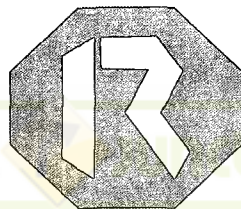


ANNUAL REPORT

2008-2009



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RUNGTA IRRIGATION LTD.

AN ISO 9001 : 2000 CERTIFIED COMPANY

101, Pragati Tower 26, Rajendra Place, New Delhi-110008 (INDIA)

Ph.: 011-45090900, 32905291 Fax : 91-11-45090931

E-mail : rungtarungta2007@rediffmail.com

BOARD OF DIRECTORS

Shri M. P. Rungta	: Chairman Cum Managing Director
Shri R. S. Rungta	: Director
Shri N. Krishnamurthy	: Whole-time Director
Shri B.S. Brahmachari	: Director
Shri Alok Rungta	: Director
Shri Devanand Mishra	: Director
Shri Tarun Megotia	: Director
Shri M.P. Kaushik	: Director
Shri S.K. Poddar	: Director

COMPANY SECRETARY

Mr. Ashish Singh

AUDITORS

M/s K. Kedia & Co.
Chartered Accountants
408, Plaza Kalpana
24/147, Birhana Road,
Kanpur-208001

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 25th Annual General Meeting of the Members of **RUNGTA IRRIGATION LIMITED** will be held on Tuesday, 29th September 2009 at 4.00 P.M. at Amaltas Garden, F-23, Pushpanjali Farms, Dwarka Link Road, Bijwasan, New Delhi - 110061 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 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. Devanand Mishra who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Alok Rungta who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provision of 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, the retiring auditors of the company, be and is hereby re-appointed as the Statutory Auditors of the company, from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the company."

"RESOLVED FURTHER THAT the Auditors be paid for the financial year 2009-2010 such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors, plus reimbursement of out-of-pocket, traveling & living expenses."

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the Article No.3 of the Articles of Association of the Company and section 94 of the Companies Act, 1956 and other applicable provisions, if any, the existing Authorized Equity Share Capital of the Company be and is hereby increased from Rs. 8,00,00,000/- (Rupees Eight Crores) divided into 80,00,000 equity shares of Rs. 10/- (Rupees Ten Only) each, to Rs. 10,00,00,000/- (Rupees Ten Crores) divided into 1,00,00,000 equity shares of Rs. 10/- (Rupees Ten Only) each, by creation of another 20,00,000 equity shares of Rs. 10/- (Rupees Ten Only) each.

"RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted with the following new clause:

- (V) The Authorised share capital of the Company is Rs. 16,00,00,000/- (Rupees Sixteen Crore) divided into 100,00,000 (One Crore) Equity shares of Rs.10/- (Rupees ten) each, 5,00,000 (Five Lacs) 12% Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred) each and 100,000 (One lac) Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred) each with such rate of dividend and with such rights as may be determined by the Board of Directors at the time of issue thereof."

"RESOLVED FURTHER THAT pursuant to section 31 of the Companies Act, 1956 and other applicable provisions, if any, the Articles of Association of the Company be altered by substituting the following Article for Article 3:

3. The Authorised share capital of the Company shall be such amount and be divided into such shares as may, from time to time be provided in clause V of Memorandum of Association payable in the manner as may be determined by the directors, from time to time, with power to increase, reduce, sub-divide or to repay the same or divide the same into several classes and to attach thereto any right and to consolidate or to subdivide or re-organise the shares subject to the provisions of the act, to vary such rights as may be determined in accordance with regulations of the Company.
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of the Memorandum & Articles of Association of the Company, SEBI (Disclosures and Investors Protection) Guidelines, 2000, The Securities Contracts (Regulation) Act, 1956, Listing Agreement of the Bombay Stock Exchanges and subject to all necessary approvals, consents, permissions and/or sanctions of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and any other appropriate authorities, institutions or bodies corporate and subject to such conditions as may be prescribed by them in granting such approvals, consent, permissions or sanctions, the Board of Directors of the Company or Committee of the Board of Directors duly constituted and authorized (hereinafter referred to as 'the Board') be and is hereby authorized on behalf of the Company to offer, issue and allot 20,50,000 convertible warrants in one or more trenches @ Rs. 35/- per warrant convertible into 20,50,000 equity shares of Rs. 10/- each at a premium of Rs. 25/- each, aggregating to Rs. 7,17,50,000/- as per the relevant date 29th August, 2009 to the following Companies in accordance with the applicable laws and otherwise on such terms and conditions, as may be decided and deemed appropriate by the Board at the time of issue or allotment of such Securities.

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S. No.	Name of the proposed allottees	No. of Convertible Warrant
1.	M/s Pleasure Investment Private Limited	11,00,000
2.	M/s Samara Realty Private Limited	9,50,000

RESOLVED FURTHER THAT the Board be and is hereby authorized to engage all services and to appoint solicitors, advocates, advisors and investment or merchant bankers, underwriters, guarantors, depositors, custodians and any other such agencies to act as managers or Lead managers or in any other capacity or to certify any matter relating to company's accounts or otherwise on such terms as to remunerate them by way of commission, brokerage, fees or otherwise as the Board may in its absolute discretion deem appropriate.

RESOLVED FURTHER THAT the Board be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI/GOI/RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to above issue of allotment of equity shares, the Board be and is hereby authorised to determine the form and terms of the issue, and to do all such acts, deeds matters and things as it may in its absolute discretion deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may in its absolute discretion, deem fit and proper.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any senior Executive(s), officer(s) of the company to give effect to the resolution and to take all the necessary steps in this regard."

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special 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 modifications or re-enactment thereof, for the time being in force), and subject to such approvals as may be necessary, the company hereby accords the approvals for the re-appointment of Shri M.P. Rungta as Managing Director for a further period of Three years with effect from 1st January, 2010 to 31st December, 2012 on the terms and conditions including remuneration and perquisites as set out in the Explanatory statement annexed to the notice with the liberty and authority to the Board of Directors of the Company to alter, vary and modify the terms and conditions of the said appointment and/or the remuneration, from time to time within the limits laid down in the then subsisting respective provisions of the Act.

RESOLVED FURTHER THAT the Board of Directors of the company including any duly constituted Committee thereof (hereinafter referred to as "the Board") be and is

hereby authorized to do all such acts, deeds and things including entering into such agreement(s), deed(s) of amendment or any such document(s) as the Board may, in its absolute discretion, consider necessary, expedient or desirable including to sub-delegate all or any of the powers herein conferred on it, in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the company."

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special 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 modifications or re-enactment 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 with effect from 21st January, 2010 to 20th January, 2013 on the terms and conditions including remuneration and perquisites as set out in the Explanatory statement annexed to the notice with the liberty and authority to the Board of Directors of the Company to alter, vary and modify the terms and conditions of the said appointment and/or the remuneration, from time to time within the limits laid down in the then subsisting respective provisions of the Act.

RESOLVED FURTHER THAT the Board of Directors of the company including any duly constituted Committee thereof (hereinafter referred to as "the Board") be and is hereby authorized to do all such acts, deeds and things including entering into such agreement(s), deed(s) of amendment or any such document(s) as the Board may, in its absolute discretion, consider necessary, expedient or desirable including to sub-delegate all or any of the powers herein conferred on it, in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the company."

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

"RESOLVED THAT Mr. M.P. Kaushik, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 31st July, 2009, and whose period of office expires at the ensuing Annual General Meeting and for the appointment of whom Company has received a notice under Section 257 of the Companies Act, 1956 he and is hereby appointed as a Director of the Company whose period of office will be liable to retire by rotation."

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

"RESOLVED THAT Mr. S. K. Poddar, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 31st July, 2009, and whose period of office expires at the ensuing Annual General Meeting and for the



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appointment of whom 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."

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

Sd/-
(M. P. Rungta)
Chairman Cum Managing Director

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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/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.
2. 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.
3. Members/Proxies attending the meeting are requested to bring the attendance slips duly filled in for attending the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2009 to 29th September, 2009 (both days inclusive) for the purpose of the AGM.
5. Members are requested to notify any change in their address/ mandate/ bank details immediately to the share transfer Agent of the Company
6. Documents referred to in the Notice etc., are open for inspection at the registered office of the Company at all working days except Sunday between 11.00 A.M. to 1.00 P.M. up to the date of Annual General Meeting.
7. Explanatory Statement as required under section 173(2) of the Companies Act, 1956, are enclosed herewith.
8. 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 re-appointed is given in the report on Corporate Governance, which is enclosed with the Directors' Report.
9. Equity Shares of the Company are available for dematerialization both with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
10. Members desiring any information as regards the Accounts are requested to write to the Company atleast 10 days prior to the date of meeting so as to enable the management to keep the information ready.

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, so the re-appointment of M/s. K. Kedia & Co. is being made by a Special Resolution.



As required under section 224 of the Companies Act, 1956, certificates have been received from them to the effect that their appointment, if made, will be in accordance with the limits specified in section 224 (1B) of the Act. The shareholders' approval is also being sought to authorize the Board of Directors to determine the remuneration payable to the auditors in consultation with them.

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

Item No. 5

Board proposed to offer, issue and allot 20,50,000 convertible warrants in one or more trenches @ Rs. 35/- per warrant convertible into 20,50,000 equity shares of Rs. 10/- each at a premium of Rs. 25/- each aggregating to Rs. 7,17,50,000/-. The face value of the aforesaid convertible warrants will be Rs. 2,05,00,000/- and hence it is proposed to increase the authorized equity share capital of the Company from the existing Rs. 8,00,00,000/- (Rupees Eight Crore only) to Rs. 10,00,00,000/- (Rupees Ten Crore only) thereby increasing the aggregate authorised share capital of the company from Rs. 14,00,00,000/- (Rupees Fourteen Crore only) to Rs. 16,00,00,000/- (Rupees Sixteen Crore only) pursuant to Section 94 of the Companies Act, 1956.

For the purpose of giving effect to the increase in authorized share capital, Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company needs to be altered. Section 31 of the Companies Act, 1956, provides that any alteration of the Articles of Association requires the approval of the members by way of Special Resolution to be passed in the general meeting of the Company.

Yours Directors recommend the resolution for adoption by Special Resolution.

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

Item No. 6

The Company is now to embark upon the expansion of its operations. For this purpose, the Directors of the Company intend to mobilize funds through issue of convertible warrants on preferential basis pursuant to Chapter XIII of the SEBI (Disclosures and Investors Protection) Guidelines, 2000, to the following two Companies by way of preferential allotment. Clause 13.1A of the SEBI (Disclosures and Investors Protection) Guidelines, 2000 provides to give the prescribed details in relation to the preferential allotment, which are as follows:

1. The object of the preferential allotment is to generate fund for the purpose of funding the Industrial land allotted to the Company from Greater Noida Industrial Development Authority in the district of Gautam Budh Nagar, Uttar Pradesh, for construction of building on the same, installation of new machineries and re-locating of our plant from Ghaziabad to the aforesaid new location. The Company proposes to the proposed subscribers of convertible warrants that the Company is planning to expand its business operations in different part of the country keeping in view the increasing demand of the Company's product based on Irrigation equipments like Sprinklers Irrigation System and the Micro Irrigation System as Agriculture constitute the backbone of the

Indian economy – 70% of the country population being dependent on Agriculture. The decreasing water levels and limited water resources in the country has grown awareness about the Company's products in order to utilize the water in the most productive manner. We therefore aim to substantial increase our turnover as well as the profits by modernization of our plant.

2. No promoters/ directors/ key managerial persons are subscribing the proposed preferential allotment of convertible warrants which are to be converted into the equity shares with in 18 months from the date of the allotment.
3. Shareholding pattern before the allotment of Equity shares:

S. No.	Category	Number of shares	Percentage of shares
1.	Promoter	3699400	54.35
2.	Non Promoters		
2(a)	Mutual Fund/UTI	66400	0.98
2(b)	Financial Institution/ Banks	23933	0.35
2(c)	Body Corporate	2226701	32.72
2(d)	Individuals	781066	11.48
2(e)	NRI	8600	.13
	Total of 2(a) to 2 (e)	3106700	45.65

Shareholding pattern after the allotment of Equity shares:

S. No.	Category	Number of shares	Percentage of shares
1.	Promoter	3699400	41.77
2.	Non Promoters		
2(a)	Mutual Fund/UTI	66400	0.75
2(b)	Financial Institution/ Banks	23933	0.27
2(c)	Body Corporate	4276701	48.29
2(d)	Individuals	781066	8.82
2(e)	NRI	8600	0.097
	Total of 2(a) to 2 (e)	5156700	58.23

The allotment of warrant will be completed within the period of 15 days from the date of the shareholders approval after obtaining all necessary approvals and the