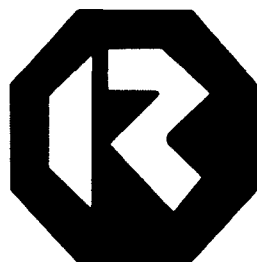


# ANNUAL REPORT 2005-2006

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**RUNGTA IRRIGATION LTD.**



**RUNGTA IRRIGATION LIMITED****BOARD OF DIRECTORS**

Shri R.S. Rungta	:	Chairman
Shri M.P.Rungta	:	Vice Chairman Cum Managing Director
Shri Sanjay Rungta	:	Director
Shri N. Krishnamurthy	:	Whole-time Director
Shri Naveen Rungta	:	Director
Shri Prem Pal Sharma	:	Director
Shri G. Natarajan	:	Director
Shri B.S. Brahmachari	:	Director
Ms. Shruti Rungta	:	Director
Ms. Priya Rungta	:	Director
Shri Devanand Mishra	:	Director

**COMPANY SECRETARY**

Mr. Ashok Jha

**AUDITORS**

M/s. K. Kedia & Co.  
Chartered Accountants  
4<sup>th</sup> Floor, Plaza Kalpana  
24/147-A, Birhana Road,  
Kanpur.

**BANKERS**

Allahabad Bank,  
Industrial Finance Branch,  
New Delhi.  
HDFC Bank Ltd.  
Old Rajinder Nagar Mkt,  
New Delhi

**REGISTERED  
OFFICE**

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

**ZONAL OFFICE**

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

**WORKS:****UNIT-1**

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

**UNIT-2**

Village Advipolam,  
Distt. Yanam,  
Pondicherry.

**REGISTRAR & TRANSFER AGENT****M/s. Beetal Financial & Computer Services Pvt. Ltd.**

Beetal House, IIIrd Floor, 99, Madangir,  
Behind Local Shopping Centre,  
Near Dada Harsukhdass Mandir, New Delhi-110062.

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

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of the Members of Rungta Irrigation Ltd. will be held on Thursday, the 28<sup>th</sup> September, 2006 at 10.30 A.M. at Mayfair Celebrations, Number One, Qutub Minar, Mehrauli, New Delhi-110030 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2006 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri Devanand Mishra, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri G. Natarajan, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P.P. Sharma, 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 reappointed 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 and that the Board of Directors be and is hereby authorized to fix their remuneration for the said purpose."

**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 Shri B.S. Brahmachari, who was appointed as Additional Director at the meeting of the Board of Directors of the Company held on 12<sup>th</sup> June, 2006, and whose term expires at the Annual General Meeting and for the appointment of whom the company has received a notice under section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the company whose period of office will be liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modification(s), 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 increase remuneration of Shri M.P. Rungta, Vice Chairman Cum Managing Director of the Company from Rs.40000/- p.m to Rs.60,000/- p.m and authorizing the Board

**RUNGTA IRRIGATION LIMITED**

to increase the same upto the maximum limit of Rs.90,000/- p.m for remainder period of his present term i.e. w.e.f. 1<sup>st</sup> October, 2006 to 31st December, 2009 on the same terms and conditions as set out in the earlier agreement."

8. 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 Section 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or reenactment thereof, for the time being in force), and subject to such approvals as may be necessary, the company hereby accords the approvals for the reappointment of Shri. N. Krishnamurthy as whole-time Director for a further period of three years from 21<sup>st</sup> January 2007 to 20<sup>th</sup> January, 2010 on the terms and conditions including remuneration and perquisites as set out in the agreement dated 22nd July, 2006 entered into between the Company and Shri. N. Krishnamurthy (a copy of which is placed before the meeting, duly authenticated by the Vice Chairman for the purpose of identification) with liberty to the Board of Directors of the Company to alter and vary the terms and condition of the said agreement, in such manner as the Board of Directors may consider necessary and as may be agreed to by Shri. N. Krishnamurthy, within the overall limits as specified in the schedule XIII to the Companies Act, 1956 for the time being in force or any statutory modification or reenactment thereof and/or any rules or regulations framed thereunder, and subject however, to all such restrictions, permissions and approvals, as may be required, pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company."

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 the provisions of Section 314(1) and all other applicable provisions of the Companies Act, 1956, authority be and is hereby accorded for appointment of Mrs. Urmila Rungta, a relative of Shri. M.P. Rungta, Vice Chairman Cum Managing Director, Priya Rungta and Shruti Rungta, Directors of the company, to hold office or place of profit as Commercial Executive of the Company with effect from the 1<sup>st</sup> April, 2006 on the total monthly remuneration of Rs. 10,000/- p.m. and authorizing the Board to increase the same upto the maximum limit of Rs.50,000/- p.m."

Place : New Delhi  
Date : 29<sup>th</sup> July, 2006  
Regd. Office: 101, Pragati Tower,  
26, Rajendra Place,  
New Delhi-110008

**By the Order of the Board of Directors**

**(M.P. RUNGTA)**  
**Vice Chairman cum Managing Director**

**RUNGTA IRRIGATION LIMITED****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. A proxy 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.
2. The explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed thereto.
3. 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 Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 14<sup>th</sup> September 2006 to 28<sup>th</sup> September, 2006 ( both days inclusive).
5. Equity Shares of the company are available for dematerialization both with the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
6. Pursuant to Section 205C of the Companies Act, 1956, dividend amount(s) remaining unclaimed and unpaid for a period of seven years, from the date they became due for payment, is required to be transferred to the Investor Education & Protection Fund (IEPF) established by the Central Government.

Accordingly, unclaimed/unpaid dividend for the Financial Year 1998-99 should be claimed by the members before 27<sup>th</sup> September, 2006. After that date no claim shall lie against the fund/Company, in respect of the said amount.

Members who have not encashed their Dividend Warrants for the financial year 1998-99 and thereafter, may approach the Company for issuance of Demand Drafts upon completion of necessary formalities in the said behalf.

Members are requested to note that in terms of SEBI's directive for appointment of common agency for both electronic and physical share transfer work, the company has appointed M/s Beetal Financial & Computer Services Pvt. Ltd. as the Registrar and Transfer Agent (RTA). All concerned are requested to send/deliver the documents/correspondence, etc. relating to the company's share transfer, dematerialization/rematerialisation and other related activities at the following address:-

M/s. Beetal Financial & Computer Services Pvt. Ltd.  
 Beetal House, 111rd Floor, 99, Madangir,  
 Behind Local Shopping Centre,  
 Near Dada Harsukhdass Mandir, New Delhi-110062.

In case any query/complaint remains unresolved with our RTA, please write to the company at the registered office for the redressal of the same.

**RUNGTA IRRIGATION LIMITED****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. Members desirous of seeking any further information about the accounts and/or operation 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.
2. Members are requested to immediately intimate the change, if any, in their registered address to the Company.
3. Shareholders who hold the shares in the dematerialized 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.
4. Members are requested to quote their Regd. Folio No. in all their correspondence with the Company.
5. 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.
6. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
7. 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.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****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 shall be made by a Special Resolution, hence this resolution.

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

**ITEM NO.6**

The Company has received a notice in terms of Section 257 of the Companies Act, 1956, proposing Shri B.S. Brahmachari for election as the Director of the company at the Annual General Meeting.

Shri B.S. Brahmachari is a Mechanical Engineer and a Fellow Member of the Institution of Engineers India, with over 43 years of experience of working in large public sector undertakings as well as Multi-nationals, occupying senior positions in both. Besides, Shri B.S. Brahmachari was associated earlier also with Rungta Irrigation Ltd. The Board considers it desirable that the Company should receive the benefits of his valuable experience and advice and recommends his appointment.

Your Directors accordingly recommend the resolution for your approval.

**RUNGTA IRRIGATION LIMITED**

No other Director except Shri. B.S Brahmachari, is interested in this resolution.

**ITEM NO.7**

Shri M.P. Rungta was re-appointed as Vice-Chairman Cum Managing Director of the company for a period of 5 years w.e.f. 1<sup>st</sup> January, 2005 to 31<sup>st</sup> December, 2009 by shareholders of the company at its meeting held on 28th September, 2004 on the terms and conditions including remuneration as set out in the earlier agreement. He has been instrumental in the growth and present state of the company. Keeping in view his contribution to the organization. The Board of Directors of the company, on the recommendation of the Remuneration Committee, has approved to increase his remuneration for remainder period of his present term i.e. w.e.f. 1<sup>st</sup> October, 2006 to 31<sup>st</sup> December, 2009, from Rs.40000/- p.m to Rs.60000/- p.m and authorizing the Board to increase the same upto the maximum limit of Rs.90,000/- p.m on the same terms and conditions as set out in the earlier agreement.

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, Ms. Priya Rungta and Ms. Shruti Rungta are also interested in the resolution as they are related to each other.

Your Directors accordingly recommend the resolution for your approval.

No other Director has any interest in the resolution.

**ITEM NO.8**

The Board of Directors of the Company, on the recommendation of the Remuneration Committee, re-appointed Shri N. Krishnamurthy as Whole-time Director of the Company at its meeting held on 22<sup>nd</sup> July, 2006 for a period of 3 years i.e. w.e.f. 21<sup>st</sup> January, 2007 to 20<sup>th</sup> January, 2010 and it is to say that the agreement can be terminated by six months notice in writing on either side, subject to the approval of the shareholders in the forthcoming Annual General Meeting. He has nil shareholding in the Company.

Earlier, Shri N. Krishnamurthy was re-appointed as Whole-time Director of the company for a period of 3 years w.e.f. 21<sup>st</sup> January, 2004 to 20<sup>th</sup> January, 2007 at the 19<sup>th</sup> Annual General Meeting of the company held on 27th September, 2003 in the scale of Rs.17000/- p.m to Rs.30,000/- p.m.

Shri N. Krishnamurthy is a Fellow Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India, besides possessing a law degree. He has more than 30 years of vast diversified experience in various fields. He is a man of vision having diversified entrepreneurial skill. He has been associated with the company since very long and looking after activities of Southern Zone of the company.

Shri N. Krishnamurthy is also Chairman of 1) Technomark Advertising and Productions Pvt. Ltd., 2) JISL Irrigation Ltd. and Managing Trustee of S.K. Charitable Trust. The draft agreement dated 22.07.2006 between the company and Shri N.Krishnamurthy enumerates the following main terms and conditions:-

1. Period: Three years with effect from 21<sup>st</sup> January, 2007.



**RUNGTA IRRIGATION LIMITED**

2. **Remuneration:** Scale of Rs.17000/-p.m to Rs.30,000/-p.m from 21<sup>st</sup> January, 2007 with authority to the Board to fix his salary within the above mentioned scale from time to time. The annual increment will be on merit based.
3. **Perquisites and allowances:** In addition to the above, Shri N. Krishnamurthy shall be entitled to: (i) reimbursement 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 deems fit, within the maximum amounts payable to 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 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.



**RUNGTA IRRIGATION LIMITED**

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 recommend the resolution proposing his re-appointment for your approval.

None of the Directors except Shri. 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.9**

Mrs Urmila Rungta is well conversant with the Company's products and she has a good reputation in the corporate world. With the growth and demand for infrastructure industry, the company foresees a good demand of its products in the corporate world specially infrastructure companies. Since the competition in the market in our field has been increased in many folds, the Company has decided to improve its marketing strategy. Keeping in view of the present circumstances and industry norms, the Board of Directors has recommended the appointment of Mrs. Urmila Rungta as Commercial Executive of the Company. The Board of Directors in the interest of the Company has decided to pay a monthly remuneration of Rs. 10000/- p.m.

The Board of Directors seeks approval of the shareholders in the forthcoming Annual General Meeting for the appointment of Mrs. Urmila Rungta as Commercial Executive of the Company with effect from the 1<sup>st</sup> April, 2006 on the total monthly remuneration of Rs. 10,000/- p.m. and authorizing the Board to increase the same upto the maximum limit of Rs.50,000/- p.m. "

Since, this appointment relates to hold office or place of profit as Commercial Executive of the Company under the provisions of section 314 of the Companies Act, 1956. Hence your approval is required for the same.

Shri. M.P. Rungta, Vice Chairman Cum Managing Director, Ms. Priya Rungta and Ms. Shruti Rungta, Directors are interested in the Resolution.

No other Director has any concern or interest in the resolution.

Your Directors accordingly recommend this resolution for your approval.

Place : New Delhi

Date : 29<sup>th</sup> July, 2006

**Regd. Office:** 101, Pragati Tower,  
26, Rajendra Place,  
New Delhi-110008

**By the Order of the Board of Directors**

**(M.P. RUNGTA)**  
**Vice Chairman cum Managing Director**

**RUNGTA IRRIGATION LIMITED****DIRECTOR'S REPORT**

Dear Members,

The Directors are pleased to present the 22<sup>nd</sup> Annual Report, together with the Audited Statement of Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2006.

**FINANCIAL HIGHLIGHTS**

<b>Particulars</b>	<b>Year ended 31.03.2006 (Rs.in Lacs)</b>	<b>Year ended 31.03.2005 (Rs.in Lacs)</b>
Sales and other income	2186.21	2419.04
Profit/(Loss)(before dep.& Tax)	152.35	152.96
Less: Depreciation	128.18	150.01
Profit before tax	24.17	2.95
Less: Provision for taxation	2.03	5.00
Less: Provision for Fringe Benefit Tax	4.45	-
Less: Excess provision of tax for earlier year	2.15	2.14
Add : Excess deferred Income tax Liability	(6.90)	(2.73)
Profit after tax	22.43	(6.91)
Add: Balance brought forward from last year	93.48	144.04
Total amount available for appropriations	115.92	137.13
Appropriations:		
Less: Dividend on preference share and Dividend tax	-	43.64
Balance carried to Balance Sheet	115.92	93.48