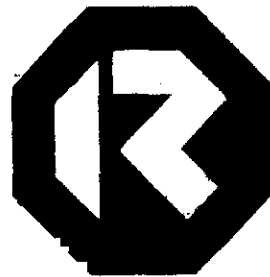


**15th
ANNUAL
REPORT
1998-99**

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RUNGTA IRRIGATION LIMITED

RUNGTA IRRIGATION LIMITED

1 2

BOARD OF DIRECTORS

Shri R.S. Rungta	:	Chairman
Shri M.P. Rungta	:	Vice Chairman Cum Whole Time Director
Shri Sanjay Rungta	:	Managing Director
Shri N. Krishnamurthy	:	Whole Time Director
Maj.Gen.(Retd.) B.S. Neelkantappa	:	Director
Shri Naveen Rungta	:	Director

COMPANY SECRETARY

Shri Arvind Joshi

AUDITORS

M/S O.P. TULSYAN & CO.

Chartered Accountants,
C-6, Annexe Building,
First Floor, Rajouri Garden,
New Delhi- 110 027.

BANKERS

Allahabad Bank, I.F. Branch, New Delhi.
Punjab National Bank, Rajendra Place, New Delhi.
Bank of India, Secundrabad (A.P.).

LENDING INSTITUTION

Industrial Development Bank of India, Kanpur.

SHARE DEPARTMENT

101, Pragati Tower,
26, Rajendra Place,
New Delhi-110 008.

REGISTERED OFFICE :

101, Pragati Tower,
26, Rajendra Place,
New Delhi-110 008.

WORKS :**UNIT-1**

C-165, Industrial Area,
Bulandshahr Road,
Ghaziabad (U.P.)

UNIT-2

Moginand, Kala-amb,
Tehsil Nahan, Distt. Sirmour,
Himachal Pradesh.

UNIT-3

Plot No. B-7,
Electronic Complex, Kushaiguda,
Hyderabad.

UNIT-4

Village Ogli,
Patti Kalal Ghat,
Tehsil Nahan, Distt. Sirmour,
Himachal Pradesh.

UNIT-5

Village Advipolam,
Dist. Yanam,
Pondichery.

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RUNGTA IRRIGATION LIMITED**2****NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the FIFTEENTH Annual General Meeting of RUNGTA IRRIGATION LIMITED will be held at the Deputy Speaker Hall, Constitution Club, in front of Shram Shakti Bhawan, Rafi Marg, New Delhi-110001 on Monday, the 27th September, 1999 at 10.30 a.m. to transact, with or without modifications, as may be permissible, the following business:-

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 31st March, 1999 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To declare a dividend on Equity shares for the year ended 31st March, 1999.
3. To confirm payment of dividend made by the Directors on the Preference shares (privately placed) for the year ended 31st March, 1999.
4. To appoint a Director in place of Shri B.S. Neelkantappa, who retires from office by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri R.S. Rungta, who retires from office by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s. O.P. Tulsyan & Co., Chartered Accountants, as the statutory Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS:**7. REAPPOINTMENT OF SHRI SANJAY RUNGTA AS A MANAGING DIRECTOR:**

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force, the consent of the company be and is hereby accorded to the reappointment of Shri Sanjay Rungta as a Managing Director for the period of 5 (Five) years w.e.f 1st December, 1998 on the terms and conditions including remuneration as set out in the Agreement dated 16th December, 1998 effective retrospectively w.e.f. 1/12/98, the extract of which is placed before the meeting, which terms and conditions are hereby specifically sanctioned with liberty of the Board to alter and vary the terms and conditions of the said appointment and remuneration in such manner as may be agreed to between the Board of Directors and Shri Sanjay Rungta, subject however, to all such restrictions, permissions, approvals as may be required pursuant to the Companies Act, 1956 and Articles of Association of the company."

8. APPOINTMENT OF SHRI NAVEEN RUNGTA AS A DIRECTOR:

To consider and, if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Naveen Rungta, who was appointed as an Additional Director on 5th October, 1998 and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying an intention to propose Shri Naveen Rungta as a candidate for the office of Director of the Company be and is hereby appointed as Director of the Company, liable to retire by rotation."

9. DELISTING OF SHARES FROM THE MUMBAI, CALCUTTA AND AHMEDABAD STOCK EXCHANGES :

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT subject to the approval of Stock Exchanges and/or any other authority(ies) as may be required, the Company hereby accords its consent and approval for delisting of the Company's shares from Mumbai, Calcutta and Ahmedabad Stock Exchanges".

By Order of the Board
For Rungta Irrigation Ltd.

Place : New Delhi
Date : 31st July, 1999

(Arvind Joshi)
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing a proxy should however be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
3. An Explanatory Statement pursuant to Section 173 of the Companies act, 1956 in respect of Item Nos. 7 to 9 of the Notice set out above, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday 20th September, 1999 to Monday 27th September, 1999 (both days inclusive).
5. Dividend on Equity Shares, as recommended by the Directors, if approved/declared at the meeting will be payable to those members whose names appear on the Register of members of the company as on 27th Sept. 1999.
6. Members are requested to bring their copies of the Annual Report while coming to attend the meeting.
7. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
8. Shareholders seeking any information with regard to proposed resolutions or the Balance Sheet & Profit & Loss Account are requested to write to the company at an early date, so as to enable the management to keep the relevant information ready.
9. Members are requested to notify immediately any change of address with PINCODE as well as quote Folio numbers in all correspondences with the company.
10. Members holding shares in identical order of names in more than one folio are requested to send to the company the details of such folios together with the share certificates for consolidating their holdings in one folio.
11. Members are requested to send the Nomination Form duly filled in all respects for the purpose of availing of nomination facility against equity shares held by them in the company. Such nomination forms duly filled in should reach the registered office of the company by 30th November, 1999 latest. Incomplete and improper Nomination Forms shall not be considered and company shall not be liable for any complications arising therefrom.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956.)

ITEM NO.7 :

The Board of Directors (hereinafter referred to as the "Board") at its meeting held on 16th December, 1998 reappointed Shri Sanjay Rungta as Managing Director of the company with retrospective effect from 1st December, 1998 subject to the approval of Shareholders in General Meeting. The Agreement between the company and Shri Sanjay Rungta contains the following salient terms and conditions:-

1. **Period :** 5 years with effect from 1st December, 1998.
2. **Remuneration :** Rs.30,000/- per month in the pay scale of Rs.30,000-10,000-60,000/- including dearness and other allowances from 1st December, 1998 to 30th November, 2003 with authority to the Board to fix his salary within the above mentioned scale from time to time.
3. **Perquisites & Allowances :** In addition to the above, Shri Sanjay Rungta shall be entitled to: (i) Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years; (ii) Leave travel concession for self and family once in a year incurred in accordance with Rules of the Company; (iii) Company's car with driver shall be provided for use of Company's business and the Company shall have the right to bill for any use of car for private and personal purposes; (iv) Reimbursement of expenses incurred on newspaper, books and periodicals, subject to a maximum of Rs.18,000/- per annum; (v) Telephone shall be provided at the Residence and all rental and expenses except personal long distance calls will be paid by the company; such perquisites and allowances shall be restricted to 100% of the annual salary.

For the purpose of calculating the above ceiling, the perquisites and allowances shall be evaluated as per the I.T. Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost. Provision for use of the Company's car and telephone at residence shall not be included in the computation of the perquisites for the purpose of calculating the said ceiling.

4. **Contribution to Provident Fund etc. :** As per rules of the company, but not exceeding 12% of the salary as laid down in Income-Tax Rules, 1962.
5. **Gratuity :** As per Rules of the Company.
The Company's contribution to provident fund and super annuation or annuity fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of the limits for the remuneration or perquisites aforesaid.
6. **Personal Accident Insurance / Mediclaim :** The annual premium to be paid by the company subject to a maximum of Rs.30,000/- per annum.
7. **Club Admission & Annual Fees :** The fees of clubs, subject to a maximum of two clubs provided that no life membership or admission fee is paid.

8. **Housing facility :** Expenditure by the company on hiring unfurnished accommodation subject to a ceiling of sixty percent of the salary, over and above ten percent payable by the Managing Director.
- Incase the company does not provide accommodation to the Managing Director, House Rent Allowance will be paid by the company to the Managing Director as above.
- If accommodation is provided in a Company owned house, the Managing Director shall have to pay to the company by way of rent 10% of the Salary.
9. **Gas, electricity and water facility :** The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income-Tax Rules, 1962, subject to a ceiling of half month's salary of the Managing Director.
10. **Entertainment Expenses :** The reimbursement of entertainment expenses actually incurred in the course of company's business.
11. **Commission :** To be decided by the Board of Directors at the end of each year, subject to a maximum of one percent of the net profits of the Company computed in accordance with Section 349 and 350 of the Companies Act, 1956.
- That it is agreed, if at any time, the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director in terms of the Agreement and such Agreement shall terminate forthwith.
- That it is agreed, if the Managing Director ceases to be a Managing Director, he shall cease to be a Director of the Company.
- The terms and conditions of the said appointment/re-appointment and/or Agreement may be varied/enhanced from time to time by the Board of Directors as it may in its discretion deem fit, within the maximum amounts payable to Managing & Whole-time Directors as per Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.
- The appointment of the Managing Director is by virtue of contract with the Company and his appointment is subject to the provisions of Section 283(1) of the Companies Act, 1956.
- In compliance with the provisions of Section 309 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in General Meeting for their approval.
- The Agreement between the company and Shri Sanjay Rungta is available for inspection by the members of the company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day.
- Shri Sanjay Rungta may be deemed to be concerned and interested in the resolution. Shri R.S.Rungta, Shri M.P.Rungta and Shri Naveen Rungta are interested in the resolution as they are related to each other.
- The above may also be treated as an abstract of terms of appointment and Memorandum of Interest u/s 302 of the Companies Act, 1956.

ITEM NO.8 :

Shri Naveen Rungta was appointed as an Additional Director of the Company w.e.f 5th October, 1998. In terms of Section 260 of the Companies Act, 1956, Shri Naveen Rungta holds office only upto the date of this Annual General Meeting.

A notice has been received from a Member of the Company u/s 257 of the Companies Act, 1956 along with a deposit of Rs.500/- proposing Shri Naveen Rungta candidature for the office of Director and signifying his intention to move the resolution as set out in item No.8 of this notice.

Your Directors recommend appointment of Shri Naveen Rungta as a Director.

Shri Naveen Rungta, who is seeking appointment, is concerned or interested in this resolution as it relates to himself. Shri R. S.Rungta, Shri M.P.Rungta and Shri Sanjay Rungta are interested in the resolution as they are related to each other.

Item No.9 :

The company's shares are presently listed in Delhi, Mumbai, Calcutta and Ahmedabad Stock Exchanges. The shares are infrequently traded on Ahmedabad, Calcutta and Mumbai Stock Exchanges. Infact in all these Exchanges, there have been no transactions for months together. However, the shares are actively traded on Delhi Stock Exchange. Further with the advent of electronic transaction, an investor can buy/sell his securities in any of the Exchange(s) in the country without any problem. In view of this, there is no justification for keeping the shares listed on Ahmedabad, Calcutta and Mumbai Stock Exchanges and thereby incurring avoidable expenditure. Further the Company is also considering plans to get the shares listed on National Stock Exchange. As a matter of abundant precaution as well as pursuant to the Delisting guidelines of the stock exchanges, it is proposed to obtain the approval of the shareholders to the proposed delisting of shares by a special resolution. The earlier approval for delisting of shares at Ahmedabad Stock Exchange has become invalid and the company is seeking fresh approval.

None of the Directors of the Company is interested in the resolution.

By Order of the Board
For Rungta Irrigation Ltd.

Place : New Delhi
Date : 31st July, 1999

(Arvind Joshi)
Company Secretary

RUNGTA IRRIGATION LIMITED

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DIRECTOR'S REPORT

Dear Shareholders,

Your Directors are pleased to present 15th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL HIGHLIGHTS

(Rupees in lacs)

Particulars	Year ended 31.03.99	Year ended 31.03.98
Profit from Operations before Depreciation and Taxation	811.34	905.93
Less:		
Depreciation	304.19	387.92
Provision for Taxation	4.30	11.90
Profit from Operations	502.85	506.11
Less:		
Taxes for earlier years	14.18	4.45
Adjustment for Depreciation relating to earlier years	—	405.59
Total amount for Appropriations	488.67	96.07
Less:		
Appropriations:		
Proposed Dividend		
- Equity	68.89	66.29
- Preference	21.09	
Prov. for Tax on Dividend	9.89	6.63
Trf. to General Reserve	388.78	23.15

OPERATIONAL PERFORMANCE

During the year under review, even though the company's turnover received a setback, profit before tax was maintained at almost the same level. This could be achieved as the company was able to curtail costs at operational level. The turnover suffered primarily due to recessionary conditions prevailing in the market.

The company also launched its pesticides products viz., Rungta Buta 50 EC, Rungta Ban 20 EC, Rungta Mono 36 5L, Rungta ISO 75 W.P., Rungta 2,4-D 38 E.C. etc. which have been received in the market very well. The company is confident that the pesticides unit shall be able to contribute to the growth in the company's assets substantially.

DIVIDENDS

Your Directors are pleased to recommend the following dividends for the year ended 31st March, 1999 for consideration and approval of the shareholders at the ensuing Annual General Meeting of the Company:-

31st March, 1999

(Rs.)

a)	On 70,00,200 Equity Shares of Rs.10/- each @ Rs.1/- per share to be paid pro-rata on the amount paid-up. (Previous Year -Rs.1/- per share)	68,89,000
b)	Interim dividend to be deemed final on 5,00,000 Cum. Redeemable Preference Shares of Rs.100/- each fully paid up allotted on private placement to Industrial Development Bank of India to be paid pro-rata @ 12% p.a. (Previous year- Nil)	21,09,000
	Total (a) + (b)	89,98,000

FINANCING ACTIVITIES

During the year under review, the company raised Rs.500 lacs (Rupees Five Hundred Lacs) from Industrial Development Bank of India by issue of 5,00,000 12% Cumulative Redeemable Preference Shares of Rs.100/- each on private placement basis. The funds were raised with a view to finance its longterm working capital requirements.

CORPORATE GOVERNANCE

The Company is managed by Board of Directors consisting of members having extensive technical, financial and administrative acumen. The composition of the Board ensures better Corporate Governance encompassing accountability and transparency towards all shareholders, the Government etc. For a regular review of the performance of the company, the Board met once during a month. All decisions related to new investment, new project, leasing and borrowing are considered by the Board of Directors.

RUNGTA IRRIGATION LIMITED

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Y2K COMPLIANCE

There will not be any material adverse impact on the financial position of the company while gearing up for the year 2000. The company has initiated measures to assess the contingencies on the Year 2000 issue relating to hardware, software and operating system and necessary steps have been taken to meet those contingencies. The cost of addressing the Year 2000 issue is not likely to be material and the company does not envisage any undue business risk.

ENVIRONMENTAL PROTECTION

Your company's operational activities do not in any way adversely affect the environment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is given in the Annexure 'A' forming part of this Report. However, the requirement for disclosure of particulars with respect to conservation of energy is not applicable to your Company.

DEPOSITS

The company has not accepted any fixed deposits during the year and consequently there are no overdue amounts or outstanding dues as on March 31, 1999.

DIRECTORS

During the year under review, Shri B.S. Brahmachari and Shri V.K. Sehgal resigned from the Directorship of the Company. The Board places on record its sincere appreciation for the services and valuable guidance rendered by them to the Company during their tenure of service.

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri B.S. Neelkantappa and Shri R.S. Rungta, will be retiring by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

Shri Naveen Rungta was appointed as an Additional Director of the Company w.e.f. 5th October, 1998 in accordance with section 260 of the Companies Act, 1956 and in terms of Article 89 of the Articles of Association of the Company. However his term as Director will cease to exist at the ensuing Annual General Meeting, but a notice under Section 257 of the Companies Act, 1956 has been received from a shareholder, along with a deposit of Rs. 500/- intimating the intention to propose Shri Naveen Rungta for the office of Director of the Company. The necessary resolution seeking your approval for the appointment of Shri Naveen Rungta as a Director is being placed in the ensuing Annual General Meeting.

During the year under review, the tenure of Shri Sanjay Rungta as Managing Director of the company expired on 30th November, 1999. The Board deemed it fit to reappoint him as the Managing Director. He was thus reappointed by the Board for a further tenure of five years. The necessary resolution seeking your approval for the same is being placed in the ensuing Annual General Meeting.

PARTICULARS REQUIRED AS PER LISTING AGREEMENT WITH STOCK EXCHANGES.

A Statement containing necessary information, as required under the Listing Agreements with the Stock Exchanges is annexed hereto as Annexure 'B'.

PARTICULARS OF EMPLOYEES

During the year under review, no employee whether employed for the whole year or part thereof, was drawing gross remuneration of Rupees Six lacs or more per year or Rupees Fifty thousand or more per month as laid down under section 217(2A) of the Companies Act, 1956. As such information as required under section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rule, 1975 is not being furnished.

AUDITORS AND AUDITOR'S REPORT

M/s O.P. Tulsyan & Co., Chartered Accountants, Auditors of your Company, retire at the ensuing Annual General Meeting and we recommend their re-appointment. The Company has received a certificate from them to the effect that their reappointment if made, would be within the prescribed limits as laid down under Section 224(1-B) of the Companies Act, 1956.

The Directors have taken a note of the observations made by the Auditors in their Report. The concerned notes to accounts referred to in these observations are self-explanatory and do not call for further explanation.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the continued assistance and co-operation received from the Industrial Development Bank of India, Allahabad Bank, Punjab National Bank as well as Bank of India.

Your Directors also record their gratitude to the Company's esteemed shareholders for their continued support and encouragement.

Your Directors also hereby place on record their appreciation for the efficient, loyal and devoted services rendered by them at all levels.

By Order of the Board

Place : New Delhi

Date : 31st July, 1999

Ram Swaroop Rungta
(Chairman)

RUNGTA IRRIGATION LIMITED**7****ANNEXURE TO THE DIRECTORS' REPORT**

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

ANNEXURE 'A'**Form - B****A. TECHNOLOGY ABSORPTION****Research & Development (R & D) :****1. Specific areas in which R & D carried out by the company:**

Research & Development was a continuous process in the organisation and was carried out in the areas of process development, process modification, product development and technology upgradation.

2. Benefits derived as a result of above R & D :

Reduced raw material wastage, better input/output ratio, significant cost reduction were the direct benefits of the R & D carried out by the company.

3. Future Plan of Action :

Old testing and laborating equipments are being replaced with more sophisticated and computerised equipments to reduce human error interent in visual & unsophisticated test conducted for quality evaluation of products manufactured.

4. Expenditure on R & D:

	Rs.
i) Capital	3,43,433.00
ii) Recurring	7,31,092.00
iii) Total	10,74,525.00
iv) Total R & D as percentage of total turnover	0.24%

(B) TECNOLOGY ABSORPTION, ADAPTATION & INNOVATION**1. Efforts & Benefits**

The R & D division of the company continues to improve the technical know-how available with the company to make the product more suitable to the requirement of the users. The company also provides guidance, supervision and traning to our sister concerns for adaptation of the tecnology . The above efforts has resulted in increased profit margins.

(C) FOREIGN EXCHANGE EARNING AND OUTGO

	During 1998-99 Rs.	During 1997-98 Rs.
Total foreign exchange spent and earned		
i) Foreign Exchange Spent	Nil	Nil
ii) Foreign exchange earnedby Export of Irrigation System	21,69,148/-	Nil

ANNEXURE 'B'**INFORMATION AS REQUIRED UNDER THE LISTING AGREEMENT WITH STOCK EXCHANGES.**

1. The securities of the Company are listed in the Stock Exchanges as stated below and the annual listing fees has been paid to each of the Exchange.

Name of the Stock Exchange**Address**

(1) The Calcutta Stock Exchange
Association Ltd.

7, Lyons Range
Calcutta 700 001.

(2) The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai 400 001.

(3) The Delhi Stock Exchange
Association Ltd.

West Plaza, Indraprastha Estate,
Indira Gandhi Stadium, New Delhi-110 002.

(4) The Stock Exchange, Ahmedabad

Kamdhenu Complex
Opp. Sahajanand
College, Panjarapole,
Ahmedabad-380015.