

*18th
Annual Report
2001-2002*



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

AUDIT COMMITTEE

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

SHAREHOLDER'S INVESTOR**GRIEVANCE COMMITTEE:**

Shri P.P. Sharma	:	Chairman
Shri Sanjay Rungta	:	Member
Shri M.P. Rungta	:	Member

COMPANY SECRETARY

S.K. Sachdeva

AUDITORS

M/s. O.P. TULSYAN & CO.
Chartered Accountants
412, 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-110008.

SHARE DEPARTMENT

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

**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.

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NOTICE OF THE ANNUAL GENERAL MEETING

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

DAY : Monday
 DATE : 30th September, 2002
 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, 2002 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 share (privately placed) for the year ended 31st March, 2002.
3. To appoint a Director in place of Shri R.S. Rungta, who retires by rotation, and being eligible, offers himself for re-appointment.
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 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. K. Kedia & Co., Chartered Accountants, Kanpur, be and are hereby appointed as the Statutory Auditors of the Company in place of retiring auditors 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. K. Kedia & Co.

New Delhi
 31.7.2002

By Order of the Board
 For Rungta Irrigation Ltd.

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

M.P. RUNGTA
 VICE CHAIRMAN

RUNGTA IRRIGATION LIMITED

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**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. Documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, upto the date of the Annual General Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 26th September, 2002 to 30th September, 2002 (both days inclusive).
4. Equity Shares of the company are available for dematerialisation both with the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
5. Any member who need any clarification on accounts or operations of the Company shall write to the Company, so as to reach atleast 7 days before the meeting so that the information required can be made available at the meeting.

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. Members are requested to immediately intimate the change, if any, in their registered address to the Company.
4. 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 down loading of information from depositories which will help the company to provide better service to its shareholders.
5. Members are requested to quote their Regd. Folio No. in all their correspondence with the Company.
6. 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.
7. Members who hold shares in dematerialised form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
8. 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.

New Delhi
31.7.2002

By Order of the Board
For Rungta Irrigation Ltd.

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

M.P. RUNGTA
VICE CHAIRMAN

**ANNEXURE TO NOTICE****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:

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 appointment of the Statutory Auditors can be made by a Special Resolution, hence this Resolution.

The Company has received a special notice u/s 225(1) of the Companies Act, 1956 from a member of the company including his intention to move a resolution for the appointment of M/s K. Kedia & Co., Chartered Accountants, Kanpur as Statutory Auditor of the Company.

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, due to preoccupation, their inability to continue as the Statutory Auditor of the Company.

Necessary letter received from M/s O.P. Tulsyan & Co. conveying the company not to consider their name for re-appointment and a certificate given by M/s K. Kedia & Co. expressing their willingness for appointment 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 the appointment of M/s K. Kedia & Co., Chartered Accountants as the Statutory Auditors of the Company.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

New Delhi
31.7.2002

By Order of the Board
For RUNGTA IRRIGATION LTD.

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

M.P. RUNGTA
VICE CHAIRMAN



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report, together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2002.

FINANCIAL HIGHLIGHTS

Particulars	(Rs. in Lacs)	
	Year ended 31.03.2002	Year ended 31.03.2001
Profit from Operations before Depreciation and Taxation	266.96	387.98
Less:		
Depreciation	138.86	187.31
Provision for Taxation	10.00	17.00
Add:		
Excess provision for tax for earlier year	7.57	1.31
Profit from Operations	125.67	184.98
Add:		
Balance brought forward from last year	186.05	120.80
Total amount available for appropriations	311.72	305.78
Appropriations:		
Dividend		
- Preference	47.98	60.00
- Corporate Dividend Tax	3.46	9.73
Transfer to General Reserve	-	50.00
Transfer to Capital Redemption Reserve	166.00	-
Balance carried to Balance Sheet	94.28	186.05

OPERATIONAL PERFORMANCE AND OUTLOOK

The ongoing industrial recession has thwarted the growth of your company and the drought and the late monsoon in the entire North India rather worsened the situation. The Company has however due to its efficient and expeditious policies been able to maintain its growth performance despite all odds, though the margin were lower due to severe competition in the market. The company is poised to maintain the growth level in future also.

DIVIDENDS

Your directors are pleased to recommend the interim dividend @12% per annum on the cumulative redeemable preference shares to be deemed as final dividend paid during the year ended 31st March, 2002 for approval and confirmation of the Shareholders.



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, 2002.

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

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 'B' 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.

DEMATERIALIZATION 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 Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd., (CDSL) which are functioning as Depositories through intermediaries called DPs, for demat of shares. M/s In-house Share Registry, 3, Community Centre, Naraina Industrial Area, Phase-I, Near Payal Cinema, New Delhi have been designated as the Demat Registrar with Electronic Connectivity. A press notice in this regard has also been published in the Financial Express and Jansatta 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 relation 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.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors responsibility statement, it is hereby confirmed that:

In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departure has been made from the same.

RUNGTA IRRIGATION LIMITED

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The Directors have selected such accounting policies and applied them consistently save as otherwise mentioned at Sl.No.4 to notes to accounts and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2001-2002 and of the profit of the Company for that period;

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The Directors have prepared the annual accounts on a going concern basis.

AUDITORS

The auditors M/s O.P. Tulsyan & Co., who retire, have conveyed that they should not be considered for reappointment. The Directors recommend the appointment of M/s K. Kedia & Co. Chartered Accountants for the office of auditors for whose appointment, a notice u/s 225(1)g Companies Act 1956 has also been received from a member of the Company.

The Directors have taken note of the observations made by the Auditors in their report. The concerned notes to accounts refer to these observations and other observations are self explanatory and do not call for any further explanation.

PARTICULARS OF EMPLOYEES

There are no employees in the Company falling under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their gratitude for the invaluable cooperation and support extended to your Company by the Industrial Development Bank of India, Allahabad Bank, Punjab National Bank, Bank of India and other Govt. Institutions and authorities. Your Directors gratefully acknowledge the patronage of its esteemed customers, the loyalty of the large family of Company's suppliers and shareholders, during the year under review. Your Directors look forward to receiving continuous support and guidance of all in good measure in future.

For and on behalf of the Board of Directors

New Delhi
31.7.2002

R. S. RUNGTA
Chairman



Annexure 'A' to Director Report
Report on corporate Governance
(Pursuant to clause 49 of the Listing Agreement)

1. Philosophy on code of Corporate Governance :

The Fundamental object of Corporate Governance is the enhancement of Shareholder Value, keeping in view the interest of other Stakeholders. It refers to a blend of law, regulations and voluntary practices, which enable the company to harness financial and human capital, perform efficiently and expediently, and thereby perpetuate it into generating long term association and economic value for its Shareholders, while respecting interests of other stakeholders and the society at large.

It aims to align interests of the company with its Shareholders and other key Stakeholders. The Principal Characteristics of corporate governance are -

Transparency, Independence, Accountability, Responsibility, Social Responsibility.

To Sum, Corporate Governance focuses on equitable treatment of all shareholders and reinforces that it is "Your Company" as it belongs to you, the Shareholders.

The Chairman and Board of Directors are your fiduciaries and trustees pushing the business toward maximising value for its shareholders.

2. Board of Directors

The Board of Directors comprises of seven Directors. The composition of Board of Directors is as under:-

	Nos.
Executive Directors	3 Nos.
Non-Executive Directors	2 Nos.
Independent	2 Nos.
	7 Nos.

- During the year 2001-2002, the board met 8(eight) times (as against the minimum requirement of four meetings) on the following dates, namely :-

16th April, 2001, 30th April, 2001, 29th May, 2001, 31st July, 2001, 29th October, 2001, 31st December, 2001, 29th January, 2002 and 2nd March, 2002.

The maximum time gap between any two meetings was not more than three calendar months.

The following table gives details of directors, attendance of directors at the board meeting and at the last Annual General Meeting, number of memberships kept by directors in the Board of various companies :-

Sl No.	Name	Category membership	Attendance Particulars		Number of other directorships
			Board meeting	Last AGM	
1.	Sh.R.S.Rungta	Chairman & Non-executive director	8	No	8
2.	Sh.M.P.Rungta	VC-Cum-WTD executive director	8	Yes	6
3.	Sh.Sanjay Rungta	M.D (executive)	8	Yes	5
4.	Sh.N.Krishnamurthy	WTD (executive)	7	No	2
5.	Sh.Naveen Rungta	Director Non-executive	7	No.	7
6.	Sh.P.P.Sharma	Director (Independent)	7	Yes	-
7.	Sh. G. Natarajan	Director (Independent)	3	Yes	-



None of the directors is a member in more than ten committees across all companies in which he is a director.

3. Audit Committee

The Board of Directors of your Company by passing a resolution in their meeting held on 20th January, 2001 constituted an audit committee whose composition and other details are given below:

During the financial year 2001-02, meetings of the Audit Committee were held 3(three) times i.e. on 20th January, 2001, 27th July, 2001 and 12th December, 2001.

Name of Chairman/Member	Meetings held	Meeting Attended
Shri G. Natarajan (Chairman)	3	3
Shri R.S. Rungta (Member)	3	3
Shri P.P. Sharma (Member)	3	3

The constitution of the Audit committee also meets with the requirements of section 292A of the Companies Act, 1956 as introduced by the companies (Amendment) Act, 2000.

The terms of reference specified by the Board to the Audit Committee are as contained under clause 49 of the listing Agreement. They are as follows:

- Oversight of the companies financial reporting process and disclosure of its financial information.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of Internal Audit function.
- Discussion with internal auditors any significant findings and follow up thereon.
- Discussions with external auditors before the audit commences, the nature and scope of audit and also to hold post audit discussions to ascertain any area of concern.
- Reviewing the Company's various financial and risk management policies.

4. Remuneration Committee

The need for Remuneration Committee has not arisen since managerial remuneration paid is within prescribed limits of net profit.

5. Shareholder's/Investor's Grievance Committee

The Board of Directors of your company by passing a resolution in their meeting held on 30th April 2001, re-constituted the committee of directors for dealing share transfer matters etc. as the 'Shareholders/Investors Grievance Committee' which comprises at the following members :-

Shri P.P.Sharma	Chairman
Shri Sanjay Rungta	Member
Shri M.P.Rungta	Member

During the financial year ended on 31st March, 2002, meeting of the said committee was held 9(nine) times.

- Role of the Shareholders/Investors Grievance Committee include redressal of shareholders and/or Investors complaints related to transfer of shares, exchange of Share Certificates, non-receipt of Balance Sheet, Non-receipt of declared dividends, etc.