

**16th
Annual
Report
1999-2000**

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RUNGTA IRRIGATION LIMITED

RUNGTA IRRIGATION LIMITED**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
Shri Naveen Rungta	:	Director
Shri Prem Pal Sharma	:	Director
Shri G. Natarajan	:	Director

COMPANY SECRETARY

Shri Pankaj Sethi

AUDITORS

M/S O.P. TULSYAN & CO.

Chartered Accountants

412, Plaza Kalpana

24/147 Birhana Road

Kanpur

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.

REGISTERED OFFICE :

101, Pragati Tower,

26, Rajendra Place,

New Delhi-110 008.

SHARE DEPARTMENT

101, Pragati Tower,

26, Rajendra Place,

New Delhi-110 008.

WORKS :**UNIT-1**

C-165, Industrial Area,

Bulandshahar 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**NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the Sixteenth Annual General Meeting of Rungta Irrigation Limited will be held at the Deputy Speaker Hall, Constitution Club, Rafi Marg, New Delhi-110001 on Thursday, the 28th September, 2000 at 10.30 a.m. to transact the following business(es):-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 31st March, 2000 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To confirm payment of interim dividend on equity shares for the year ended 31st March, 2000.
3. To confirm payment of intrerim dividend on the preference shares(Privately Placed) for the year ended 31st March, 2000.
4. To appoint a Director in place of Shri Naveen Rungta, who retires 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 reappointment.
6. Appointment of Auditor and remuneration thereof :

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:
 "RESOLVED that pursuant to section 224 read with 224A of the Companies Act, 1956 M/s. O.P. Tulsyan & Co., Chartered Accountants, Kanpur, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration, as may be agreed upon between the Board of Directors of the company and the said M/s. O.P. Tulsyan & Co.

SPECIAL BUSINESS:

7. 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 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 for the time being in force, the consent of the company be and is hereby accorded to the reappointment of Shri M.P. Rungta as Vice Chairman & Wholetime Director for a period of 5 (Five) years w.e.f. 1st January, 2000 on the terms and conditions including remuneration as set out in the Agreement dated 28.01.2000, 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 M.P. 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. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Shri Prem Pal Sharma, who was appointed as an Additional Director on 29th July, 2000 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 his intention to propose Shri Prem Pal Sharma as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company, liable to retire by rotation."
9. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Shri G. Natarajan, who was appointed as an Additional Director on 29th July, 2000 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 his intention to propose Shri G. Natarajan 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."

By Order of the Board
 For Rungta Irrigation Ltd.

Place : New Delhi
 Date : 31.7.2000

(M.P. Rungta)
 Vice Chairman

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGD. OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September, 2000 to 28th September, 2000, both days inclusive.
3. Members are requested to :
 - a) intimate to the Company, changes, if any, in their registered address with Pin Code at an early date;
 - b) quote their Regd. Folio No. in all their correspondence with the Company.
 - c) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
4. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is annexed hereto.
5. All the documents referred in the Notice and Explanatory Statement will be available for inspection by the members at the Registered Office of the Company on all working days upto the date of this Annual General Meeting or any other adjournment or adjournments thereof.

By Order of the Board
For Rungta Irrigation Ltd.

Place : New Delhi
Date : 31.7.2000

(M.P. Rungta)
Vice Chairman

EXPLANATORY STATEMENT

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

ITEM NO.6 :

M/s. O.P. Tulsyan & Co., Chartered Accountants, New Delhi were appointed as the Statutory Auditors to hold office upto the conclusion of this Annual General Meeting and that they have expressed their willingness to be reappointed as the Statutory Auditors of the company. Pursuant to Section 224A of the Companies Act, 1956, since more than twenty five per cent of the subscribed capital of the company is held by IDBI, a Public Financial Institution, the reappointment of the Statutory Auditors could be made by a special resolution, hence this resolution.

The letter of M/s. O.P. Tulsyan & Co. expressing their willingness for reappointing as Statutory Auditors 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.

Your Directors recommend their reappointment as the Statutory Auditors of the Company.

None of the Directors may be deemed interested in this resolution.

ITEM NO.7:

The Board of Directors (hereinafter referred to as the "Board") at its meeting held on 28th January, 2000 reappointed Shri. M.P. Rungta, Vice Chairman & Whole-time Director of the company with retrospective effect from 1st January, 2000 subject to the approval of Shareholders in General Meeting. The Agreement between the Company and Shri M.P. Rungta contains the following salient terms and conditions:-

1. **Period:** 5 years with effect from 1st January, 2000.
2. **Remuneration:** Rs.30,000/- per month in the pay scale of Rs.30,000-10,000-60,000/- including dearness and other allowances 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 M.P. 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 to be used for 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 Vice Chairman & Whole-time Director.
In case the company does not provide accommodation to the Vice Chairman & Whole-time Director, House rent allowance will be paid by the company to the Vice Chairman & Whole-time Director as above.
If accommodation is provided in a Company owned house, the Vice Chairman & Whole-time 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.
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 profit of the Company computed in accordance with Section 349, 350 and Schedule XIII of the Companies Act, 1956.
That it is agreed, if at any time, the Vice Chairman & Whole-time Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Vice Chairman & Whole-time Director in terms of the Agreement and such Agreement shall terminate forthwith.
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 Vice Chairman & Whole-time Director as per Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.
The appointment of the Vice Chairman & Whole-time 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 M.P. 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. M.P. Rungta may be deemed to be concerned and interested in the resolution, Shri R.S. Rungta, Shri. Sanjay 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 Prem Pal Sharma was appointed as an Additional Director in the Board Meeting held on 29th July, 2000 in accordance with Section 260 of the Companies Act, 1956.

A notice has been received from a Member of the Company u/s 257 of the Companies Act, 1956 alongwith a deposit of Rs.500/- proposing Shri Prem Pal Sharma's 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 Prem Pal Sharma as a Director of the Company.

None of the Directors except Shri Prem Pal Sharma is interested in this resolution.

ITEM NO.9:

Shri G. Natarajan was appointed as an Additional Director in the Board Meeting held on 29th July, 2000 in accordance with Section 260 of the Companies Act, 1956.

A notice has been received from a Member of the Company u/s 257 of the Companies Act, 1956 alongwith a deposit of Rs.500/- proposing Shri G. Natarajan's candidature for the office of Director and signifying his intention to move the resolution as set out in item No.9 of this notice.

Your Directors recommend appointment of Shri G. Natarajan as a Director of the Company.

None of the Directors except Shri G. Natarajan is interested in this resolution.

By Order of the Board
For Rungta Irrigation Ltd.

Place : New Delhi
Date : 31.7.2000.

(M.P. Rungta)
Vice Chairman

RUNGTA IRRIGATION LIMITED**DIRECTOR'S REPORT**

Your Directors are pleased to present the Sixteenth Annual Report, together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2000.

FINANCIAL HIGHLIGHTS

Particulars	(Rupees in lacs)	
	Year ended 31.3.2000	Year ended 31.3.1999
Profit from Operations before Depreciation and Taxation	570.74	790.21
Less:		
Depreciation	254.60	304.19
Provision for taxation	3.50	4.30
Profit from Operations	312.64	481.72
Less:		
Taxes for earlier years	—	14.19
Total amount for Appropriations	312.64	467.53
Appropriations:		
Dividend		
- Equity	67.79	68.89
- Preference	60.00	21.10
- Corporate Dividend Tax	14.05	9.90
Transfer to General Reserve	50.00	367.64
Balance carried to Balance Sheet	120.80	—

OPERATIONAL PERFORMANCE AND OUTLOOK

During the year under review, the performance of the Company was slackened due to industrial recession which was further aggravated due to draught like condition in many States like Rajasthan, Gujarat, Uttar Pradesh etc. The eqvi proportionate decline in the profit from operations, however, was restricted because of the stringent, cost effective policies of the Management of your company.

The good monsoon during the current season coupled with revival of industrial growth has helped company to perceive a better demand of its products during the current financial year. Considering the ever increasing demand for the company's product in the southern belt, the Company has set up its second Unit in Yanam. Besides, the Company has ambitious plans to extend specialised services to its customers to harness the optimum performance of the company's product and to make maximum utilization thereof. Considering the Company's focus on the strong dealers network and its own sales depots backed by aggressive and innovative marketing strategy with its strong brand image, the future of the Company's business is positive.

DIVIDEND

Your directors are pleased to recommend the following interim dividend to be deemed as final dividend paid during the year ended 31st March, 2000 for confirmation of the Shareholders -

- A dividend of Rs.1/- per equity share of Rs.10/- each (Rs.1/- per share during previous year) paid on prorata basis on amount paid up.
- A dividend @ 12% per annum on the cumulative redeemable preference shares:

The dividends as above (i.e. (a) and (b)) would be fully adjusted against the interim dividend paid by the Company on these shares during the financial year ended on 31st March, 2000.

FINANCING ACTIVITIES

During the year under review, your Company has not raised any funds.

CORPORATE GOVERNANCE

The day-to-day affairs of the Company are being closely monitored by the Managing Director and the Vice Chairman of the Company subject to supervision and control of the Board of Directors whose members possess extensive technical, financial and administrative acumen. The Board ensures compliances and meeting at regular intervals for the efficient and effective control of the affairs of the Company.

RUNGTA IRRIGATION LIMITED**Y2K COMPLIANCES**

The Company's offices and/or units have successfully undergone year 2000 roll-over. All systems/equipments are functioning in a normal manner.

ENVIRONMENTAL PROTECTION

Environmental considerations are integrated in all business decisions of your Company. Your Company's operational activities, product etc. do not adversely affect the environment.

ENERGY CONSERVATION ETC.

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.

DEMATERIALIZATION OF SHARES

The Security and Exchange Board of India (SEBI) has mandated that delivery of shares of your Company shall be compulsorily in dematerialized form for all investors w.e.f. 27th November, 2000. The Company is in the process of approaching the Central Depository Services of India Ltd. and the National Securities Depository Ltd. to execute necessary agreements, and to establish required connectivity with the depositories. The members are advised to make note of this effect. A separate press notice, however, shall also be released at the appropriate time, in this respect.

PUBLIC DEPOSIT

The Company has not accepted any public deposits during the year and consequently there are no overdue amounts or outstanding dues as on March 31, 2000.

DIRECTORS

During the year under review Shri Prem Pal Sharma and Shri G. Natarajan were appointed as the Additional Directors of the Company both the Directors have extensive knowledge and experience of business management and Industrial Governance. Pursuant to Section 260 of the Companies Act, 1956 they will hold their office as such upto this Annual General Meeting. The Company has received notices under Section 257 proposing their candidature as Directors of the Company in Annual General Meeting. The passing of necessary resolutions, as appearing in the notice to this Annual General Meeting are being recommended hereby.

The Board places on record its appreciations for the valuable and significant contribution made by Maj. Gen.(Retd.) B.S. Neelkhandappa during his tenure as a Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Article of Associations of the Company, Shri Naveen Rungta and Shri R.S. Rungta will retire by rotation at this Annual General Meeting, and being eligible, offer themselves for reappointment.

AUDITORS

M/s. O.P.Tulsyan & Co., Statutory Auditors of the Company shall retire, and being eligible, offer themselves for reappointment. The Board recommends their reappointment. The Directors have taken note of the observations made by the Auditors in their report. The concerned notes to accounts refer to these observations are self explanatory and do not call for further explanations.

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.

ACKNOWLEDGEMENT

The Directors place on records their gratitude for the valuable assistance and cooperation extended to the Company by the Industrial Development Bank of India, Allahabad Bank, Punjab National Bank, Bank of India and other Institutions.

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

Your Directors deeply appreciate the efforts put in by the employees at all levels, their dedication and commitment to the success of the Company.

For and on behalf of the Board.

Place : New Delhi
Date : 31.7.2000.

(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 interest in visual & unsophisticated test conducted for quality evaluation of products manufactured.

4. Expenditure on R&D :

Rs. In Lacs

i) Capital	—
ii) Recurring	2.56
iii) Total	2.56
iv) Total R&D as percentage of total turnover	—

B) TECHNOLOGY 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 training to our sister concerns for adaptation of the technology. The above efforts has resulted in increased profit margins.

C) FOREIGN EXCHANGE EARNING AND OUTGO

Rs. in Lacs

Total foreign exchange spent and earned

i) Foreign Exchange Spent	02.81
ii) Foreign exchange earned	25.02

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.**

Name of the Stock Exchange	Address
1) The Calcutta Stock Exchange Association Ltd.	7, Lyons Range Calcutta-700001.
2) The Stock Exchange, Mumbai	Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai-400 001.
3) The Delhi Stock Exchange	West Plaza, Indraprastha, Estate, Indira Gandhi, Stadium, New Delhi-2.
4) The Stock Exchange, Ahmedabad	Kamdhenu Complex, Opp. Shahajanand College, Panjarapole, Ahmadabad. Pin Code-380015.