

17th
Annual Report
2000-2001

Report  junction.com



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 S. K. Sachdeva

AUDITORS

M/S O.P. TULSYAN & CO.
Chartered Accountants
4th Floor, Plaza Kalpana
24/147-A, 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.

**DEMAT REGISTRAR WITH
ELECTRONIC CONNECTIVITY**

IN-HOUSE SHARE REGISTRY
3, Community Centre,
Naraina Industrial Area,
Phase-I, Near Payal Cinema,
New Delhi-110 028.

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.

CONTENTS

NOTICE	2
DIRECTORS' REPORT	8
AUDITORS' REPORT	12
BALANCE SHEET	14
PROFIT & LOSS ACCOUNT	15
SCHEDULES TO ACCOUNT	16
NOTES ON ACCOUNTS	24
CASH FLOW STATEMENT	29
BALANCE SHEET ABSTRACT	30

RUNGTA IRRIGATION LIMITED

2

**NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Rungta Irrigation Limited will be held as scheduled below :-

DAY	:	Friday
DATE	:	28th September, 2001
TIME	:	10.30 A.M.
PLACE	:	Deputy Speaker Hall, Constitution Club, Vithal Bhai Patel House, Rafi Marg, New Delhi-110001.

to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To confirm the payment of interim dividend on the preference shares (privately placed) for the year ended 31st March, 2001.
3. To appoint a Director in place of Shri Prem Pal Sharma, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri G.Natarajan, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and for that purpose 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 Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. O.P.Tulsyan & Co., Chartered Accountants, Kanpur, the retiring Auditors of the Company be and are hereby re-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:

6. To consider, and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), and subject to such approvals as may be necessary, the Company hereby accords its approval for the reappointment of Mr. N. Krishnamurthy as Whole-time Director for a period of 3 years from 21st January, 2001 to 20th January, 2004 on the terms and conditions including remuneration and perquisites as set out in the agreement dated 20th January, 2001 entered into between the Company and Mr. N.Krishnakurthy (a copy of which is placed before the meeting, duly authenticated by the Vice Chairman for the purposes of identification) with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the said agreement, in such manner as the Board of Directors may consider necessary and as may be agreed to by Mr. N.Krishnamurthy, within the overall limits as specified in Schedule XIII to the Companies Act, 1956 for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulations framed thereunder, and subject however, to all such restrictions, approvals as may be required, pursuant to provisions of the Companies Act, 1956 and the Articles of Association of the Company."
7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in partial modification of the Ordinary Resolution passed by the Company at its 15th Annual General Meeting held on 27th September, 1999 and in accordance with the provisions of Section 309, Schedule XIII (including any statutory modification or re-enactment thereof, for the time being in force), and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, and permission, if and to the extent necessary, the Company hereby accords its approval to the withdrawal of the salary including remuneration, perquisites and allowances payable to Shri Sanjay Rungta, Managing Director of the Company (pursuant to Agreement entered into with him, dated 16.12.1998) w.e.f. 1st December, 2000 ."

RUNGTA IRRIGATION LIMITED**3**

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT subject to the approval of the Stock Exchanges where the shares of the company are listed, and subject to applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the applicable provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder and the Listing Agreement entered into by the Company with the Stock Exchanges, where the shares of the Company are listed and subject to the consent of all concerned authorities, if and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to obtain permission for voluntary delisting of the Company's shares from Calcutta and Ahmedabad Stock Exchanges."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

9. 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 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered as follows:

"The following Article No.75A be inserted after the existing Article No.75 in the Articles of Association of the Company:

75A Resolutions by postal ballot:

Notwithstanding anything contained in these Articles, in accordance with the provisions of Section 192A of the Companies Act, 1956 and all other applicable Rules, regulations, guidelines (including any statutory modification or re-enactment thereof, for the time being in force) and in the manner prescribed thereunder, the Company may, and in the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot (including voting by electronic mode), shall, get any resolution passed by means of a postal ballot (including voting by electronic mode), instead of/in addition to transacting the business in the General Meeting of the Company.

By Order of the Board
for Rungta Irrigation Ltd.

New Delhi
31.07. 2001

S. K. SACHDEVA
COMPANY SECRETARY

Registered Office :

101, Pragati Tower
26, Rajendra Place
New Delhi-110008

NOTES

1. A member entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the Company. A blank proxy form is attached herewith. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of this Annual General Meeting, duly completed.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business set out in the notice is annexed hereto and forms a part of this Notice.
3. Documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 11.00A.M. and 1.00 P.M. on all working days, upto the date of the Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 25th September, 2001 to 28th September, 2001 (both days inclusive).

RUNGTA IRRIGATION LIMITED

4

**Request to the Shareholders:**

1. The practice of distributing copies of the Annual Report at the Meeting has been discontinued as a measure of economy. Members are, therefore, requested to bring their copy of the Annual Report.
2. Members desirous of seeking any further information about the accounts and/or operations of the Company are requested to address their queries to the Secretary of the Company at least ten days before the date of Annual General Meeting so that the information, to the extent practicable, can be made available at the Annual General Meeting.
3. The shares of the Company have been brought under compulsory dematerialisation w.e.f. 14.11.2000. All the shareholders are requested to convert their shareholdings from physical to demat form.
4. Members are requested to immediately intimate the change, if any, in their registered address to the Company.
5. Shareholders who hold the shares in the dematerialised form, change of address, change of mandate and bank particulars etc. should be notified to the concerned DP only. These changes will be reflected in the Company's records on the downloading of information from Depositories which will help the Company provide better service to its shareholders.
6. Members are requested to quote their Regd. Folio No. in all their correspondence with the Company.
7. Members/Proxies are requested to deposit the enclosed Attendance Slip, duly filled in and signed, at the entrance of the meeting venue, for attending the meeting.
8. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
9. There is a facility available for nomination and shareholders are advised, in their own interest, to nominate persons for transferring the interest on those shares.

By Order of the Board
for Rungta Irrigation Ltd.

S. K. SACHDEVA
COMPANY SECRETARY

New Delhi
31.07. 2001

Registered Office :

101, Pragati Tower
26, Rajendra Place
New Delhi-110008

Report Junction.com

ANNEXURE TO THE NOTICE**REQUIRED PARTICULARS OF MR. P.P. SHARMA AND MR. G. NATARAJAN PURSUANT TO CLAUSE 49(VI) (A) OF THE LISTING AGREEMENT RELATING TO CORPORATE GOVERNANCE ARE GIVEN BELOW:****ITEM No.3**

Shri P.P. Sharma is a Graduate in Mining Engineering. He has over 40 years experience in the field of coal mining. He has worked with Coal India Ltd. and its subsidiaries. He is a member of the Audit Committee and is the Chairman of the Shareholders/ Investors Grievance Committee of Rungta Irrigation Limited.

ITEM No.4

Shri G. Natarajan is a 1st Class University Graduate and is a member of the Institute of Cost and Works Accountants of India. He has undergone Management Training at the Administrative Staff College of India, I.I.M, Ahmedabad, Management Development Institute, Gurgaon and Harvard. He has about 40 years experience in the field of corporate finance, budgeting and cost control. Formerly, he worked as Director (Finance) with Coal India Ltd. and Bharat Cooking Coal Ltd. He is a Director of Rungta Projects Ltd. and Lemos Cement Ltd. He is the Chairman of the Audit Committee of Rungta Irrigation Ltd.

EXPLANATORY STATEMENT:

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying notice.

ITEM NO. 5

M/s. O.P.Tulsyan & Co., Chartered Accountants, were appointed as the Statutory Auditors to hold office upto the conclusion of this Annual General Meeting and 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 share capital of the Company is held by IDBI, a Public Financial Institution, the reappointment of the Statutory Auditors can be made by a Special Resolution, hence this Resolution.

Necessary certificate given by M/s. O.P.Tulsyan & Co. expressing their willingness for reappointment as Statutory Auditors is available for inspection by the members of the Company at the Registered Office of the Company 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 of the Company is, in any way, concerned or interested in this resolution.

ITEM NO.6

Shri N.Krishnamurthy was appointed as a Director on 20th December, 1997 by the Board of Directors of the Company in their meeting held on 20.12.1997. The Board of Directors at their meeting held on 21st January, 1998, appointed Shri N. Krishnamurthy as a Whole-time Director of the Company with effect from 21st January, 1998 subject to the approval of the shareholders in the General Meeting. The appointment was made with the salary fixed at Rs.15200/- per month including Dearness and other allowances. The Board of Directors, subsequently, at their meeting held on 31st July, 1998 revised the aforesaid salary to be in the scale of Rs.17,000/- to Rs.30,000/- w.e.f. 1st April, 1998. The shareholders approved the appointment in the Annual General Meeting held on 24th September, 1998.

Information pursuant to Clause 49 of the Listing Agreement:

Shri N. Krishnamurthy is a Fellow Member of the Institute of Chartered Accountants of India as well as of the Institute of Company Secretaries of India, besides possessing a law degree. He is having an accumulated experience of over 25 years in the finance field and is presently looking after the Southern Zone activities of the Company. His vast experience will be of immense help to the Company. Shri N. Krishnamurthy is also a Chairman of (1) Technomark Advertising & Productions (P) Ltd. (2) JISL Irrigation Ltd. and Managing Trustee of S.K. Charitable Trust.

The Board of Directors at their meeting held on 20.1.2001 reappointed Sh. N. Krishnamurthy as a Wholetime Director of the Company w.e.f. 21st January, 2001 for a period of 3 years subject to the approval of the shareholders in the forthcoming General Meeting in the scale of Rs.17,000/- to Rs.30,000/- The draft Agreement between the Company and Shri N. Krishnamurthy dated 20.1.2001 contains the following main terms and conditions:-

1. Period: Three years with effect from 21st January, 2001.
2. Remuneration: Scale of Rs.17000/- to Rs.30,000/- from 21st January, 2001 to 20th January, 2004 with authority to the Board to fix his salary within the above mentioned scale from time to time. The annual increments will be merit-based.



3. **Perquisites and Allowances:** In addition to the above, Shri N. Krishnamurthy shall be entitled to: (i) re-imbursement of medical expenses incurred for self and family subject to a ceiling of half month's salary in a year; (ii) Leave travel concession for self and family once in a year incurred in accordance with the Rules of the Company; (iii) Company's car with driver shall be provided for use in the Company's business. Use of car for private purposes will be billed by the Company; (iv) Telephone to be provided at the residence and all rental and expenses except personal long distance calls will be paid by the Company; all such perquisites and allowances to 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. Company's 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, 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 ceiling on the remuneration or perquisites aforesaid.

4. **Ex-Gratia/Incentives:** If declared, as per Rules of the Company but not exceeding 20% of the basic salary.

The terms and conditions of the said re-appointment and/or Agreement or remuneration may be varied/enhanced from time to time by the Board of Directors of the Company 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.

Shri N. Krishnamurthy shall perform such duties and exercise such powers as have been or may from time to time be entrusted to or conferred upon him by the Board of Directors of the Company under the superintendence, control and direction of the Board of Directors of the Company.

If, at any time, the Whole-time Director ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the Whole-time Director in terms of the Agreement and such Agreement shall terminate forthwith.

If the Whole-time Director ceases to be a Whole-time Director, he shall cease to be a Director of the Company.

If the Whole-time Director ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director of the Company.

The Whole-time Director is reappointed by virtue of his employment in the Company and his reappointment is subject to the provisions of Section 283(1) of the Companies Act, 1956.

The draft Agreement between the Company and Shri N. Krishnamurthy 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.

The Board is of the view that his reappointment as a Whole-time Director would be in the best interest of the Company.

Your Directors accordingly commend the resolution proposing his re-appointment for your approval.

None of the Directors except Mr. N. Krishnamurthy is interested in the resolution under this item.

The above may also be treated as an abstract of the terms of re-appointment and Memorandum of Interest under section 302 of the Companies Act, 1956.

ITEM NO. 7

At the Board Meeting held on 16th December, 1998, Shri Sanjay Rungta was reappointed as Managing Director of the Company w.e.f. 1.12.1998 for a period of 5 years on the terms and conditions including remuneration as set out in the agreement dated 16.12.1998 subject to the approval of shareholders in the General Meeting and the Shareholders in the Annual General Meeting held on 27th September, 1999, granted approval to his re-appointment. The Board was granted liberty, vide the resolution passed by the Shareholders in Annual General Meeting held on 27.9.1999, to alter and vary the terms and conditions of said re-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 the Articles of Association of the Company.

Keeping in view the difficult financial position of the Company and as also the fact that Shri Sanjay Rungta, Managing Director of the Company is not able to wholly look after the day to day affairs of the Company, due to his preoccupation with his other personal work, and as agreed with Shri Sanjay Rungta and the Board of Directors of the Company, the salary including remuneration, perquisites & allowances payable to Shri Sanjay Rungta, Managing Director of the Company has been withdrawn w.e.f. 1.12.2000 vide the resolution passed by the Board of Directors of the Company in their meeting held on 6.01.2001. As a matter of abundant precaution, the resolution is placed before the members for their approval.

RUNGTA IRRIGATION LIMITED

Your directors recommend the resolution for the approval by the members.

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

The above may also be treated as an abstract of the variation of the terms of appointment and Memorandum of Interest under Section 302 of the Companies Act, 1956.

ITEM NO.8

The Company's equity shares are presently listed at Delhi, Mumbai, Calcutta and Ahmedabad Stock Exchanges. The shares are infrequently traded on Ahmedabad & Calcutta Stock Exchanges. Further with the advent of electronic transaction, an investor can buy/sell his securities in any of the Stock Exchange(s) in the country without any problem.

In view of above facts and to curtail the expenses of the Company, there does not appear proper justification for keeping the shares listed on Ahmedabad and Calcutta Stock Exchanges and thereby incurring avoidable expenditure. Pursuant to the listing 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 company is separately giving Special notice of the proposed resolution in newspapers. The proposed delisting of the company's shares, as and when the same takes place, will not adversely affect the investors.

The Board is of the view that proposed delisting would be in the best interest of the Company. The Board accordingly commend the resolution for approval of the members.

None of the Directors of the company is concerned or interested in the resolution under this item.

ITEM NO.9

Article 75A is proposed to be inserted, being consequential alteration to the Articles of Association of the Company in view of recent amendments to the Companies Act, 1956, by insertion of Section 192A for passing of certain resolutions by postal ballot, by the Companies (Amendment) Act, 2000.

According to Section 31 of the Companies Act, 1956, it is necessary to pass a Special Resolution to amend any of the provisions of Articles of Association of the Company. Therefore, the Board recommends the resolution for the approval of the members.

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

Report Junction.com

By Order of the Board
for RUNGTA IRRIGATION LTD.

New Delhi
31.07. 2001

Registered Office :

101, Pragati Tower
26, Rajendra Place
New Delhi-110008

S. K. SACHDEVA
COMPANY SECRETARY

RUNGTA IRRIGATION LIMITED8 **DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL HIGHLIGHTS

Particulars	(Rupees in lacs)	
	Year ended 31.03.2001	Year ended 31.03.2000
Profit from Operations before Depreciation and Taxation	387.98	570.74
Less:		
Depreciation	187.31	254.60
Provision for Taxation	17.00	3.50
Add:		
Excess provision for tax for earlier year	1.31	—
Profit from Operations	184.98	312.64
Add:		
Balance brought forward from last year	120.80	—
Total amount available for appropriations	305.78	312.64
Appropriations:		
Dividend		
- Equity	—	67.79
- Preference	60.00	60.00
- Corporate Dividend Tax	9.73	14.05
Transfer to General Reserve	50.00	50.00
Balance carried to Balance Sheet	186.05	120.80

OPERATIONAL PERFORMANCE AND OUTLOOK

During the year under review, entire irrigation industry was reeling under severe recession and was put under a lot of pressure because of declining demand, bad monsoon, cut in the subsidy rates, paucity of power and various other external and internal factors. Although your company had envisaged good performance during the year under review, but your company could not perform as expected. There was a certain down fall in the sales targets but we are happy to note that collections against sales were pretty good. In this free market economy, survival of the fittest has become a rule. Your company being one of the leading players in the industry, has survived to do very well in the coming years.

Looking at the shift in the perceptions of customers' needs and demands, your Company also tried to change the focus as far as the product range is concerned. Besides retaining HDPE & Alu. SIS, your Company is laying great emphasis on PVC Pipes which are the products for future as it has wide range of applications all over the country. Your Company successfully participated in many tenders which are likely to be executed shortly. Your Company also plan to enhance capacities for the production of PVC Pipes and also taken measures to upgrade Research and Development activities in the factories at Ghaziabad and Yanam. Your Company is poised for a rapid growth and shall give you the results in the coming years which shall bring a smile on your faces.

DIVIDENDS

Your Directors are pleased to recommend the following interim dividend to be deemed as final Dividend paid during the year ended 31st March, 2001 for approval and confirmation of shareholders:

- a) A dividend @ 12% per annum on the cumulative redeemable preference shares

The dividend as above would be fully adjusted against the interim dividend paid by the company on these shares during the financial year ended on 31st March, 2001.

RUNGTA IRRIGATION LIMITED

However, your directors have not recommended payment of any dividend on equity shares in order to conserve the funds of the company to maximise company's wealth.

FORFEITURE OF SHARES

During the year under review, 1,94,100 equity shares were forfeited on account of failure on the part of the shareholders to pay the call money pursuant to final notice except one shareholder whose matter is subjudice for refund of application money.

CORPORATE GOVERNANCE

As per the amended Listing Agreement with Stock Exchanges, your Company is required to comply with the requirements of the listing agreement relating to Corporate Governance by 31st March, 2002. However, the Company has already initiated measures of good corporate governance and will ensure that all mandatory provisions are fully complied with well before the prescribed date.

AUDIT COMMITTEE

In accordance with the requirements of Clause 49 of the Listing Agreement relating to Corporate Governance and Section 292 A of the Companies Act, 1956, the Board has constituted an Audit Committee comprising the following non-executive with majority of independent member Directors :

Shri G. Natarajan - Chairman
Shri P. P. Sharma - Member
Shri R. S. Rungta - Member

The role, terms of reference and authority and powers of the Audit Committee are in conformity with the requirements of the said Act and the listing agreement. Audit Committee Meetings were held in accordance with the provisions contained in Section 292 A of the Companies Act, 1956 and the listing agreement.

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & 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 Board of Directors) Rules, 1988 is given in the Annexure 'A' and forms an integral part of this Report. However, the requirement for disclosure of particulars with respect to conservation of energy is not applicable to your Company.

DEMATERIALISATION OF SHARES

As per Securities & Exchange Board of India's (SEBI) communication to the company, the equity shares of the company is being traded in the compulsory demat mode w.e.f. 14.11.2000. The company has executed agreements with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd.(CDSL), which are functioning as Depositories through intermediaries called DP's, for demat of shares. M/s In-house Share Registry, New Delhi have been designated as the Demat Registrar with Electronic Connectivity. A press notice in this regard had also been published in the Financial Express (English) and Jansatta (Hindi) news papers on 3rd December, 2000.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits within the meaning of Section 58-A of the Companies Act, 1956 and Rules framed thereunder.

INDUSTRIAL RELATIONS

Your Directors are happy to report that your Company could meet the emerging challenges and make progress due to continued and unstinted cooperation from a loyal and highly motivated staff.

Your Directors wish to place on record their deep appreciation for the devoted services of the employees at all levels throughout the year in the progress of your Company and for the dedication and enthusiasm with which the Company's tradition of high standards of quality have been maintained. The relations with them continue to be cordial at all levels.

HUMAN RESOURCE DEVELOPMENT

The Company's belief in its Human Resources as the most valuable assets is firmly rooted in its philosophy of self reliance and indigenisation. The year in retrospect focussed on further strengthening its Human Resource - the rich repository of knowledge by adding, updating and training talents at all levels in the organization.