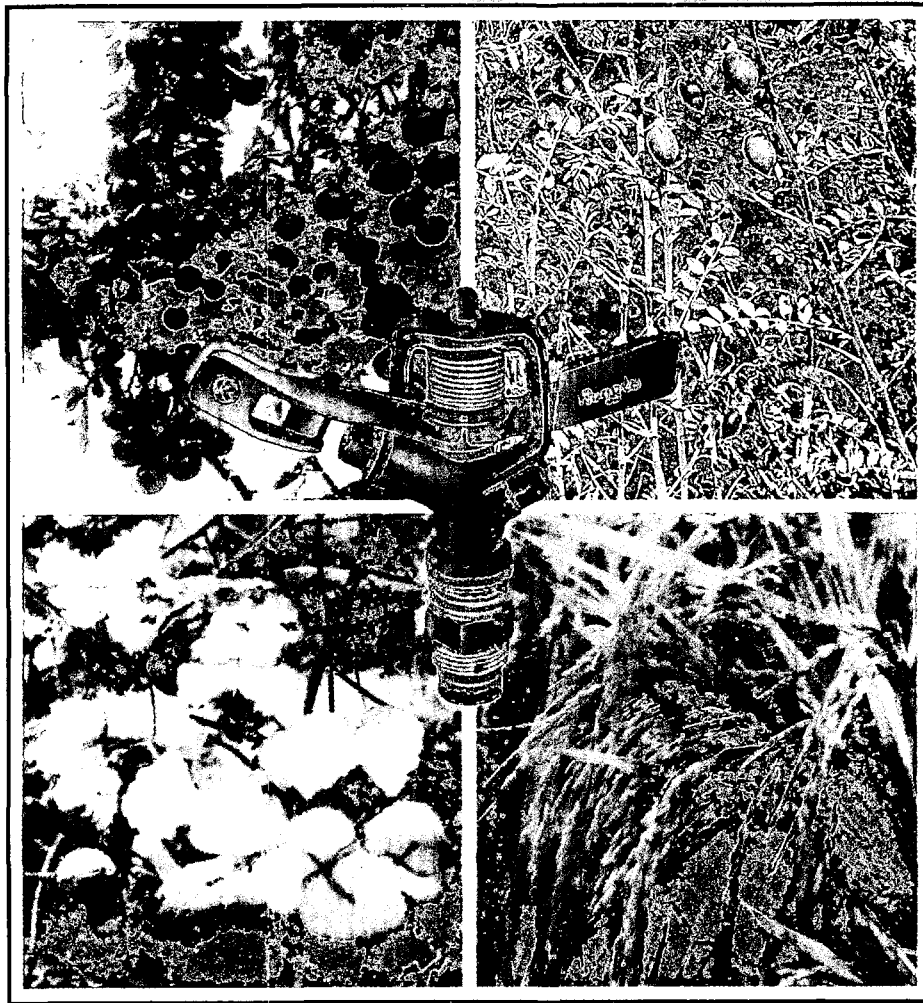


# 14TH ANNUAL REPORT 1997-98



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 B.S.Brahmachari	:	Whole Time Director
Shri N.Krishnamurthy	:	Whole Time Director
Shri V.K.Sehgal	:	Director
Maj.Gen.B.S.Neelkantappa	:	Director

MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

**COMPANY SECRETARY**

Shri Arvind Joshi

**AUDITORS**

M/S. O.P.TULSYAN & CO.

Chartered Accountants,  
C-6, Annexe Building  
First Floor, Rajouri Garden,  
New Delhi -110 027.

**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.

**SHARE DEPARTMENT**

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

**REGISTERED OFFICE:**

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

**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, Dist. Sirmour,  
Himachal Pradesh

**UNIT-5**

Village Advipolam,  
Dist. Yanam,  
Pondichery

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the FOURTEENTH Annual General Meeting of the Members of RUNGTA IRRIGATION LIMITED will be held at the Deputy Speaker Hall, Constitution Club, in front of Shram Shakti Bhawan, Rafi Marg, New Delhi - 110 001 on Thursday, THE 24th Day of September, 1998 at 10.30 a.m. to transact, with or without modifications, as may be permissible, the following business :-

**AS ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1998 and Profit & Loss Account for the year ended 31st March, 1998 and the Reports of the Directors' and Auditor's thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri R.S.Rungta, who retires from office by rotation, but being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

**AS SPECIAL BUSINESS****5. APPOINTMENT OF SHRI B.S. BRAHMACHARI AS A DIRECTOR**

To appoint a Director in place of Mr. B.S. Brahmachari, who was appointed as a Director of the Company on 20th December, 1997 pursuant to Article 90 of the Articles of Association of the company to fill up casual vacancy on the Board caused by the resignation of Shri P.P.Sharma and who, pursuant to section 262 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting but being eligible offer himself for re-appointment. The company has received a notice in writing from a member proposing his candidature for the office of Director, under section 257 of the Act.

**6. APPOINTMENT OF SHRI B.S.BRAHMACHARI AS A WHOLE-TIME DIRECTOR:**

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

"RESOLVED THAT in accordance with the provisions of Section 269, 309, 311 and other applicable provisions if any, of the Companies Act, 1956, the company hereby approves of the appointment and terms of remuneration of Mr.B.S.Brahmachari for a period of three years with effect from 21st January, 1998, upon the terms and conditions set out in the Board of Directors' resolution dated 21st January, 1998 as revised on 31st July, 1998 by an agreement of even date. The extract of which is placed before the meeting duly initialled and certified by the Managing Director for the purpose of identification, which terms and conditions is hereby specifically sanctioned with liberty of the Board of Directors to alter and vary the terms and conditions of the said appointment and remuneration in such manner as may be agreed to between the Board of Directors and Mr. B.S. Brahmachari, subject however, to all such restrictions, permissions, approvals as may be required, pursuant to the Companies Act, 1956 and the Articles of Associations."

**7. APPOINTMENT OF SHRI N.KRISHNAMURTHY AS A WHOLE-TIME DIRECTOR:**

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

"RESOLVED THAT in accordance with the provisions of Section 269, 309, 311 and other applicable provisions if any, of the Companies Act, 1956, the company hereby approves of the appointment and terms of remuneration of Mr. N.Krishnamurthy for a period of three years with effect from 21st January, 1998, upon the terms and conditions set out in the Board of Directors' resolution dated 21st January, 1998, as revised on 31st July, 1998 by an agreement of even date. The extract of which is placed before the meeting duly initialled and certified by the Managing Director for the purpose of identification, which terms and conditions is hereby specifically sanctioned with liberty of the Board of Directors to alter and vary the terms and conditions of the said appointment and remuneration in such manner as may be agreed to between the Board of Directors and Mr.N.Krishnamurthy, subject however, to all such restrictions, permissions, approvals as may be required, pursuant to the Companies Act, 1956 and the Articles of Associations."

**8. APPOINTMENT OF SHRI V.K.SEHGAL AS A DIRECTOR:**

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

"RESOLVED THAT pursuant to the relevant provisions of the Articles of Association of the Company and of the Companies Act, 1956, Shri Virendra Kumar Sehgal, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**9. AUTHORISATION FOR INCREASE IN AUTHORISED SHARE CAPITAL :**

To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs.8,00,00,000/- (Rupees Eight Crores) divided into 80,00,000 (Eighty Lacs) Equity Shares of Rs.10/- (Rupees Ten) to Rs.14,00,00,000/- (Rupees Fourteen Crores) divided into 80,00,000 (Eighty lacs) 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 1,00,000 (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."

**10. ALTERATION OF CLAUSE V OF THE MEMORANDUM OF ASSOCIATION:**

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

"RESOLVED THAT Clause V in the Memorandum of Association of the Company be substituted by the following:

"The authorised share capital of the company is Rs.14,00,00,000/- (Rupees Fourteen Crores) divided into 80,00,000 (Eighty lacs) 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 1,00,000 (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."

**11. ALTERATION OF ARTICLE 3 OF THE ARTICLES OF ASSOCIATION:**

To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED THAT Article 3 in the Articles of Association of the company be substituted by the following :

"The Authorised Share Capital of the company is Rs.14,00,00,000/- (Rupees Fourteen Crores) divided into 80,00,000 (Eighty lacs) Equity Shares of Rs.10/- (Rupees ten) each, 5,00,000 (Five lacs) 12 % Redeemable Cumulative Preference Shares of Rs.100/- (Rupees one hundred ) and 1,00,000 (One Lac) Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One hundred) each with such rates of dividend and with such rights as may be determined by the Board of Directors at the time of issue thereof and with the powers to sub-divide, consolidate, increase and decrease and with power from time to time to issue any share of the original capital or any new capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be thought fit."

**12. ISSUE OF PREFERENCE SHARES ETC.:**

To consider and if thought fit to pass with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED THAT subject to the provisions of Section 80, 81 and all 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 enabling provisions of the Memorandum & Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject to the approval of all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions, sanctions, as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or a duly authorised committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to offer/issue/allot Redeemable Cumulative Preference Shares, whether Convertible or Non- Convertible, of the face value of Rs.100/- each, of an aggregate nominal amount not exceeding Rupees Six Crores of the then authorised capital of the Company, with or without detachable or non detachable warrants or any other financial instruments (hereinafter for brevity's sake referred to as "Securities") as the Board at its sole discretion may at any time or time hereafter decide, to such person or persons, whether or not shareholders of the Company, as the Board or Committee may at its sole discretion decide, including one or more of the members, promoters, debenture-holders, employees, Non resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Financial Institutions, Bodies Corporate, Companies, private or public or other entities, in one or more combinations thereof, whether through public issue, rights issue, private placement, preferential allotment, exchange of securities, conversion of loan or otherwise, in one or more modes or combinations thereof and in one or more tranches, at such price or prices as the Board or Committee thereof may in its absolute discretion think fit, in consultation with advisors or such persons and on such terms and conditions including the number of shares to be issued, amount of premium if any on redemption, rate of dividend, redemption period, manner of redemption, the ratio of exchange of shares or securities and matters incidental thereto";

"RESOLVED FURTHER THAT in the event of any equity shares being issued against the Securities, this resolution shall be deemed to have authorised the Board/Committee in terms of Section 81 of the Companies Act, 1956, to offer/issue/allot as many equity shares of the Company as are required for the purpose of such terms as the Board/Committee may in its sole discretion deem proper";

"RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed of by the Board/ Committee as the Board/Committee in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/ Financial Institutions/ Investment Institutions/ Mutual Funds/Foreign Institutional Investors/Bodies Corporate/such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide";

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

**13. MORTGAGE OF IMMOVABLE PROPERTY SITUATED AT YANAM, PONDICHERRY:**

To consider and if thought fit to pass with or without modification, the following resolution as a **Ordinary Resolution**:

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors, of the Company of all the immovable and movable properties of the Company situate at Village Advipolam, District Yanam in the U.T. of Pondicherry present and future, and/or conferring power to enter upon and take possession of the assets of the Company in certain events, to or in favour of the Industrial Development Bank of India (IDBI) to secure :

- (a) Rupee Term Loan not exceeding Rs.400.00 Lacs (Rupees Four Hundred Lacs Only) lent and advanced by IDBI to the Company.
- (b) Together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, premia or prepayment and other monies payable by the Company to IDBI, under their Loan Agreement/Letters of Sanction entered into by the Company in respect of the said term loan.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IDBI the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.”

**14. AMENDMENT OF THE OTHER OBJECTS CLAUSE :**

To consider and, if thought fit, to pass, with or without modification, the following resolution, as a **Special Resolution**:

“RESOLVED THAT “Other Objects” under the “Object Clause”, in the Memorandum of Association be amended by inserting the following clauses as Clause No.7 to 13 after clause No.6.:

**Clause 7 :** To carry on the business of manufacturers and refinement, processing, preservation, dehydration, canning, bottling, freezing, packing and repacking of fruits and vegetable products and cereal products, health foods and drinks, aerated, non-aerated minerals and artificial water drinks, and provisions of all kinds and every descriptions and to carry on the business of export, import, brokers, commission agents and dealers of food products of all kinds.

**Clause 8 :** To give guarantee or provide security for the payment of money including principal, interest and dividend, secured or unsecured payable in respect of promissory notes, bonds, debentures, debenture-stocks, shares, securities, contracts, mortgage(s), charge(s), obligations, instruments and securities, and in connection with loan(s) made and/or other facilities given by the financial institution(s), bank(s) or any other person(s) to any person(s) including body(ies) corporate.”

**Clause 9:** to manufacture, develop, improve, maintain, service, buy, sell, import, export, exchange and otherwise deal in all kinds of computer and micro processors based systems, their parts, components and systems and to buy, sell or otherwise deal in all kinds of computer hardwares, softwares, their programmes and accessories and to set up training institution and consultancy in computer and allied field.

**Clause 10:** To carry on the business of manufacturers, producers, importers, exporters, buyers, sellers of and dealers in all kind of fabrics and textiles prepared or manufactured from nylon, polysters, acrylics, rayon, silk, artificial silk, linen, cotton, wool, jute and any other synthetic, artificial and natural yarns and fibres and converters of synthetic, artificial and natural fibres into materials, such as cloth, tapes, yarns, twines and such other articles as may be conveniently produced or manufactured, therefrom.

**Clause 11:** to produce, manufacture, treat, process, prepare, refine, import, export, purchase, sell and generally to deal in either as principals or as agents either solely or in partnership with others, all types and kinds of cement ordinary, white, coloured, Portland, Pozzolana, Alumina, Blast furnace, Silica and all other varieties of cement, lime and limestone, clinker and/or by-products thereof, as also cement products of any or all descriptions and in connection therewith to take on lease or otherwise acquire, erect, construct, establish, work, operate and maintain factories, quarries, mines and workshop.

**Clause 12:** To generate electrical power by conventional, non-methods including coal, gas, lignite, oil, bio-mass, to maintain, manage, operate, carry on, control, take on hire/lease power plants, co-generation power plants, Energy conservation projects, power houses, transmission and distribution systems for generation, distribution, transmission, and supply of electrical energy and buy, sell, supply, exchange, market, function as licensee and deal in electrical power, energy to the State Electricity Board, State Government, Appropriate Authorities, licensees, specific industrial units and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area to be specified by the State Government, Central Government, Local Authority, State Electricity Boards and any other competent authority in accordance with the provisions of Indian Electricity Act, 1910 and/or Electricity (Supply) Act, 1948 or any statutory modifications or reenactment thereof and rules made thereunder.

**Clause 13:** To act as Export/Import House.

**15. AUTHORISATION FOR COMMENCING BUSINESS UNDER OBJECT CLAUSE:**

To consider and, if thought fit, to pass, with or without modification, the following resolution, as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for commencing and undertaking all or any of the business



specified in Clause 8 to Clause 10 of the "Other Objects" of the Memorandum of Association of the Company".

**16. DELISTING OF SHARES FROM AHMEDABAD STOCK EXCHANGE :**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT subject to the approval of the Stock Exchange and/or any other authority as may be required, approval be and is hereby accorded for delisting of the Company's Shares from Ahmedabad Stock Exchange".

**17. ALTERATION OF ARTICLES OF ASSOCIATION :**

To consider and, if thought fit, to pass with or without modification, 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 altered in the following manner :

(A) Insert the following definitions in the Article 1 Clause(i) after sub- clause (e) as follows:

(f) "Beneficial Owner" means a person or persons whose name is recorded as such with a depository;

(g) "SEBI" means the Securities and Exchange Board of India;

(h) "Depository" means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and

(i) "Security" means such security as may be specified by SEBI from time to time.

(B) Insert the following Heading and Article as Article 55A after Article 55 :

**DEMATERIALIZATION OF SECURITIES :**

**ARTICLE 55A (1) :** Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

**OPTIONS FOR INVESTORS :**

**ARTICLE 55A(2) (a) :** Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

**ARTICLE 55A (2)(b) :** If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security and, on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

**SECURITIES IN DEPOSITORIES TO BE IN FUNGIBLE FORM:**

**ARTICLE 55A (3) :** All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 157B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

**RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS:**

**ARTICLE 55A (4)(a) :** Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

**ARTICLE 55A (4)(b) :** Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

**ARTICLE 55A (5)(c) :** Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

**SERVICE OF DOCUMENTS:**

**ARTICLE 55A (6) :** Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

**TRANSFER OF SECURITIES:**

**ARTICLE 55A (7) :** Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

**ALLOTMENT OF SECURITIES DEALT WITH BY A DEPOSITORY:**

**ARTICLE 55A (8) :** Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

**DISTINCTIVE NUMBERS OF SECURITIES HELD IN A DEPOSITORY:**

**ARTICLE 55A (9) :** Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in a depository.

**REGISTER AND INDEX OF BENEFICIAL OWNERS:**

**ARTICLE 55A (10) :** The Register and Index of Beneficial Owners, maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."

Date : 31st July, 1998

Place: New Delhi

By order of the Board  
For Rungta Irrigation Ltd.  
Sd/-  
ARVIND JOSHI  
(Company Secretary)

**NOTES FOR MEMBERS ATTENTION:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.  
THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to section 173 of the Companies Act, 1956, in respect of the Special Business stated in Item No(s) 5 to 17 is annexed hereto.
3. The Register of Members and Share Transfer Books of the company will remain closed from Monday, the 21st, September, 1998 to Thursday, the 24th September, 1998 (both days inclusive) for the purpose of payment of Dividend.
4. Dividend when sanctioned will be made payable on or after 3rd October, 1998 to those members whose names stand registered on the company's Register of Members as on Thursday, the 24th September, 1998.
5. Members are requested to notify change of address, if any, with PIN CODE quoting reference of their folio number.
6. Members are requested to quote Folio numbers in all correspondence.
7. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio.
8. Non-Resident Indian Shareholders are requested to inform the company immediately their latest NRE/NRO account number with name and address of their Bankers in India to enable the company to send their dividend warrants to the concerned bank.
9. Members are requested to bring their copies of the report and accounts while coming to attend the meeting.
10. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
11. Shareholders seeking any information with regard to proposed resolutions or the Balance Sheet & Profit & Loss Account are requested to write to the company at an early date, so as to enable the management to keep the relevant information ready.

**EXPLANATORY STATEMENT**

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

**ITEM NO.5.**

Shri B.S.Brahmachari was appointed as a Director on 20th December, 1997 by the Board of Directors of the Company under Article 90 of the Company's Articles of Association, to fill the casual vacancy on the Board caused by the resignation of Shri P.P.Sharma. Pursuant to Section 262 of the Companies Act, 1956, Shri B.S.Brahmachari holds office upto the date upto which Shri P.P.Sharma would have held office viz. upto the date of the forthcoming Annual General Meeting. Shri B.S.Brahmachari is a Mechanical Engineer and a Fellow Member of the Institution of Engineers, with over 35 years of experience of working in large public sector undertakings as well as multinationals, occupying senior positions in both. Besides, Shri Brahmachari is already associated with us for the last of couple of years. The Board considers it desirable that the Company should receive the benefits of his valuable experience and advice and commends his appointment.

**ITEM NO.6.**

The Board of Directors has, at its meeting held on 21st January, 1998, appointed Shri B.S.Brahmachari as a Whole-time Director of the Company with effect from 21st January, 1998 subject to the approval of the shareholders in General Meeting. The appointment was made with the Salary fixed at Rs.16500/- per month including Dearness and other allowances.



The Board of Directors ,subsequently ,at its meeting dated 31st July, revised the aforesaid salary to be in the scale of Rs.18000/- to Rs.30000/- w.e.f.1st April, 1998. The draft Agreement between the Company and Shri B.S.Brahmachari contains the following main terms and conditions:-

1. Period : Three years with effect from 21st January, 1998.
2. Remuneration: Rs.16,500/- p.m.including dearness and other allowances from 21st January,1998 to 31st March,1998 and a scale of Rs.18000/- to Rs.30000/- from 1st April,1998 to 20th January, 2001; 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 B.S.Brahmachari shall be entitled to:(i) Re-imbusement 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 Rules of the Company;(iii)Company's car with driver will be provided for use of Company's business. Use of car for private purpose will be billed by the company;(iv) Reimbursement of expenses incurred on newspaper, books and periodicals,subject to a maximum of Rs.500/- per month;(v) Telephone to be provided at the Residence and all rental and expenses except personal long distance calls will be paid by the company;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 and super annuation or annuity fund, to the extent these either singly or together are not taxable under the Income tax Act, Gratuity payable as per the rules of the Companyand encashment of Leave at the end of the tenure,shall not be included in the computation of the limits for 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 appointment/re-appointment and/or Agreement may be varied/enhanced from time to time by the Board of Directors 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 B.S.Brahmachari 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 subject to its superintendence, control and direction.

If, at any time, the Whole-time Director ceases to be a Director of the Company for any cause 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 causae whatsoever, he shall cease to be a Director of the Company.

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

In compliance with the provisions of Section 309 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in General Meeting for their approval.

The draft Agreement between the Company and Shri. B.S. Brahmachari 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 B.S.Brahmachari may be deemed to be concerned and interested in the resolution.

**The Above may also be treated as an abstract of terms of appointment and Memorandum of interest u/s 302 of the Companies Act, 1956.**

**ITEM NO.7. Shri N. K. Krishnamurthy was appointed as a Director on 20th December, 1997 by the Board of Directors of the Company under articles of Association of the Company.**

The Board of Directors has, at its 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 General Meeting. Shri N.Krishnamurthy is a fellow member of the Institute of Chartered Accountants as well as of the Institute of Company Secretaries, 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. The appointment was made with the Salary fixed at Rs.15200/- per month including Dearness and other allowances. The Board of Directors, subsequently, at its meeting dated 31st July, 1998 revised the aforesaid salary to be in the scale of Rs.17000/- to Rs.30000/- w.e.f.1st April, 1998. The draft Agreement between the Company and Shri N.Krishnamurthy contains the following main terms and conditions:-

1. Period : Three years with effect from 21st January, 1998.
2. Remuneration: Rs.15,200/- p.m. including dearness and other allowances from 21st January,1998 to 31st March,1998 and a scale of Rs.17000/- to Rs.30000/- from 1st April,1998 to 20th January,2001;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-imbusement 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 Rules of the Company;(iii)Company's car with driver will be provided for use of Company's business. Use of car for private purpose 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; 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 and super annuation or annuity fund, to the extent these either singly or 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 limits for 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 appointment/re-appointment and/or Agreement may be varied/enhanced from time to time by the Board of Directors 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.Krisnamurthy 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 subject to its superintendence, control and direction.

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

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

In compliance with the provisions of Section 309 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in General Meeting for their approval.

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.

Shri N.Krishnamurthy may be deemed to be concerned and interested in the resolution.

**The above may also be treated as an abstract of terms of appointment and Memorandum of interest u/s 302 of the Companies Act, 1956.**

#### ITEM NO. 8.

Shri Virendra Kumar Sehgal was appointed as an Additional Director on the Board w.e.f.1st October, 1997 in terms of Article 89 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, he holds office upto the conclusion of this Annual General Meeting and is eligible for re-appointment as Director. The company has received a notice in writing from a shareholder under Section 257 of the Companies Act, 1956 proposing his name for the appointment as Director of the Company. Shri V.K.Sehgal is a Mining Engineer holding 1st Class Manager's Certificate of Competency. He is having over 35 years of experience in the Public sector and has retired as an Ex- Chairman of a public sector undertaking. The resolution is recommended by the Board for your approval.

None of the Directors of the Company is interested in the resolution except Shri Virendra Kumar Sehgal, the proposed appointee.

**ITEM NOS. 9 TO 11**

To meet business requirement, it is proposed to increase the Authorised Share Capital from Rs.8.00 Crores to Rs.14.00 Crores by creation of 5 lacs 12 % Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One Hundred) each and 1 lac (One Lac) Redeemable 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 in the best interest of the Company.

None of the Directors are concerned or interested in these Resolutions.

**ITEM NO. 12**

With the growth in business of the Company, the need for working capital has grown. The Company has invested substantial funds in new projects and expects new investment opportunities to materialise in the coming years.

Keeping in view the foregoing and also for general corporate purposes, including capital expenditure, working capital requirements, strategic investments, any mergers, amalgamations, acquisitions, reconstructions or arrangements or any other reorganisation as the Board may decide, the Board of Directors consider that it would become necessary to raise financial resources, at appropriate time(s) by issue of appropriate instruments, at such price or prices, to such persons and in such manner, as stated in the resolution.

Consent of the shareholders is sought to authorise the Board of Directors for issuing securities as stated in the resolution which would result in issuance of further shares of the Company in accordance with the terms and nature of the securities.

The Company is considering raising resources to the tune of five Crores through issue of 12 % Redeemable Cumulative Preference Shares of face value Rs.100/- each on private placement basis to financial institutions. The Company, in consultation with the appropriate authorities and advisors, will fix at the relevant time, the detailed terms of the Issue.

The resolution set out at this item No.12 is an enabling resolution conferring authority on the Board to cover all present and future contingencies and corporate requirements.

Section 81 of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholders in the General Meeting decide otherwise.

Accordingly, consent of the Shareholders is being sought pursuant to the provisions of Section 80, 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the various S.Es in India where the Company's Securities are listed.

None of the Directors of the Company is interested or concerned in these Resolutions, except to the extent of their shareholdings in the Company.

**ITEM NO. 13**

The Company had approached Industrial Development Bank of India (IDBI) for financial assistance in the form of rupee term loan for meeting long term working capital requirements and capital expenditure.

The Financial assistance from the above institution was secured by exclusive first mortgage of all the immovable and movable properties of the Company situate at Village Advipolam, Yanam in the U.T. of Pondicherry, present and future.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its movable and immovable properties as aforesaid of the financial institution may be regarded as disposal of the company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

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

**ITEM NO.14**

The Company proposes to engage in the business of giving guarantee(s) or providing security(ies) in connection with loan(s) made by the financial institution(s), bank(s) or any person(s) to any person(s) including body(ies) corporate. Besides, the company has realised that to depend on the business which is heavily subsidised as well as dependant on the vagaries of nature would not be prudent in the long run. Thus it is essential to enlarge the area of operations and the scope of business so as to have a well diversified business activity . this would facilitate the company to tide over the competitiveness in the industry. Your company's sister concerns are engaged in all the activities which are proposed to be included in the other Objects now. Inclusion of such activities will also facilitate the management in the business reorganisation process, any amalgamation, mergers, strategic investments, acquisitions, reconstructions or arrangements or any other reorganisation as the Board may decide. The above inclusion requires the approval of shareholders in the Annual General meeting.

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

**ITEM NO. 15**

Section 149(2A) of the Companies Act, 1956 requires that before commencement of any business mentioned in "Other Objects", a Company has to obtain the approval of the shareholders in this connection. Therefore, the resolution is placed for the approval of the shareholders as required under the said Section.

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

**ITEM NO. 16**

The Company's shares are presently listed in Delhi, Mumbai, Calcutta and Ahmedabad Stock Exchanges. The shares are infrequently traded on Ahmedabad Stock Exchange. In the Exchange, there have been no transactions for months together. However, the shares are actively traded on Delhi and Mumbai Stock Exchanges.

With the advent of electronic transaction, an investor can buy/sell his securities in any of the Exchange(s) in the country without any problem. In view of this, there is no justification for keeping the shares listed on Ahmedabad Stock Exchange and thereby incurring avoidable expenditure. The Board of Directors had, accordingly, approved application to Ahmedabad Stock Exchange for delisting of the shares as the Company fulfill the criteria laid down by the Finance Ministry in this respect. The matter is being pursued with the concerned Stock Exchange.

However, as a matter of abundant precaution, it is proposed to obtain the approval of the shareholders to the proposed delisting of shares by a special resolution.

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

**ITEM NO.17**

With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Act relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system.

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

Dated : 31st July, 1998  
Place : New Delhi

By Order of the Board  
For Rungta Irrigation Limited  
Sd/-  
ARVIND JOSHI  
(Company Secretary)

**DIRECTORS' REPORT****To The Members,**

Your Directors have pleasure in submitting the 14th Annual Report of your Company together with the Audited Accounts for the year ended March 31, 1998.

**FINANCIAL HIGHLIGHTS**

Results of the financial year and proposed appropriations, as compared to the previous year are as under :-

Particulars	Rupees in Lacs	
	Year ended 31.03.98	Year ended 31.03.97
Profit from operations before Depreciation and Taxation	905.93	674.85
Less:		
Depreciation	387.92	122.67
Provision for Taxation	11.90	48.00
Profit from Operations	506.11	504.18
Less:		
Taxes for earlier years	4.45	Nil
Adjustment for Depreciation relating to earlier years	405.59	Nil
Total amount for Appropriations	96.07	504.18
Less: Appropriations :		
Proposed Dividend	66.29	158.01
Prov. for Tax on Dividend	6.63	15.80
Trf. to General Reserve	23.15	330.37

**DISCLOSURE AS PER CLAUSE 43 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES**

Pursuant to Clause 43 of the Listing Agreement the required comparison of projections made for the financial year 1997-98 in the company's Letter of Offer dated 10.02.95 with Actual Performance is as under :-

Particulars	(in Rs. Lacs)	
	Projected	Actuals
Net sales	12357.20	5553.60
Profit	962.47	506.11
E.P.S. (in Rs.)	13.75	7.64
Book Value (inRs.)	60.48	46.59
Net profit Margin (%)	7.79	9.11

Variances between the projected and the actual figures is on account of:

1. The projections were for the accounting year Nov.'96 to October '97 encompassing therein two sales seasons whereas the actuals are for the financial year April'97 to March'98 comprising of one sales season only.

**DIVIDEND**

Having regard to the surplus available for the year under review your directors are pleased to recommend a dividend of 10% for the financial year ended 31st March, 1998 which, if approved at the forthcoming Annual General Meeting, will absorb about Rs.66.29 Lacs. The dividend will be paid out of the profits of the company for the said year to all those share holders whose names appear on the Register of the Members as on Thursday, the 24th September, 1998.

**The Board of Directors have been forced to recommend a lower rate of Dividend than last year mainly to tide over the financial crunch in the Industry as a whole so that the valuable resources of the company may be utilised for wealth maximisation purposes. A healthy Reserves & Surplus shall be beneficial to the shareholders of the company in the longer run.**

**OPERATIONS**

The year in retrospect, can be considered to be as good as in earlier years but below our own expectations. The recessionary conditions prevailing in the Indian economy as well as extension of monsoon season severely impaired the sales targets set by the company. As if this was not enough, the efforts of the various state Governments fell far short of expectations in aiding the industry, as quite a few of the state Governments either delayed in releasing the subsidy to the farmers or released the subsidy much below the expected demand. The Company has taken serious steps in nullifying the effect of such problems by exploring new areas such as Agro-chemicals, PVC based pipes manufacturing on a larger scale and with the setting up of another unit at Yanam in Pondicherry performance in the coming year should be more encouraging. It is pertinent to mention that the profits from this unit will be fully exempted from tax as it shall be entitled to Income Tax benefits under section 80 IA.

**DEPOSITS**

During the year under review, the company has not accepted any fixed deposits from the public. However, deposits remaining outstanding as at the end of the last Annual General Meeting have been repaid in time.

**DIRECTORS**

During the year under review, Shri R.C. Rungta, Shri P.P. Sharma, Shri G. Natarajan, Shri Deobrat Mishra, Shri Naveen Rungta and Shri P.P. Singh have resigned due to personal reasons. Shri N.K. Rungta who was kidnapped last January, in 1997 is regrettably still untraceable. Your directors place on record their appreciation for the valuable services rendered by all of them during their tenure in the development and growth of the Company.

In accordance with the Articles of Association of the company, Shri R.S. Rungta is retiring by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for reappointment. The Board of Directors have appointed Shri B.S. Brahmachari and Shri N. Krishnamurthy as whole-time Directors of the Company and such appointment needs your confirmation in the AGM.

**AUDITOR'S REPORT/AUDITORS**

M/s O.P. Tulsyan & Co., Chartered Accountants, New Delhi, Auditors of your company retire at the ensuing Annual General Meeting and we recommend their re-appointment. They have furnished a Certificate to the effect that this re-appointment, if made, will be in accordance with the section 224 (1B) of the Companies Act, 1956. As regards Auditor's Report & Observations, the relevant notes on the accounts are self-explanatory.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND 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 the Board of Directors) Rules, 1988 is given in the Annexure 'A' forming part of this report. However, the requirement for disclosure of particulars with respect to conservation of energy is not applicable to your Company.

**PARTICULARS OF EMPLOYEES**

A statement of Particulars of Employees, as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is set out in Annexure 'B' to the Report.

**PERSONNEL**

Your Directors would like to place on record their appreciation of the dedicated and loyal services rendered by the officers, staff and workers of the Company.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation for the continued support being received from the Financial Institutions, Banks and Investors. Thanks are also due to the various state governments, Government authorities for their continued co-operation and patronage.

For and on behalf of the Board

Sd/-

( R.S. Rungta)  
Chairman

Place : New Delhi

Date : 31st July, 1998

**ANNEXURE TO THE DIRECTORS' REPORT**

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

**ANNEXURE 'A'****(A) TECHNOLOGY ABSORPTION****Research & Development (R&D)****1. Specific Areas in which R&D carried out by the Company:**

Research & Development is a continuous process in the organisation and has been carried out in areas where production cost could be reduced.

**2. Benefits derived as a result of above R&D:**

The production cost has got reduced, production cycle time has been reduced and better quality HDPE based Sprinkler Irrigation Systems could be marketed. Infact, it is a matter of pride to state, that almost all the products being marketed by the company at present are conforming to the BIS or as per the standards of the Government authorised testing bodies.

**3. Future Plan of Action:**

The company is soon going for ISO -9002 certification and has already taken steps in this regard. This will enable the company to strive to maintain its quality standards conforming to the International Standards. Besides, the company has already entered into a Technology transfer agreement with an Israel based company for the manufacture of hi-technology based Drip Irrigation System catering to the International requirement.

**4. Expenditure on R&D :**

	Rs.
(i) Capital	523594.00
(ii) Recurring	89056.00
(iii) Total	612650.00
iv) Total R&D as percentage of total turnover	0.11%

**(B) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION****1. Efforts & Benefits**

The R & D division of the company continues to improve the technical know-how available with the company to make the product more suitable to the requirements of the users. The company also provides guidance, supervision and training to our sister concerns for adaptation of the technology. The above effort has resulted in increased profit margins.

**2. Details of technology imported during the past five years - Nil****(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

	During 1997-98 Rs.	During 1996-97 Rs.
Total foreign exchange spent and earned		
i) Foreign Exchange Spent	17,87,740/-	71,27,988/-
ii) Foreign exchange earned by Export of Irrigation System	Nil	Nil

**ANNEXURE 'B'**

The particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 and the rules made thereunder forming part of the Directors' Report for the year ended 31st March, 1998.

S. NO	Name	Age	Qualification	Date of Commencement of employment	Designation	Experience (in years)	Gross Remuneration (Rs.)	Particulars of last employment
1.	Mr.M.P.Rungta	45	Grad.	01.01.95	Vice Chairman	23 Years	7,95,700.00	.....
2.	Mr.Sanjay Rungta	34	M.B.A	01.12.93	Managing Director	13 Years	7,65,700.00	.....

- Note:
1. The gross emoluments includes salary, Company's contribution to P.F., Commission, Awards/Bonus and monetary value of perquisites.
  2. The Above employees besides being related to each other are also related to Mr.R.S.Rungta Chairman of the Company.
  3. Above appointments are of contractual nature.

**AUDITORS' REPORT**

The Members of Rungta Irrigation Ltd..

We have audited the attached Balance Sheet of M/s Rungta Irrigation Ltd. as at 31st March, 1998 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that:

- (1) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Central Govt. in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a Statement of the matters specified in paragraphs 4&5 of the said Order.
- (2) Further to our comments in the annexure reported to in paragraph (1) above:
  - (i) We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion proper books of accounts as required by the law, have been maintained by the Company so far as appears from our examination of such books.
  - (iii) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.
  - (iv) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
    - (a) in the case of the Balance Sheet of the State of affairs of the Company as at 31st March, 1998 and;
    - (b) In the case of Profit and Loss Account of the profit for the year ended on that date.

Place : New Delhi  
Dated: 31-07-1998

FOR O.P.TULSYAN & CO.  
Chartered Accountants.  
Sd/-  
O.P. TULSYAN  
Partner



**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph (1) of our report of even date)

- (1) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However the management has informed that wherever practicable physical verification of all major items of fixed assets has been carried out during the year at reasonable intervals and no serious discrepancies between the books and physical inventory have been noticed.
- (2) None of the Fixed Assets have been revalued during the year.
- (3) As explained to us, the physical verification of finished goods, stores, spare parts and raw materials was conducted by the Management at reasonable intervals wherever practicable during the year.
- (4) According to the information and explanation given to us and in our opinion, the procedures of physical verification of stock followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (5) The discrepancies noticed on verification between the physical stock and book records were not material having regard to the size of the operations of the Company and the same have been properly dealt with in the books of accounts by the management.
- (6) In our opinion and on the basis of our examination of the stock records, the valuation of stock is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding period.
- (7) The Company had taken unsecured loans from the Companies listed in the Register maintained U/S 301 of the Companies Act, 1956 (1 of 1956) and/or from the Companies under the same Management as defined under sub.section 1(B) of the Section 370 of the Companies Act, 1956 (1 of 1956) which was repaid during the year as stipulated. However, the terms and conditions of such loans was not prima facie prejudicial to the interest of the Company.
- (8) The Company has granted loans (unsecured) to the Companies, firms or other parties listed in the Register maintained U/S 301 of the Companies Act, 1956 (1 of 1956) and/or the Company under the same Management as defined under sub.section 1(B) of Section 370 of the Companies Act, 1956 (1 of 1956), which are prima facie not prejudicial to the interest of the Company.
- (9) The Company has given loans to the corporate bodies who had repaid the principal amount and interest thereon as stipulated. The Company has given loans in the nature of advances only to its employees who are repaying the amount as stipulated.
- (10) In our opinion and according to the informations and explanations given to us, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
- (11) According to the informations and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements falling U/S 301 of the Companies Act, 1956 and aggregating to Rs.50,000/- or more, during the year in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transaction for similar goods or materials or services have been made with other parties.
- (12) As explained to us, unserviceable or damaged stores, raw material and finished goods are determined by the management and adequate provisions have been made in the accounts for the loss.
- (13) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A of the Companies Act, 1956 and the rules framed thereunder in respect of deposits accepted from the public.
- (14) According to the explanations and informations given to us, the Company has no by-products.
- (15) In our opinion, the Company has an internal Audit System commensurate with the size and the nature of its business.
- (16) As informed by the Management, the Central Government has not prescribed maintenance of Cost Records U/S 209(1)(d) of the Companies Act, 1956.
- (17) According to the information and explanations given to us, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with appropriate authorities.
- (18) According to the information and explanations given to us there were no undisputed amounts payable in respect of income tax, customs duty, wealth tax and excise duty which have remained outstanding as at 31st March, 1998 for a period of more than six months from the date they have become payable.
- (19) According to the information and explanations given to us and the records of the Company examined by us, no personal expenses (other than those payable under the contractual obligation or in accordance with the generally accepted business practice) have been charged to revenue account.
- (20) The company is not a Sick industrial Company within the meaning of clause (O) of sub section (1) of Sec.3 of the Sick Industrial Companies (Special Provision) Act. 1985.
- (21) In respect of trading activities of the company, it has no damaged goods.

Place: New Delhi  
Dated: 31-07-1998

FOR O.P.TULSYAN & CO.  
Chartered Accountants.  
O.P.TULSYAN  
Partner

## BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE		As at 31/03/98 (Rs.)	As at 31/03/97 (Rs.)
<b>SOURCES OF FUNDS</b>			
1. Shareholders' Funds			
Share Capital	A	66291600	63203300
Reserves & Surplus	B	<u>254507563</u>	<u>236692842</u>
		320799163	299896142
2. Loan Funds			
Secured Loans	C	215995474	154900067
Unsecured Loans	D	<u>3922714</u>	<u>2833635</u>
		219918188	157733702
	<b>TOTAL</b>	<b><u>540717351</u></b>	<b><u>457629844</u></b>
<b>APPLICATION OF FUNDS</b>			
1. Fixed Assets			
Gross Block	E	234387494	177946963
Less : Depreciation		<u>- 98606856</u>	<u>- 19470451</u>
		135780638	158476512
Capital Work In Progress		<u>12882143</u>	<u>8617325</u>
		148662781	167093837
2. Investments	F	21493086	9133787
3. Current Assets, Loans & Advances			
Inventories	G	120028462	117711239
Sundry Debtors	H	280778689	237258568
Cash & Bank Balances	I	24085681	24805756
Loans & Advances	J	81104889	58141563
		<u>505997721</u>	<u>437917126</u>
Less: Current Liabilities & Provisions			
Current Liabilities	K	130410941	141758436
Provisions	L	<u>16969672</u>	<u>28346938</u>
Net Current Assets		358617108	267811752
4. Miscellaneous Expenditure ( to the extent not written off or adjusted) M			
		11944376	13590468
	<b>TOTAL</b>	<b><u>540717351</u></b>	<b><u>457629844</u></b>
Notes to Accounts	V		

Note: The schedules referred to in above, form an integral part of the Balance Sheet.  
As per our report of even date annexed.

for O.P. TULSYAN & CO.  
Chartered Accountants  
Sd/-  
O.P. TULSYAN  
Partner

FOR AND ON BEHALF OF THE BOARD

Sd/-  
R.S. RUNGTA  
Chairman

Place : New Delhi  
Dated : 31.07.98

Sd/-  
A. JOSHI  
Company Secretary

Sd/-  
S. RUNGTA  
Managing Director

Sd/-  
M.P. RUNGTA  
Vice Chairman


**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998**

SCHEDULE	Year ended on 31/03/98 (Rs.)	Year ended on 31/03/97 (Rs.)
<b>INCOME</b>		
Sales (Net of Returns) N	555360045	544805497
Other Income O	71188758	46882562
Increase / (Decrease) in stock of finished goods P	(7501034)	22874735
	<u>619047769</u>	<u>614562794</u>
<b>EXPENDITURE</b>		
Materials, Manufacturing & Operating Expenses Q	360017951	360211387
Personnel Expenses R	32142968	26981925
Administrative Expenses S	30772842	34182245
Interest & Financial Expenses T	32688921	30288448
Selling & Distribution Expenses U	72831237	95218844
Depreciation E	38791972	12267099
	<u>567245891</u>	<u>559149948</u>
<b>PROFIT BEFORE TAXATION</b>	51801878	55412846
Less: Prior Period Adjustment	Nil	194584
Payment of taxes for earlier years	445246	Nil
Depreciation relating to previous years	40559335	Nil
Provision for taxation	1190000	4800000
Amount available for appropriations	<u>9607297</u>	<u>50418262</u>
<b>APPROPRIATIONS</b>		
Proposed Dividend	6629160	15800825
Provision for tax on Dividend	662916	1580083
Transferred to General Reserve	2315221	33037354
	<u>9607297</u>	<u>50418262</u>

Notes to Accounts

V

Note: The schedules referred to in above, form an integral part of the Balance Sheet.  
As per our report of even date annexed.

for O.P. TULSYAN & CO.  
Chartered Accountants  
Sd/-  
O.P. TULSYAN  
Partner

FOR AND ON BEHALF OF THE BOARD

Sd/-  
R.S. RUNGTA  
Chairman

Place : New Delhi  
Dated : 31.07.98

Sd/-  
A. JOSHI  
Company Secretary

Sd/-  
S. RUNGTA  
Managing Director

Sd/-  
M.P. RUNGTA  
Vice Chairman

## SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 1998

	As at 31/03/98 (Rs.)	As at 31/03/97 (Rs.)
<b>SCHEDULE 'A'</b>		
SHARE CAPITAL		
Authorised 80,00,000 Equity Shares of Rs.10/- each	80000000	80000000
	<u>80000000</u>	<u>80000000</u>
Issued, Subscribed & Paid up		
70,00,200 Equity Shares of Rs.10/-each	70002000	70002000
Less: Calls in Arrear	3710400	6798700
	<u>66291600</u>	<u>63203300</u>
<b>SCHEDULE 'B'</b>		
RESERVES & SURPLUS		
General Reserve		
Opening balance as per last Balance Sheet	70736342	34726988
Add: Excess Provision Written Back	—	2972000
Add: Amount transferred from Profit & Loss A/c	2315221	33037354
	<u>73051563</u>	<u>70736342</u>
Share Premium		
40,00,200 Equity Shares issued at a Premium of Rs. 50/- each	200010000	
Less: Calls in Arrear	<u>18554000</u>	
	<u>181456000</u>	<u>165956500</u>
	<u>254507563</u>	<u>236692842</u>
<b>SCHEDULE 'C'</b>		
SECURED LOANS		
Loans and Advances from Banks		
<b>(1) Working Capital Loans</b>		
(a) From Allahabad Bank	58337031	56383324
(b) From Punjab National Bank	32912427	23244864
(c) From Bank of India	16525587	12447244
	<u>107775045</u>	<u>92075432</u>

(The above loans are secured by hypothecations of entire present and future movable assets of company such as stock of Raw Materials, Semi Finished Goods, Stores, Book Debts, Bills receivables etc. These are further secured by personal guarantee of five Directors of the Company.)

## SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 1998

	As at 31/03/98 (Rs.)	As at 31/03/97 (Rs.)
<b>(2) Term Loans</b>		
(a) From Allahabad Bank (Secured by way of equitable mortgage charge over immoveable property and hypothecation charge over moveable fixed assets of the Company's unit at Kala-amb Distt. Sirmour(H.P.) both present and future. These are further secured by personal guarantee of five Directors of the Company.)	4126162	6366162
(b) From I.D.B.I. Kanpur (Secured by an exclusive first charge on equipment purchased by said loan i.e. three Samsung Machine and Two Pay Loaders, Hindustan 2021 Loader and 7 Nos. Tippers This loan is further secured by personal guarantee of Directors of the Company.)	7000000	11000000
(c) From I.D.B.I. Kanpur (Sanctioned under equipment finance scheme of IDBI and secured by an exclusive first charge on the equipment/plant installed at C-165/176 Bulandshar Road Ind.Area, Distt. Ghaziabad (U.P.). It is further secured by unconditional and irrevocable personal guarantee of Sh. Sanjay Rungta, Managing Director and Shri M.P. Rungta Vice Chairman.)	7805000	11405000
(d) From I.D.B.I. Kanpur (Secured by an exclusive first charge over all the plants, Machinery, equipment acquired by the Company out of the proceed of the loan viz. pay Loaders, Excavators, Tippers, Drill Machine etc. together with mortgage by deposit of title deeds of all the immoveable property situated at Village Ogli, Pattikalal Ghat, Tehsil Nahan, Dist. Sirmour, (H.P.). The loan is further secured by personal guarantee of Sh. R.S. Rungta, Sh. M.P. Rungta and Sh. Sanjay Rungta, Directors of the Company)	35400000	23200000
(e) From I.D.B.I. Kanpur (Secured by an exclusive mortgage & charge over all the movable and immovable assets of the unit at Yanam, Pondicherry as well as extension of first charge over immoveable property situated at Village Ogli, Pattikalal Ghat, Tehsil Nahan together with extension of exclusive first charge over the equipments under EFS/PFS from IDBI. The loan is further secured by personal guarantee of Sh. R.S. Rungta, Sh. M.P. Rungta and Sh. Sanjay Rungta, Directors of the Company)	40000000	—
<b>(3) Other Loans and Advances (From bodies corporate)</b> (Secured by hypothecations of earthmoving Machines)	13889267	10853473
	<u>215995474</u>	<u>154900067</u>

**SCHEDULE 'D'****UNSECURED LOANS**

(a) From Directors (interest free)	3500000	2000000
(b) From Directors (others)	422714	683635
(c) Public Deposits	—	150000
	<u>3922714</u>	<u>2833635</u>

## SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 1998

		As at 31/03/98 (Rs.)				As at 31/03/97 (Rs.)					
<b>SCHEDULE 'E'</b>											
<b>A. FIXED ASSETS</b>											
S.No	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 31-03-97	Addition during the year	Sales/Adj during the year	Total Cost as at 31-03-98	Depn. up to 31-3-97	Depn. for earlier years	Depn. for the year	Total Dep. upto 31-3-98	WDV as at 31-03-98	WDV as at 31-03-97
1.	Land & Site Development	8595626	575767	...	9171393	...	...	...	...	9171393	8595626
2.	Factory Building	3410600	6968080	...	10378680	314352	241552	598476	1154380	9224300	3096248
3.	Office Premises	3691980	...	...	3691980	101563	599913	299050	1000526	2691454	3590417
4.	Plant & Machinery	102029206	25443557	270404	127202359	8442769	21797584	22757675	52998028	74204331	93586437
5.	Office Equipment	4205543	1176294	20464	5361373	1562619	846297	653749	3062665	2298708	2642924
6.	Furnitures & Fixtures	1701326	166675	...	1868001	800044	-444625	149082	504501	1363500	901282
7.	Vehicles	11142616	2661526	302235	13501907	2477762	1907760	1667044	6052566	7449341	8664854
8.	Lorries	10124409	6538637	...	16663046	2577527	5322677	3505137	11405341	5257705	7546882
9.	Pay Loaders	26038280	13718000	...	39756280	2183251	5413154	8039969	15636374	24119906	23855029
10.	Gas Cylinders	6792475	...	...	6792475	795662	4875023	1121790	6792475	...	5996813
11.	Wooden Partitions	214902	...	...	214902	214902	...	...	214902	...	...
		177946963	57248536	593103	234602396	19470451	40559335	38791972	98821758	135780638	158476512
	Less: Wooden Partitions written off	214902	...	...	214902	214902	...	...	214902	...	...
	<b>TOTAL</b>	177732061	57248536	593103	234387494	19255549	40559335	38791972	98606856	135780638	158476512
	Previous Year	137300184	88730071	48083292	177946963	17702392	10499040	12267099	19470451	158476512	...
	<b>B. CAPITAL WORK IN PROGRESS</b>	8617325	12281403	8016585	12882143	...	...	...	...	12882143	8617325
	Previous Year	6638939	6324654	4346268	8617325	...	...	...	...	8617325	6638939

**SCHEDULE 'F'**

## INVESTMENTS

Unquoted (at cost)

## (A) Investment in Govt. or Trust Securities

7Yr National Savings Certificate

(Pledge with Govt. Authorities as Security)

228200

189600

4820 Fully paid up units of UTI 1964 Scheme

75196

80639

of Rs. 10/- each of Unit Trust of India

303396270239

## SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 1998

	As at 31/03/98 (Rs.)	As at 31/03/97 (Rs.)
<b>(B) Investment in Equity Shares</b>		
<i>Quoted (at cost)</i>		
500 fully paid-up Equity Shares of Rs.10/-each in McLeod Russel (India) Ltd.,	.....	95000
333 fully paid-up Equity Shares of Rs.10/-each in Eveready Industries Ltd.,	95009	.....
10700 fully paid-up Equity Shares of Rs.10/- each in Sangam Aluminium Ltd.(Pre.Yr 3300 Shares)	62995	62995
200 fully paid-up Equity Shares of Rs.10/-each in National Organics & Chemicals Ltd.	8252	8252
100 fully paid-up Equity Shares of Rs.10/-each in Caprihans India Ltd.	5276	.....
100 fully paid-up Equity Shares of Rs.10/- each in Padmini Polymers Ltd.	3706	.....
100 fully paid-up Equity Shares of Rs.10/-each in Peacock Industries Ltd.	1016	.....
100 fully paid-up Equity Shares of Rs.10/-each in Pearl Polymers Ltd.	1981	.....
100 fully paid-up Equity Shares of Rs.10/- each in Hydro S&S Industries Ltd.	2487	.....
100 fully paid-up Equity Shares of Rs.10/-each in Finolex Pipes Ltd.	1495	.....
100 fully paid-up Equity Shares of Rs.10/-each in Neel Kamal Plastics Limited	3172	...
	<u>185389</u>	<u>166247</u>
<i>Unquoted:</i>		
18400 fully paid-up Equity Shares of Rs.10/-each in JISL Irrigation Ltd.	462301	462301
42250 fully paid-up Equity Shares of Rs.100/-each in Chandwak Flour Mills Ltd.	4225000	3860000
32170 fully paid-up Equity Shares of Rs.100/-each in Trambakkam Flour Mills Ltd.	3217000	...
	<u>7904301</u>	<u>4322301</u>
<b>(C) Share Application Money</b>		
In Equity Shares of Bank of India	...	125000
In Equity Shares of Trambakkam Flour Mills Ltd.	...	1150000
In Equity Shares of Rungta Carriers Ltd.	10000000	...
	<u>10000000</u>	<u>1275000</u>

## SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 1998

	As at 31/03/98 (Rs.)	As at 31/03/97 (Rs.)
(D) Investment in the Capital of Partnership Firms		
Ajanta Minerals & Kishan Maharaj & Co.	3100000	3100000
Total Investment (A) to (D)	<u>21493086</u>	<u>9133787</u>
Aggregate Amount of Quoted Investments (Aggregate Market Value Rs.47725/- Previous Year Rs. 240878/-	185389	166247
Aggregate Amount of unquoted Investments	7904301	4322301
<b>SCHEDULE 'G'</b>		
<b>INVENTORIES</b>		
(as valued and certified by management)		
Raw Materials (At cost )	44092463	34536747
Finished Goods (At cost)	73798704	81299738
Other spare parts & stores (At cost)	2137295	1874754
	<u>120028462</u>	<u>117711239</u>
<b>SCHEDULE 'H'</b>		
<b>SUNDRY DEBTORS :</b>		
(Unsecured & Considered Good)		
Debts Outstanding for a period exceeding 6 months	83054906	30160824
Other Debts	197723783	207097744
	<u>280778689</u>	<u>237258568</u>
<b>SCHEDULE 'I'</b>		
<b>CASH &amp; BANK BALANCES :</b>		
(a) Cash & Cheques in Hand	4762564	829588
(b) Balance with Scheduled Banks:		
In Deposit Account including deposits with IDBI u/s 32AB of I.Tax Act	6106	6106
In Current Accounts	2713029	221155
In Margin Money Accounts	16339125	13950709
(c) Balance with other Non Scheduled Banks in Current A/c (as per details given under note No.2(E)	41657	9792198
(d) Term Deposits with Post Office	223200	6000
	<u>24085681</u>	<u>24805756</u>




**SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 1998**

	As at 31/03/98 (Rs.)	As at 31/03/97 (Rs.)
<b>SCHEDULE 'J'</b>		
LOANS & ADVANCES		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received	61134734	32340585
Advance payment of Income Tax	10183270	11541364
Advance for Capital Goods/Contracts	3329345	6766084
EMD/Security Deposits	6457540	7493530
	<u>81104889</u>	<u>58141563</u>
<b>SCHEDULE 'K'</b>		
CURRENT LIABILITIES		
(A)Current Liabilities:		
Sundry Creditors	22113342	34336995
Creditors for Capital Goods & Contracts	600715	15366642
Due to Customers & Others	93409016	79210269
Dealers Deposits	13926699	12564015
Staff Deposits	361169	280515
	<u>130410941</u>	<u>141758436</u>
<b>SCHEDULE 'L'</b>		
(B)Provisions:		
Provision for Taxation	9677596	10966030
Proposed dividend	6629160	15800825
Provision for tax on dividend	662916	1580083
	<u>16969672</u>	<u>28346938</u>
<b>SCHEDULE 'M'</b>		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off)		
Deferred Revenue Expenditure	167230	191120
Public Issue Expenditure	11630062	13231252
Misc. Expenditure	147084	168096
	<u>11944376</u>	<u>13590468</u>

**SCHEDULES TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
ON 31ST MARCH, 1998**

	Year ended on 31/03/98 (Rs.)	Year ended on 31/03/97 (Rs.)
<b>SCHEDULE 'N'</b>		
SALES (Net of Returns)		
Local Sales	<u>555360045</u>	<u>544805497</u>
	<b>555360045</b>	<b>544805497</b>
<b>SCHEDULE 'O'</b>		
OTHER INCOME		
Interest Received	21560072	14986831
Miscellaneous Receipts	4881835	3117483
Hire Charges, Lease Rent & Service Charges Received	<u>44746851</u>	<u>28778248</u>
	<b>71188758</b>	<b>46882562</b>
<b>SCHEDULE 'P'</b>		
INCREASE/(DECREASE) IN STOCK		
Opening Stock of finished goods	81299738	58425003
Closing Stock of finished goods-	<u>73798704</u>	<u>81299738</u>
	<b>(7501034)</b>	<b>22874735</b>
<b>SCHEDULE 'Q'</b>		
MATERIALS, MANUFACTURING & OPERATING EXP.		
Raw Material Consumed:		
Opening Stock	34536747	26352214
Add : Purchases	215660373	301854850
	<u>250197120</u>	<u>328207064</u>
Less : Closing Stock	<u>44092463</u>	<u>34536747</u>
	206104657	293670317
Carriage Inward	4316406	6491653
Purchase for Resale	136025989	28180232
Fuel, Electricity & Water	3391602	3285773
Stores Consumed	3316985	1954026
Surcharge (Excise)	...	7423796
Job Work	2320585	17956556
REPAIRS & MAINTENANCE		
Plant & Machinery	384030	232540
Factory Building	292752	624606
TESTING & LABORATORY EXPENSES	196710	391888
CED ON Captive Use	<u>3668235</u>	...
	<b>360017951</b>	<b>360211387</b>

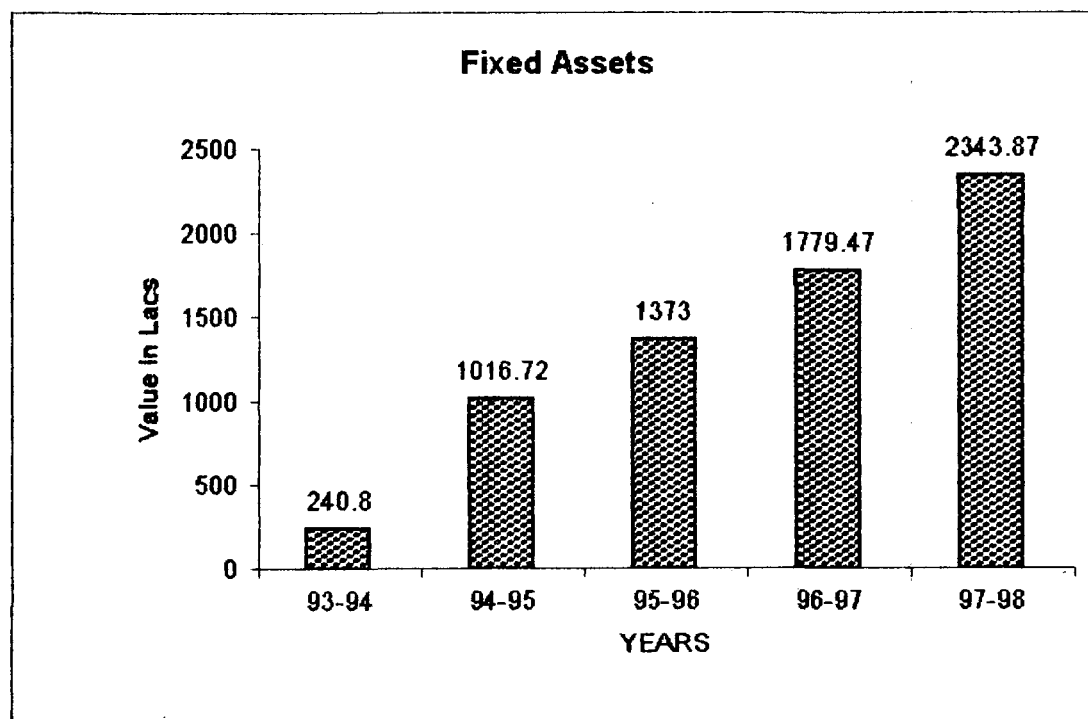


**SCHEDULES TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 1998**

	Year ended on 31/03/98 (Rs.)	Year ended on 31/03/97 (Rs.)
<b>SCHEDULE 'R'</b>		
<b>PERSONNEL EXPENSES</b>		
Managerial Remuneration	1350400	1320000
Salaries & Wages, Bonus & Award (including perquisites & Allowances)	24306508	20016588
Contribution to Provident & Other funds	2629473	1713703
Gratuity	405719	480933
Staff Welfare expenses	3450868	3450701
	<u>32142968</u>	<u>26981925</u>
<b>SCHEDULE 'S'</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Rates & Taxes	510678	382587
Rent, Hire Charges	8921234	3399869
Insurance Charges	826658	425856
Vehicle Running & Maintenance	3817824	3044052
Printing & Stationery	890983	1172807
Postage, Telegram, Telephone & Telex	2994439	2773416
Repairs & Others	1293275	872910
Travelling & Conveyance	6367080	6120890
Books & Periodicals	78373	90236
Electricity & Water Charges	255505	212105
General Expenses	552386	504620
Staff Recruitment Expenses	120188	334702
Membership Fee & Subscription	334175	157923
Donations	149103	42218
Auditors Remuneration		
(a) As Auditors	100000	100000
(b) In any other manner (Including Expenses)	107459	37849
Legal & Professional Charges	1253331	1054078
Loss on sale of Assets/Shares (net)	554059	11810035
Share Issue Expenses written off	1646092	1646092
	<u>30772842</u>	<u>34182245</u>
<b>SCHEDULE 'T'</b>		
<b>INTEREST &amp; FINANCIAL EXPENSES</b>		
Interest to		
Banks	22821567	20247293
Others	6177357	5846640
Bank Charges & Commission	3689997	4194515
	<u>32688921</u>	<u>30288448</u>
<b>SCHEDULE 'U'</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Carriage outward expenses	6539483	7961155
Advertisement & Sales promotion	4257084	12989315
Excise Duty	19725	749876
Packing Expenses	497728	1102511
Installation, Handling & Maintenance Exp.	100424	17446
Discount & Commission	60896355	70314309
Sales Tax/ T.O.T.	353938	1823448
I.S.I. Marking Expenses	166500	260784
	<u>72831237</u>	<u>95218844</u>


**FINANCIAL HIGHLIGHTS FOR THE LAST FIVE YEARS (Rs in Lacs)**

S.No.	Particulars	1993-94	1994-95	1995-96	1996-97	1997-98
1	Turnover	1919.84	2299.70	4298.39	5448.05	5553.60
2	Other Income	58.99	93.06	249.67	468.83	711.89
3	Total Income	1978.83	2392.76	4548.06	5916.88	6265.49
4	Cost of Production	1775.73	2139.74	3890.17	4936.78	5031.17
5	Profit Before Interest, Depreciation and tax	203.10	253.02	657.89	980.10	1234.32
6	Interest	47.18	90.13	183.44	302.88	326.89
7	Depreciation	19.34	36.13	104.03	122.67	387.92
8	Operating Profit	136.58	126.76	370.42	554.55	519.51
9	Donation	10.01	0.06	0.57	0.42	1.49
10	Profit Before Tax	126.57	126.70	369.85	554.13	518.02
11	Tax	26.04	14.55	20.92	49.95	11.90
12	Profit After Tax	100.53	112.15	348.93	504.18	506.12
13	Cash Accruals	119.87	148.28	452.96	626.85	894.04
14	Equity Share Capital	50.00	300.00	627.42	632.03	662.92
15	Reserves and Surplus	317.70	164.43	2014.10	2366.93	2545.07
16	Dividend	20%	20%	20%	25%	10%
17	EPS	20.11	4.76	4.98	7.20	7.64
18	Book Value	73.54	118.58	37.21	42.84	46.59

**Compound Annual Rate of Growth (%)**
**Over Five Year Period**
**Sales**
**23.8%**
**Profit After Tax**
**38.2%**


**PARTICULARS****A. CAPACITY, PRODUCTION, TURNOVER**

Licenced/Installed Capacity	31-03-98		31-03-97	
	Licenced	Installed	Licenced	Installed

**Capacity**

SIS System Aluminium based	NA	17500 Sets.	NA	12500 Sets.
SIS system HDPE based	NA	10000 Sets.	NA	8000 M.T.
HDPE pipes	NA	4500 M.T.	NA	3500 M.T.
Rigid PVC Pipes	NA	5000 M.T.	NA	4000 M.T.

**Production**

	31-03-98		31-03-97	
Aluminium Pipe with Coupler		89489 Nos.		232790 Nos.
HDPE pipe with coupler		244690 Nos.		328869 Nos.
PVC pipe plane		150175 Nos.		112837 Nos.
HDPE pipe plane		241222 Nos.		316322 Nos.

**Turnover**

	31-03-98			31-03-97		
	Unit	Qty.	Value (Rs.)	Qty.	Value (Rs.)	
Aluminium Pipe with coupler	Nos.	112114	<b>411154184</b>	209822	<b>516041377</b>	
HDPE pipe with coupler	Nos.	253975		295324		
PVC pipe plane	Nos.	136598		94784		
HDPE pipe plane	Nos.	2703		14841		

Notes : Licence and installed capacity is as certified by the Management and not verified by the Auditors being technical matter.

B. Opening Stock <b>Finished Goods</b>	31-03-98			31-03-97	
	Unit	Qty.	Value (Rs)	Qty.	Value (Rs)
1. Sprinkler Irrigation Systems comprising of:					
(a) Aluminium Pipes with couplers	Pcs	39056	23433600	16088	9463141
(b) HDPE Pipes with couplers	"	68204	15244805	34659	7746902
(c) Sprinkler Fittings & Others	"	.....	31395324	.....	33853746
2. Rigid PVC Pipes	"	50513	11226009	32460	7361214
			<b>81299738</b>		<b>58425003</b>

**Raw Material :**

Aluminium Ingot (including LM-6)	MT	34.465	2596938	59.072	4544894
HDPE Granules	MT	49.887	2490359	152.538	8602133
PVC Resin	MT	47.960	1515538	57.647	1907201
Others	....	.....	27933912	.....	11297986
			<b>34536747</b>		<b>26352214</b>

**PARTICULARS****C. CLOSING STOCK**

	Unit	31-03-98		31-03-97	
		Qty.	Value (Rs)	Qty.	Value (Rs)
<b>Finished Goods</b>					
1. Sprinkler Irrigation Systems comprising of :					
(a) Aluminium Pipes with couplers	Pcs	16431	9733314	39056	23433600
(b) HDPE pipes with coupler	"	58919	11657203	68204	15244805
(c) Sprinkler Fittings & Others	...	.....	42052832	.....	31395324
2. Rigid P.V.C. Pipes	Pcs.	64090	10355355	50513	11226009
			<u>73798704</u>		<u>81299738</u>
<b>Raw Material:</b>					
Aluminium Ingot (including LM-6)	MT	19.211	1682404	34.465	2596938
HDPE Granules	MT	254.458	9969660	49.887	2490359
PVC Resin	MT	154.525	4451326	47.960	1515538
Others	...	...	27989073	...	27933912
			<u>44092463</u>		<u>34536747</u>
<b>D. RAW MATERIAL CONSUMED</b>					
Aluminium Ingot (Including LM-6)	MT	91.400	7784995	443.673	34641682
HDPE Granules	MT	814.321	32677073	1107.127	46499334
PVC Resin	MT	518.769	17347635	564.185	19746475
Aluminium Pipes	Nos	88429	44939704	232908	126934860
HDPE Pipes	Nos	242483	43646941	27388	5123078
Others	...	...	59708309	...	60724888
			<u>206104657</u>		<u>293670317</u>
<b>E. ITEMS PURCHASED FOR RESALE:</b>					
<b>Sarees</b>					
Opening Stock	Nos	776	140200	...	...
Purchase	Nos	38990	7213902	153571	28180232
Turnover	Nos	39766	7547360	152795	28764120
Closing Stock	Nos	...	...	776	140200
<b>Fabric Cloth</b>					
Purchase	Mtrs	1473997.31	104713402	...	...
Turnover	Mtrs	1473997.31	105117904	...	...
<b>Miscellaneous Items</b>					
Purchase	.....	.....	31312587	...	...
Turnover	.....	.....	31540597	...	...
<b>F. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, SPARE PARTS, COMPONENTS AND STORES CONSUMED:</b>					
<b>(i) Raw Material</b>					
Imported	...	0.52%	1787740	3.34%	9475912
Indigenous	...	99.48%	340342906	96.66%	284194405
		<u>100%</u>	<u>342130646</u>	<u>100%</u>	<u>293670317</u>
<b>(ii) Stores and Spare Parts:</b>					
Imported	...	...	...	...	...
Indigenous	...	100%	3316985	100%	1954026
		<u>100%</u>	<u>3316985</u>	<u>100%</u>	<u>1954026</u>



	31-03-98 Value (Rs)	31-03-97 Value (Rs)
<b>G. CIF VALUE OF IMPORTS</b>	1787740	6936646
<b>H. Earnings in Foreign Exchange:</b>	Nil	Nil
<b>I. Expenditure in Foreign Currency</b>	Nil	191342
<b>J. Managerial Remuneration:</b>		
Details of payments and provisions on account of Remuneration to Managing Director and whole time director included in Profit & Loss Account:		
(i) Salary	750400	720000
(ii) Commission	600000	600000
(iii) Contribution to Provident Fund	72000	72000
(iv) Other Perquisites	162000	72000
	<u>1584400</u>	<u>1464000</u>
<b>K. Computation of remuneration of Managerial personnel U/S 198 of the Companies Act, 1956.</b>		
Profit for the year	51801878	55218262
Add: Remuneration to Managerial Personnel	1392000	1464000
Loss on Sale of Fixed Assets	554059	11810035
Add: Depreciation Provided in P & L A/C	38791972	12267099
	<u>92539909</u>	<u>80759396</u>
Less: Profit on Sale of Fixed Assets	...	...
Less: Depreciation as per Section 350 of the Companies Act 1956	38791972	12267099
	<u>53747937</u>	<u>68492297</u>
Maximum Remuneration Payable	<u>5374793</u>	<u>6849230</u>

As per our report of even date annexed.

for O.P. TULSYAN & CO.  
Chartered Accountants  
Sd/-  
O.P. TULSYAN  
Partner

FOR AND ON BEHALF OF THE BOARD

Sd/-  
R.S. RUNGTA  
Chairman

Place : New Delhi  
Dated : 31.07.98

Sd/-  
A. JOSHI  
Company Secretary

Sd/-  
S. RUNGTA  
Managing Director

Sd/-  
M.P. RUNGTA  
Vice Chairman

## SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 1998

## SCHEDULE - V

## NOTES ON ACCOUNT

**1. Accounting Policies****A. Basis of preparation of Financial Statements**

- (a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principle and the provisions of the Companies Act, 1956.
- (b) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the company.

**B. Fixed Assets and Depreciation**

- (a) Fixed assets are stated at cost of acquisition less accumulated depreciation.
- (b) The cost of Fixed Assets are inclusive of freight, duties and other incidental expenses incurred during construction period.
- (c) With regard to assets acquired under deferred payment/Instalment credit schemes the cost of the assets are capitalised while the financial charges at equated Instalments have been charged to revenue.
- (d) The Company has changed the method of charging depreciation from Straight Line Method to Written Down Value Method as per Income Tax, due to which depreciation during the year was provided more by Rs.1,90,90,403. Due to above change in the method, the adjustments for previous years has also been accounted for resulting in excess provision of depreciation by Rs.4,05,59,335.

**C. Investments**

Investments are stated at cost.

**D. Inventories**

Raw materials are valued at cost and Finished goods are valued at cost or market value whichever is lower. Stores and spare parts are valued at cost. Scrap is valued at estimated realisable value.

**E. Accounting of Modvat**

Modvat credit available is accounted by recording material purchased net of Excise Duty. Modvat credit availed of is accounted on adjusted against excise duty payable on despatch of finished goods.

**F. Revenue Income and Expenses Recognition**

All revenues, costs, assets and liabilities are accounted for on accrual basis except insurance/other claims, dividends etc. Sales are net of discounts and sales tax.

**G. Contingent Liabilities**

These are disclosed by way of note on Balance Sheet. Provision is made in accounts in respect of those liabilities which are likely to materialise after year end till the finalisation of accounts and have material effect on the position stated in the Balance Sheet.

**H. Hire Charges**

Hire charges are being accounted for on the basis of number of days the assets have been in use.

**2. Financial Notes**

	31/3/98 (Rs. In lacs)	31/3/97 (Rs. In lacs)
Contingent Liabilities		
(1) Estimated amount of contracts to be executed on capital account.	33.95	77.57
(2) Claims against the Company not acknowledged as debts (Refer notes below).	99.01	16.38
(3) Amount for which the Company is contingently liable.		
(a) Bills discounted since outstanding.	33.75	106.91
(b) Guarantees given by the Company's bankers for which counter guarantee have been given by the Company.	635.25	606.60
(c) Inland letters of credit opened by Bankers against which margin money of Rs.6.97 lacs has been given (previous year Rs.5.32).	69.75	53.20
(d) Foreign letter of credit opened by Bankers against which Margin Money of Rs. Nil lacs has been given (Previous year Rs.1.69 lacs has been given)	Nil	16.74



**SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 1998.****Notes:**

- (A) Demand raised by Income Tax authorities after regular assessment for the Assessment year 1995-96 amounts to Rs.16,37,642/- for which appeal has been preferred with the concerned authorities.
- (B) Demand raised by Income Tax Authorities after Assessment as reopening for the Assessment Year 1990-91 amounts to Rs. 82,63,097 for which appeal has been preferred with the concerned authorities.
- (C) In the opinion of the management, all investments, current assets, loans and advances including advances on capital account would, in the ordinary course of business, realise the values stated.
- (D) Dividend has been provided on Pro-rata-basis @ 10% p.a. (Tax free) for the period ended on 31st March, 1998.
- (E) Details of balances with the Non scheduled Banks in current Accounts (Including maximum balances during the year)

SI. NO.	NAME OF THE BANK	31/3/98 (Rs.)	31/3/97 (Rs.)
1.	The Mahendergarh Central Co.op. Bank Ltd., Mahendragarh. (Maxi.balance during the year Rs.1496530)	1489	1497149
2.	The Gurgaon Central Co.op Bank Ltd., H/Mandi. (Maxi.balance during the year Rs.1256)	1196	1256
3.	The Rewari Central Co.op Bank Ltd.Rewari (Maxi.balance during the year Rs.3799408)	765	1447328
4.	The Mahendergarh Central Co.op.Bank Ltd., Narnaul. (Maxi.balance during the year Rs.560627)	3597	50077
5.	The Rohtak Central Co.op Bank Ltd., Matenhail. (Maxi.balance during the year Rs.1120722)	3028	1120722
6.	The Bhiwani Central Co.op Bank Ltd. Bhiwani. (Maxi.balance during the year Rs.11158758)	461	2675301
7.	The Bhiwani Central Co.op Bank Ltd.Dadri (Maxi.balance during the year Rs.255389)	2449	1889
8.	The Bhiwani Central Co.op Bank Ltd., Badhara (Maxi.balance during the year Rs.501666)	7078	54666
9.	The Bhiwani Central Co.op Bank Ltd.Loharu (Maxi.balance during the year Rs.1505781)	2149	1515781
10.	The Rewari Central Co.op Bank Ltd. Kosli (Maxi.balance during the year Rs.543366)	1130	233068
11.	The Bhiwani Central Co.op Bank Ltd.Tosham (Maxi.balance during the year Rs.1149953)	3503	82197
12.	The Rohtak Central Co.op Bank Ltd.Jhajjar (Maxi.balance during the year Rs.1363659)	3094	25196
13.	Hissar Central Co.op Bank Ltd. Siwani (Maxi.balance during the year Rs.230909)	4930	208409
14.	Haryana State Co.op Apex Bank Ltd. , Chandigarh. (Maxi.balance during the year Rs.3133002)	1500	1500
15.	Gurgaon Central Co.op Bank Ltd.Gurgaon (Maxi.balance during the year Rs.512)	5288	512
		41657	8915051

(F) Figures have been rounded off to the nearest rupee.

(G) Figures of previous year have been regrouped and /or rearranged whenever found necessary to make them comparable with that of current year.

(H) Additional information pursuant to the provision of paragraphs 3 & 4 Part-II of Schedule VI of Companies Act, 1956 are as under.

## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD APRIL, 1997 TO MARCH, 1998

	(Rs. in lacs)	
	For year ended on 31.03.98	For year ended on 31.03.97
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax and extraordinary items</b>	518.02	554.13
Adjusted for :		
Depreciation	387.92	122.67
Loss on Sale of fixed Assets	Nil	117.86
Loss on Sale of Investments	Nil	0.24
Share Issue Exp. written off.	16.46	16.46
Interest Expenses	289.98	518.17
<b>Operating Profit before working capital changes</b>	<u>1212.38</u>	<u>1072.30</u>
Adjustments for :		
Trade & other receivables	(661.15)	(653.62)
Inventories	(23.17)	(316.61)
Trade Payables	113.48	239.62
<b>Cash Generated from operations</b>	414.58	341.69
Interest paid	(289.98)	(260.94)
Direct Taxes paid	(32.94)	(25.62)
Cash Flow before Extraordinary items	91.66	55.13
Extraordinary items/Prior period items.	Nil	2.84
<b>Net Cash From Operating Activities</b>	91.66	57.97
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed Assets	(615.13)	(905.80)
Sale of fixed Assets	5.93	251.92
Sale of Investment	Nil	1.50
Purchase of Investments	(123.59)	(60.10)
Movements in loan	(98.40)	(62.54)
Public Issue Expenditure	Nil	(12.37)
<b>Net Cash Used in Investing Activities</b>	<u>(831.19)</u>	<u>(787.39)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of Share Capital	185.89	27.06
Proceeds from Long Term Borrowings	720.26	746.44
Dividend paid	(158.01)	(52.11)
Dividend Paid	(15.80)	Nil
<b>Net Cash used in Financing Activities</b>	<u>732.34</u>	<u>721.39</u>
Net Decrease in cash & Cash Equivalents (A+B+C)	(7.19)	(8.03)
Opening Balance of Cash & Cash Equivalents (as on 1/4/97)	248.05	256.09
<b>Closing Balance of Cash &amp; Cash Equivalents (as on 31/3/98)</b>	240.86	248.06

FOR AND ON BEHALF OF THE BOARD

Sd/-

R.S. RUNGTA, Chariman

Place: New Delhi	Sd/-	Sd/-	Sd/-
Dated: 31/7/98	ARVIND JOSHI	S.RUNGTA	M.P.RUNGTA
	Company Secretary	Managing Director	Vice Chairman

**AUDITOR'S CERTIFICATE**

We have examined the attached Cash Flow Statement of RUNGTA IRRIGATION LIMITED for the period ended on 31st March, 1998. The Statement has been prepared by the Company in accordance with the requirement of Clause No. 32' of the Company's Listing Agreement with the Delhi Stock Exchange. The Statement is based on and is derived from the Profit & Loss A / c and the Balance Sheet of the Company for the year ended on 31st March, 1998, covered by our report of even date to the members of the Company.

FOR O.P.TULSYAN & CO.  
CHARTERED ACCOUNTANTS

Sd/- O.P.TULSYAN

Partner

Place : New Delhi  
Dated : 31/7/98



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information pursuant to part IV of Schedule VI of Companies Act, 1956 (As ammended)

### I. Registration Details

Registration No. 23934 StateCode 55  
 Balance Sheet Date. 31 03 1998  
 Date Month Year

### II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	<span style="border: 1px solid black; padding: 2px;">NIL</span>	Right Issue	<span style="border: 1px solid black; padding: 2px;">NIL</span>
Bonus Issue	<span style="border: 1px solid black; padding: 2px;">NIL</span>	Private Placement	<span style="border: 1px solid black; padding: 2px;">NIL</span>

### III. Position of Mobilisation & Development of funds (Amount in Rs. Thousands)

Total Liabilities	<span style="border: 1px solid black; padding: 2px;">540717</span>	Total Assets	<span style="border: 1px solid black; padding: 2px;">540717</span>
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#### Source of Funds

Paidup capital	<span style="border: 1px solid black; padding: 2px;">66292</span>	Reserves & Surplus	<span style="border: 1px solid black; padding: 2px;">254507</span>
Secured Loans	<span style="border: 1px solid black; padding: 2px;">215995</span>	Unsecured Loans	<span style="border: 1px solid black; padding: 2px;">3923</span>

#### Application of Funds

Net Fixed Assets	<span style="border: 1px solid black; padding: 2px;">148663</span>	Investments	<span style="border: 1px solid black; padding: 2px;">21493</span>
Net Current Assets	<span style="border: 1px solid black; padding: 2px;">358617</span>	Mis. expenditure	<span style="border: 1px solid black; padding: 2px;">11944</span>

Accumulated Losses

NIL

### IV. Performance of company (Amount in Rs. Thousands) ..

Turnover & Other receipts	<span style="border: 1px solid black; padding: 2px;">619048</span>	Total expenditure	<span style="border: 1px solid black; padding: 2px;">567246</span>
Profit before tax	<span style="border: 1px solid black; padding: 2px;">51802</span>	Profit after tax	<span style="border: 1px solid black; padding: 2px;">50167</span>
Earning per share	<span style="border: 1px solid black; padding: 2px;">7.64</span>	Dividend	<span style="border: 1px solid black; padding: 2px;">10</span>

### V. Generic Names of three principal products/services of copy (As per monetary terms) item code No (ITC Code)

Product Discription	SPRINKLER IRRIGATION SYSTEM	DRIIP IRRIGATION SYSTEMS
Item Code	84248100	84248100

As per our report of even date annexed  
for **O.P. TULSYAN & CO.**

Chartered Accountants  
O.P.TULSYAN  
Partner

Place : New Delhi  
Dated : 31.07.98

FOR AND ON BEHALF OF THE BOARD

Sd/-

R.S. RUNGTA  
Chairman

Sd/-

A. JOSHI  
Company Secretary

Sd/-

S. RUNGTA  
Managing Director

Sd/-

M.P. RUNGTA  
Vice Chairman



**RUNGTA IRRIGATION LIMITED**

Registered Office: 101, Pragati Tower, 26, Rajendra Place, New Delhi-110008

**ATTENDENCE SLIP**

FOLIO NO. \_\_\_\_\_

NO. OF SHARES HELD \_\_\_\_\_

I/We record my/our presence at the 14th Annual General Meeting of the Company to be held at the Deputy Speaker Hall, Constitution Club, Rafi Marg, New Delhi-110001 on Thursday, the 24th September, 1998 at 10.30 A.M. or any adjournment thereof.

Name of the Shareholder (in Block Letters) \_\_\_\_\_

\_\_\_\_\_  
Signature of Shareholder

Name of the Proxy \_\_\_\_\_

(to be filled only when Shareholder is appointing proxy)

\_\_\_\_\_  
Signature of Member/Proxy

Notes:

1. Member attending the meeting must fill in this attendance slip and hand it over at the entrance of the hall.
2. Members are requested to bring their copy of the Annual Report at the meeting.

**RUNGTA IRRIGATION LIMITED**

Registered Office: 101, Pragati Tower, 26, Rajendra Place, New Delhi-110008

**PROXY FORM**

FOLIO NO. \_\_\_\_\_

NO. OF SHARES HELD \_\_\_\_\_

I/We \_\_\_\_\_

R/o \_\_\_\_\_

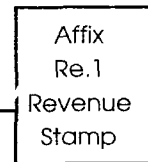
being a Member/Members of the above mentioned Company, hereby appoint Sh./Smt. \_\_\_\_\_

\_\_\_\_\_ R/o \_\_\_\_\_

as my/our Proxy to attend and vote for me/us (in the event of Poll) on my/our behalf at the 14th Annual General Meeting of the Company to be held on Thursday, the 24th September, 1998 at 10.30. A.M. or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 1998

Signature \_\_\_\_\_



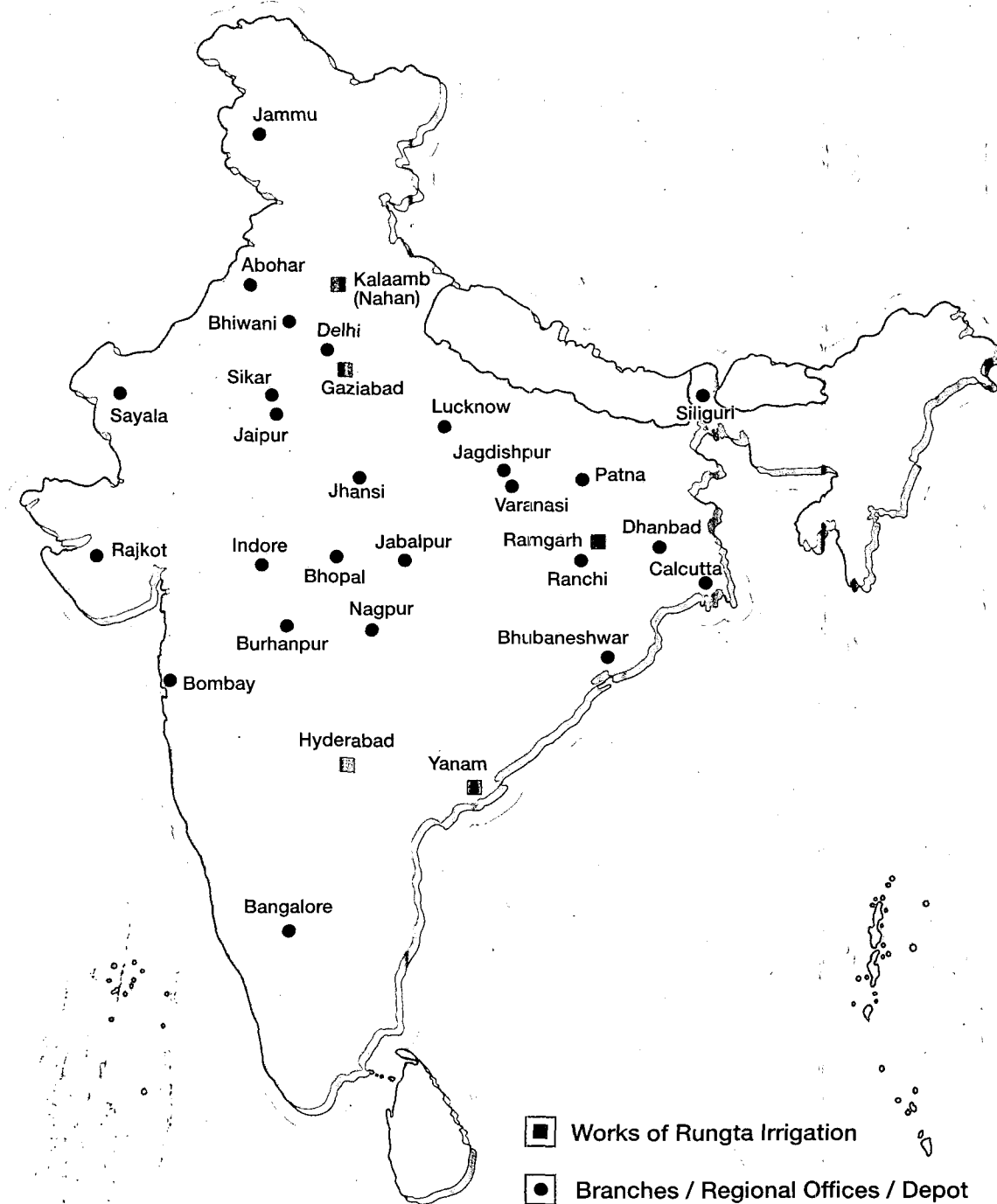
Notes:

1. Revenue Stamp of Re 1/- is to be affixed on this form.
2. The form should be signed across the stamp as per specimen signature registered with the company.
3. The Proxy form must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting.
4. The person to be appointed as proxy need not be a member of the company.





# Nation wide Network of Rungta Irrigation Limited



## RUNGTA IRRIGATION LIMITED

101, Pragati Tower, 26, Rajendra Place, New Delhi-110008 (India)  
 Phone: 5721954, 5717984, 5735007, 5727984 • Fax: 91-11-5753241  
 E-mail: [rungtadl@iasdl01.vsnl.net.in](mailto:rungtadl@iasdl01.vsnl.net.in)

**Works:** Village Ogli, Kalaamb, Distt. Sirmour, Himachal Pradesh  
 Tel: 38949, 38564 Fax: 01701-38648