORMATION**

Folio No.           No. of Equity Shares           Specimen Signature (As per application/Transfer Deed)

Name(s) :

First Holder                      \_\_\_\_\_

Occupation

Jt. Holder 1                      \_\_\_\_\_

Jt. Holder 2                      \_\_\_\_\_

Address

(In Case of Joint Holding, all the Joint Holders to sign)

Pin Code

Cert. Nos.

FROM

FROM

Dist. Nos.

TO

TO

- NOTES : 1. IN CASE THE SPACE IS NOT SUFFICIENT PLEASE ATTACH A SEPARATE SHEET.  
2. THE ABOVE PROFORMA MAY BE FILLED AND RETURNED EVEN IF THERE IS NO CHANGE IN THE PARTICULARS.

# "FORM 2B"

## Nomination Form

(To be filled in by the individual applying singly or jointly)  
(if jointly only upto two persons)

I/We.....and.....the holders of.....equity shares against Folio No..... bearing Certificate number(s) from.....to.....and distinctive number from.....to.....of M/s Raunaq International Limited wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and or amount payable in respect of the said shares shall vest in the event of my/our death.

**Name and Address of Nominee**  
(Please write in block letters)

<b>Name</b>																				
-------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

<b>Father's/Husband Name</b>																				
------------------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

<b>Occupation</b>																				
-------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

<b>Address</b>																				

<b>Date of Birth*</b>																				
-----------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(\*to be furnished in case the nominee is a minor)  
\*\*The Nominee is a minor whose guardian is :

<b>Name</b>																				
-------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

<b>Address</b>																				

(\*\*To be deleted if not applicable)

**Specimen Signature of Nominee/Guardian :** \_\_\_\_\_

Signature :	Signature :
Name :	Name :
Address :	Address :
Date :	Date :

**Signature of two witnesses**

**Name and Address      Signature with date**

- 1.
- 2.

**RAUNAQ INTERNATIONAL LIMITED**

Registered Office : 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad - 121003.  
44<sup>TH</sup> ANNUAL GENERAL MEETING



**ATTENDANCE SLIP**

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall

Name of the Member .....  
(in Block Letters)

Name of Proxy, if any .....  
(in Block Letters)

Regd. Folio No .....

No. of shares held .....

I hereby record my presence at the 44<sup>th</sup> Annual General Meeting of the Company on Thursday, the July 30, 2009 at 11.00 A.M. at Faridabad Industries Association, FIA House, Bata Chowk, Faridabad-121001, Haryana.

Signature of the Proxy..... Signature of the Member.....

- Note :
- Members/Proxy holders are requested to bring this Attendance Slip duly filed in and signed with them when they come to the meeting and hand it over at the entrance of the Meeting Hall.  
NO ATTENDANCE SLIP WILL BE ISSUED AT THE TIME OF MEETING.
  - No briefcase, bag etc. shall be allowed inside the Meeting Hall.
  - Please bring your copy of the Annual Report to the meeting.
  - The meeting is of members only and you are requested not to bring with you any person who is not a member or a Proxy.

**NOTE : NO GIFTS / GIFT COUPONS SHALL BE DISTRIBUTED AT THE MEETING**

**RAUNAQ INTERNATIONAL LIMITED**

Registered Office : 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad - 121 003.



**PROXY FORM**

I/We .....  
of .....  
..... being member(s) of RAUNAQ INTERNATIONAL LTD.

hereby appoint .....  
of .....  
or failing him/her .....  
of .....

as my/our Proxy to vote for me/us and on my/our behalf at the 44<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, the July 30, 2009 at 11.00 A.M. at Faridabad Industries Association, FIA House, Bata Chowk, Faridabad-121 001, Haryana.

AS WITNESS my/our hand(s) this.....day of.....2009

Signature (s)..... Revenue stamp .....

Regd. Folio No .....

- Note :
- The Proxy need not be a member.
  - The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

**NOTE : NO GIFTS / GIFT COUPONS SHALL BE DISTRIBUTED AT THE MEETING**



## Book-Post



✕

*If undelivered, please return to:*

**RAUNAQ INTERNATIONAL LIMITED**

20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad 121 003  
Website : [www.raunaqinternational.com](http://www.raunaqinternational.com)