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# **ANNUAL REPORT**

## **2006 - 2007**

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**S Y M B O L  
O F Q U A L I T Y**

## **RUNGTA IRRIGATION LTD.**

101, 107, Pragati Tower, 26, Rajendra Place, New Delhi-8  
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## 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 B.S. Brahmachari	:	Director
Shri Prakash Kumar Megotia	:	Director
Shri Alok Rungta	:	Director
Shri Devanand Mishra	:	Director

## COMPANY SECRETARY

Mrs. Preeti Agarwal

## AUDITORS

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

## 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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## NOTICE

**Notice** is hereby given that the 23<sup>RD</sup> Annual General Meeting of the Members of the Company will be held on Friday, 28<sup>th</sup> September, 2007 at 10.30 A.M. at Akshara Theatre, 11-B, Baba Kharak Singh 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 31<sup>st</sup> March, 2007 and Profit and Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Sanjay Rungta who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Naveen Rungta who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to authorize the Board to fix their remuneration and for that purpose to consider and, if thought fit, to pass, with or without modification(s), the following resolutions 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:

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

**"Resolved That** Mr. Prakash Megotia, who was appointed as an Additional Director to hold office till the date of the Annual General Meeting be and is hereby appointed as Director of the Company, whose office shall be liable to determination through retirement by rotation."

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

**"Resolved That** Mr. Alok Rungta, who was appointed as an Additional Director to hold office till the date of the Annual General Meeting be and is hereby appointed as Director of the Company, whose office shall be liable to determination through retirement by rotation."

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

**"Resolved that** pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and the Articles of the Association of the Company, and other applicable provisions, if any, the consent of the members be and is hereby given to increase the remuneration of Mr. N. Krishnamurthy, Whole Time Director of the Company to a gross monthly remuneration of up to Rs. 50,000 (Rupees Fifty Thousand only) whether paid as salary, allowance(s), perquisites or a combination thereof with effect from 1<sup>st</sup> October, 2007 for the remaining period of his current term as Whole Time Director till 20<sup>th</sup> January, 2010.

**Resolved further that** the Board of Directors of the Company (including any committee/sub-committee of the Board) be and is hereby authorised to take all necessary steps to give effect to the aforesaid resolution."

For and on Behalf of the Board  
For **Rungta Irrigation Ltd.**

(M. P. Rungta)

Date: 16<sup>th</sup> August, 2007  
Place: New Delhi

Vice Chairman & Managing  
Director

**Notes:**

- A. Appointment of Proxy:** A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The proxy form in order to be effective must be deposited with the Company not less than 48 hours before the time fixed for commencement of the Meeting.
- B. Corporate Members:** Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
- C.** Members/Proxies attending the meeting are requested to bring their copy of Annual Report to the Meeting.
- D. Queries at the AGM:** Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of AGM to enable the management to compile the relevant information to reply the same in the meeting.
- E. Book Closure:** The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 14<sup>th</sup> September 2007 to Friday, 28<sup>th</sup> September 2007 (both days inclusive) for the purpose of the AGM.
- F.** Members are requested to notify any change in their address/ mandate/ bank details immediately to the share transfer Agent of the Company
- G. Inspection of Documents:** Documents referred to in the Notice etc., are open for inspection at the registered office of the Company at all working days except Saturdays between 11 A.M. and 2 P.M. up to the date of Annual General Meeting.
- H. Explanatory Statement:** Explanatory Statement as required under section 173(2) of the Companies Act, 1956, in respect of Special Business enclosed herewith.
- I.** The information required to be provided under the Listing Agreement entered in to by the Company with the Stock Exchanges regarding the Directors proposed to be reappointed is given in the annexure to the Notice.

- J. Equity Shares of the Company are available for dematerialization both with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

#### **K. Request to the Shareholders**

*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.*

#### **Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956**

##### **Item No. 4:**

Pursuant to Section 224A of the Companies Act, 1956, since more than Twenty Five percent of the Subscribed Share capital of the Company is held by IDBI, a Public Financial Institution, the appointment of the Statutory Auditor 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. 5:**

Mr. Prakash Megotia was appointed as an additional Director of the Company in the Board meeting held on 16<sup>th</sup> december, 2006 to hold office until the date of ensuing annual general meeting. Brief details of Mr. Prakash Megotia is given in the report on Corporate Governance, which is enclosed with the Directors' Report.

The Board is proposing to appoint him as an ordinary director in the ensuing AGM. Accordingly, the resolutions are placed before the members for their consideration and approval. The Board recommends the proposed resolutions for adoption in the larger interest of the Company.

The Company has received a notice in writing along with the requisite deposit under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Prakash Megotia for the office of Director of the Company in the ensuing AGM.

None of the Directors except Mr. Prakash Megotia himself is interested and concerned at item nos. 5 of the notice.

##### **Item No. 6:**

Mr. Alok Rungta was appointed as an additional Director of the Company in the Board meeting held on 07<sup>th</sup> July, 2007 to hold office until the date of

ensuing annual general meeting. Brief details of Mr. Alok Rungta is given in the report on Corporate Governance, which is enclosed with the Directors' Report.

The Board is proposing to appoint him as an ordinary director in the ensuing AGM. Accordingly, the resolutions are placed before the members for their consideration and approval. The Board recommends the proposed resolutions for adoption in the larger interest of the Company.

The Company has received a notice in writing along with the requisite deposit under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Alok Rungta for the office of Director of the Company in the ensuing AGM.

None of the Directors except Mr. Alok Rungta himself is interested and concerned at item nos. 6 of the notice.

#### **Item No. 7:**

Mr. N. Krishnamurthy has been re-appointed as a Whole Time Director of the Company w.e.f 21<sup>st</sup> January, 2007 for a period of three years. Considering his valuable contributions to the Company, it is proposed to increase the remuneration payable to Mr. N. Krishnamurthy w.e.f 1<sup>st</sup> October, 2007.

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 & has been associated with the Company since very long and looking after activities of Southern Zone of the Company.

The Board of Directors and the Remuneration Committee have already approved the increased remuneration of Mr. N. Krishnamurthy as Whole Time Director for the remainder period of his present term w.e.f. 1<sup>st</sup> October, 2007 to 20<sup>th</sup> January, 2010 up to maximum of Rs. 50,000 ( Rupees Fifty Thousand ) only.

The Agreement between the Company and Shri N. Krishnamurthy is available for the 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 accordingly recommend the resolution for your approval.

None of the directors of the Company except N. Krishnamurthy is concerned or interested in the proposed resolution.

For and on Behalf of the Board  
For **Rungta Irrigation Ltd.**

**(M. P. Rungta)**

**Date: 16<sup>th</sup> August, 2007**  
**Place: New Delhi**

**Vice Chairman & Managing  
Director**

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## DIRECTORS' REPORT

### Dear Members

Your Directors have pleasure in presenting the Annual Report of your Company together with the Audited Annual Accounts for the financial year ended 31<sup>st</sup> March, 2007.

### Financial Highlights

(Amount in Rs. Lacs)

Particulars	Financial Year ended	
	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006
Sales and other income	<b>2640.73</b>	<b>2186.21</b>
Profit/ loss (before dep. & tax)	172.17	152.35
Less: Depreciation	109.49	128.18
Profit before tax	63.67	24.17
Less: Provision for tax	8.75	2.03
Less: Provision for Fringe Benefit Tax	5.13	4.45
Less: Excess provision of Tax for earlier years	7.39	2.15
Add: excess deferred income tax Liability	15.35	(6.90)
Profit after tax	57.68	22.43
Add: Balance brought forward from last year	115.92	93.48
Total amount available for appropriation	173.60	115.92
Appropriations:		
Less: Dividend on preference Share and Dividend Tax		-
Balance carried to Balance Sheet	173.60	115.92

### Year in Retrospect

During the year under review, total income of the Company was Rs. 2640.73 lacs as against Rs. 2186.21 lacs in the previous year. The Company was able to earn a profit after tax of Rs. 57.68 lacs for the year as against a profit of Rs. 22.43 lacs. Your Directors are putting in their best efforts to improve the performance of the Company.

The detailed Management Discussion & Analysis Report is attached hereto with the Director's Report and should be read as part of this Directors Report.

## Material Changes etc.

Save as mentioned else where in this Report, no material changes and commitments affecting the financial position of the Company has occurred between the end of the financial year of the Company-31<sup>st</sup> March, 2007 and the date of this Report.

## Dividend

The Board of Directors of your Company have decided to retain and plough back the profits into the business of the Company, thus no dividend is being recommended for this year.

## Corporate Governance

A Report on Corporate Governance is attached as a part of this Directors Report along with the Auditors' Certificate on compliance of Clause 49 of the Listing Agreement.

## Public Deposits

During the year under report, your Company did not accept any deposits from the public in terms of the provisions of section 58A of the Companies Act, 1956.

## Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

- a. **Conservation of Energy:** The Company is continuously making sincere efforts towards conservation of energy. Information as required under 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 **Annexure A**, forming part of this report.
- b. **Technology Absorption:** The Company is taking care of latest developments and advancements in technology and all steps are being taken to adopt the same.

### C. Foreign Exchange Earnings and Outgo:

(Amount in Rs Lacs)

			2006-07	2005-06
<b>Total</b>	<b>Foreign</b>	<b>Exchange</b>	<b>75.43</b>	<b>47.54</b>
<b>Inflow</b>				
<b>Total</b>	<b>Foreign</b>	<b>Exchange</b>	<b>-</b>	<b>-</b>
<b>outflow</b>				