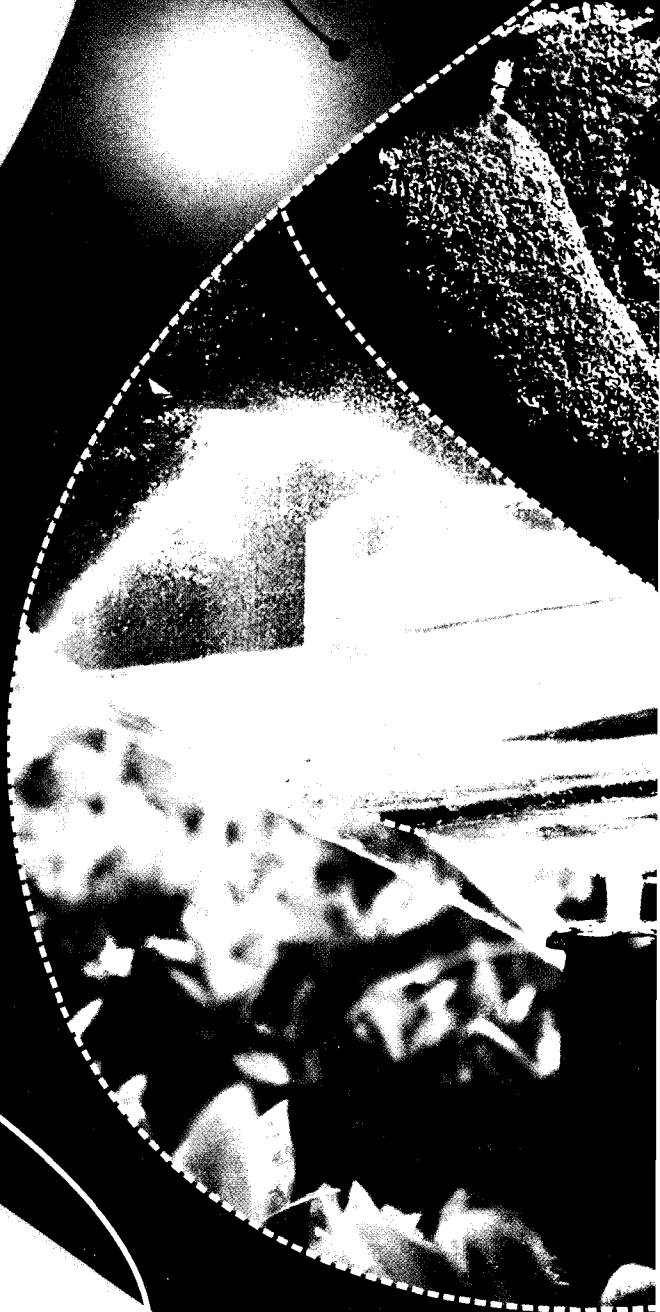




SYMBOL  
OF QUALITY

Annual Report  
2011-2012



RUNGTA IRRIGATION LTD.

**BOARD OF DIRECTORS**

Shri M.P. Rungta : Chairman Cum Managing Director  
 Shri N. Krishnamurthy : Whole-time Director and Joint Managing Director  
 Ms. Shruti Rungta : Executive Director  
 Shri Tarun Kumar Megotia : Executive Director  
 Shri Devanand Mishra : Director  
 Shri M. P. Kaushik : Director  
 Shri PrakashKumar Megotia : Director  
 Shri Manish Kumar Megotia : Director  
 Shri Vikash Kumar Megotia : Director  
 Shri S.K. Poddar : Director  
 Ms. Priya Rungta : Director

**COMPANY SECRETARY**

Ms. Sudha Gupta

**AUDITORS**

M/s Andros & Co.  
 Chartered Accountants  
 304, Mohan Tower,  
 1-Community Centre  
 Wazirpur Industrial Area  
 Delhi-110052

**BANKERS**

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

**REGISTERED OFFICE**

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

**ZONAL OFFICE**

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

**WORKS:**

UNIT-1  
 C-165, Industrial Area  
 Bulandshahar Road,  
 Ghaziabad (U.P)

UNIT-2  
 Village Advipolam  
 Distt. Yanam  
 Pondicherry-533464

**REGISTRAR & TRANSFER AGENT**

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

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**NOTICE**

**Notice** is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of **RUNGTA IRRIGATION LIMITED** will be held on Monday, 24<sup>th</sup> September 2012 at 3.00 P.M. at Tivoli Garden Resort Hotel, Chhattarpur Hills, Mehrauli, New Delhi-110074 to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2012 and Profit and Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. M.P. Kaushik who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Devanand Mishra who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Priya Rungta who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provision of section 224 read with section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Andros & Co., Chartered Accountants, New Delhi, the retiring auditors of the company, be and is hereby re-appointed as the Statutory Auditors of the company, from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the company.”

“RESOLVED FURTHER THAT the Auditors be paid for the financial year 2012-2013 such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors, plus reimbursement of out-of-pocket, traveling & living expenses.”

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

Sd/-

**Date:** 30<sup>th</sup> July 2012

**Place:** New Delhi

(M.P.RUNGTA)  
Chairman Cum Managing Director

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.

2. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
3. Members/Proxies attending the meeting are requested to bring the attendance slips duly filled in for attending the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 20<sup>th</sup> September, 2012 to 24<sup>th</sup> September, 2012 (both days inclusive) for the purpose of the AGM.
5. Members are requested to notify any change in their address/ mandate/ bank details immediately to the share transfer Agent of the Company
6. The relative explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of the business under Item No .5 above, is annexed hereto.
7. The information required to be provided under the Listing Agreement entered in to by the Company with the Stock Exchanges regarding the Directors proposed to be reappointed is given in the report on Corporate Governance, which is enclosed with the Directors' Report.
8. Equity Shares of the Company are available for dematerialization both with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
9. Members desiring any information as regards the Accounts are requested to write to the Company atleast 10 days prior to the date of meeting so as to enable the management to keep the information ready.

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

##### **Item No. 5:**

Pursuant to Section 224A of the Companies Act, 1956, since more than Twenty Five percent of the Subscribed Share capital of the Company is held by IDBI, a Public Financial Institution, so the re-appointment of M/s. Andros & Co. is being made by a Special Resolution.

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

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

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

**Date: 30<sup>th</sup> July, 2012**  
**Place: New Delhi**

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

## DIRECTORS' REPORT

### Dear Members

Your Directors have pleasure in presenting the Twenty Eighth Annual Report of your Company together with the Audited Annual Accounts for the financial year ended 31<sup>st</sup> March, 2012.

### Review of Performance

The Financial Results of the Company of the year ended 31<sup>st</sup> March 2012 are summarized below:

Particulars	(Amount In Rs. Lacs) Financial Year ended	
	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
Sales and other income	8223.12	<b>6171.13</b>
Profit/ loss (before dep. & tax)	318.89	<b>334.76</b>
Depreciation	157.88	<b>125.14</b>
<b>Profit before tax</b>	161.01	<b>209.62</b>
Less: Provision for tax	55.40	<b>58.61</b>
Add/(Less): Provision of Tax for earlier years	-	<b>17.03</b>
Add/(Less): Deferred Tax Liability(Net)	4.64	<b>(8.57)</b>
<b>Profit after tax</b>	110.25	<b>159.47</b>
Prior Period Adjustment	0.79	<b>1.66</b>
<b>Net Profit</b>	111.04	<b>161.13</b>

### Year in Retrospect

The Sales turnover for the year under review was **Rs. 8223.12 lacs** as compared to **Rs. 6171.13 lacs** for the previous year. The Company was able to earn a profit after tax for the year under review is **Rs. 111.04 lacs** as against a profit of **Rs.161.13 lacs** for the previous year.

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

### Material Changes etc.

Save as mentioned else where in this Report, no material changes and commitments affecting the financial position of the Company has occurred between the end of the financial year of the Company 31<sup>st</sup> March, 2012 and the date of this Report.

### Dividend

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

### Corporate Governance

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

### Public Deposits

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

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

- a. **Conservation of Energy** : The Company is continuously making sincere efforts towards conservation of energy. Information as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure A, forming part of this report.
- b. **Technology Absorption** : The Company is taking care of latest developments and advancements in technology and all steps are being taken to adopt the same.
- c. **Foreign Exchange Earnings and Outgo** :

	(Amount in Rs. Lacs)	
	2011-2012	2010-2011
Total Foreign Exchange Inflow	181.57	78.59
Total Foreign Exchange outflow	0.34	0.18

### Particulars of Employees

During the financial year under review, none of the Company's employees was in receipt of remuneration as prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and hence no particulars are required to be disclosed in this Report.

### Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. M.P. Kaushik , Mr. Devanand Mishra and Ms. Priya Rungta are liable to retire by rotation and being eligible offer themselves for re-appointment. Board recommends their re-appointment.

### Auditors

M/s Andros & Co., Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A certificate under section 224(1B) of the Companies Act, 1956, regarding their eligibility for the proposed re-appointment, has been obtained from them. Your Directors recommend their re-appointment.

**Auditors' Report****Information and Explanation on remarks on the Auditors Report:**

1. In respect of auditors observation regarding interest not being charged from unsecured loan given to one party, it is clarified that the Company had given ICD to Rungta Projects Ltd. (RPL) which was recalled in Oct-Nov 2009 because of fund requirement of the Company. As the loan was recalled, no interest is being charged from November 2009 onwards. We are trying to recover the outstanding. To put pressure, we also issued legal notice to RPL again. We are sure to recover the full amount and we do not see any reason to make any provision for doubtful debt for the same
2. Regarding Non redemption of Cumulative Redeemable Preference Shares subscribed by IDBI Bank Ltd., the Company is trying to resolve the issue to redeem the Preference Shares at the earliest.
3. Regarding investment in Capital of Patnership firm, we are taking necessary efforts to get the Balance Sheet prepared and due to this effort we realise Rs 4,10,000/- during the current year from Kishan Maharaj & Co. However, this being Partnership Firm, we are not in full control of the affairs and the other partner is not taking proper interest perhaps because of no business activity in the Firms. We are hopeful to realise the full amount of Capital because these Firms have properties with sufficient value.

**Directors' Responsibility Statement**

In terms of the provisions of section 217(2AA) of the Companies Act, 1956, and to the best of their knowledge and belief and according to the information and explanations obtained by them and save as mentioned elsewhere in this Report, the attached Annual Accounts and the Auditors' Report thereon, your Directors confirm that:

- a. in preparation of the annual accounts, the applicable accounting standards have been followed;
- b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 and of the profit of the Company for the year ended on that date;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. the Directors have prepared the Annual Accounts on a going concern basis.

**Stock Exchange Listing**

The shares of the Company are listed on the Bombay Stock Exchange, Calcutta Stock Exchange and Delhi Stock Exchange.

The Company has already made an application for de-listing its equity shares from Delhi Stock exchange and Calcutta Stock Exchange.

### Acknowledgement

Your Directors take this opportunity to place on record their sincere appreciation for the co-operation and assistance the Company has received from Banks and various Government Departments. The Board also places on record its appreciation of the devoted services of the employees, support and co-operation extended by the valued business associates and the continuous patronage of the customers of the Company.

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

Date : 30<sup>th</sup> July, 2012  
Place : New Delhi

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

### Annexure

#### Form – A

#### Form for disclosure of particulars with respect to conservation of energy

##### A. Power and fuel consumption

<b>1. Electricity</b>	<b>Current Year</b>	<b>Previous Year</b>
(a) Purchased		
Unit	2737940	1889860
Total amount	Rs.14258761	Rs.88,17,162
Rate/Unit	Rs.5.21	Rs.4.67
(b) Own generation		
(i) Through diesel generator		
Units	222514	464616
Unit per-ltr. of diesel oil	3.19	2.97
Cost/unit	Rs. 12.53	Rs11.30
<b>B. Consumption per unit of production</b>		
<b>1. Electricity</b>	<b>Current Year</b>	<b>Previous Year</b>
Electricity	0.460 per Kg	.604 per Kg



## **REPORT ON CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement a Report on Corporate Governance is given below:

### **1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Our Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. As stakeholders across the country evince keen interest in the practices and performance of companies, Corporate Governance has emerged on the centre stage. Over the years, governance processes and systems have been strengthened at our end. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work-place have been institutionalized. The company recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders.

The Company is conscious of its responsibility as a good corporate citizen. The company values transparency, professionalism and accountability.

### **2. BOARD OF DIRECTORS**

#### **THE COMPOSITION OF THE BOARD**

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board, and to separate the Board functions of governance and management. The Board has an optimum combination of Executive, Non Executive and Independent Directors. As on 31<sup>st</sup> March 2012, the Company has total 11 directors on the Board, out of which 3 are Executive Directors; 1 is Non Executive Director and 6 are Independent Directors with Executive Chairman.

#### **ATTENDANCE AT THE BOARD MEETING, LAST ANNUAL GENERAL MEETING AND NUMBER OF OTHER DIRECTORSHIPS AND CHAIRMANSHIPS/MEMBERSHIPS OF COMMITTEES OF EACH DIRECTOR IN VARIOUS COMPANIES.**

Membership and Chairmanship of all directors who are on various Committees, the composition of the Board and the number of outside Directorship and Committee position as held by each of the Directors as on 31.03.2012 is as follows:-

Name of Director	Category	Attendance at the Board Meeting during the F.Y. 2011-12	Attendance at the Last AGM	As on 31-3-2012		
				No. of Directorship in other Public Co.*	Committee membership in other Companies#	Chairman in Committees in which they are members#
Mr. M.P. Rungta Chairman & Managing Director	Promoter & Executive	13	YES	NIL	NIL	NIL
Mr. N. Krishnamurthy Whole-Time – Director & Joint Managing Director	Executive & Professional	1	NO	NIL	NIL	NIL
Mr. Prakash Kr. Megotia Director	Independent	1	NO	NIL	NIL	NIL
Mr. Manish Kr. Megotia Director	Independent	1	NO	NIL	NIL	NIL
Mr. Vikash Kr. Megotia Director	Independent	1	NO	NIL	NIL	NIL
Mr. Devanand Mishra Director	Independent	2	NO	NIL	NIL	NIL
Mr. Tarun Megotia Executive Director	Executive	13	NO	NIL	NIL	NIL
Mr. M.P. Kaushik Director	Independent	9	NO	NIL	NIL	NIL
Mr. S.K. Poddar Director	Independent	4	NO	NIL	NIL	NIL
Ms. Priya Rungta Director	Promoter & Non Executive	12	YES	Nil	Nil	Nil
Ms. Shruti Rungta Executive Director	Promoter & Executive	13	YES	Nil	Nil	Nil

During the Financial Year 2011-2012, Thirteen (13) meetings of the Board of Directors were held on 15-04-2011, 25-04-2011, 23-05-2011, 21-06-2011, 02-07-2011, 02-08-2011(3.00p.m), 02-08-2011(5.00pm), 01-09-2011, 08-10-2011, 17-10-2011, 11-11-2011, 30-12-2011 and 03-02-2012.

Ms. Shruti Rungta and Ms. Priya Rungta are sisters. Further, Mr. M.P. Rungta is father of Ms. Shruti Rungta and Ms Priya Rungta.

Except the above, there are no inter-se relationships among the directors.

**Disclosure Regarding Appointment & Re-appointment of Directors in the ensuing AGM**

Mr. M.P. Kaushik, Mr. Devanand Mishra and Ms. Priya Rungta are liable to retire by rotation in the ensuing AGM and being eligible offered themselves for re-appointment.

	<b>Mr. M.P. Kaushik</b>	<b>Mr. Devanand Mishra</b>	<b>Ms. Priya Rungta</b>
DIN	02775769	00229118	00234715
Father's Name	Shri Prem Prakash Kaushik	Shri Jagdish Prasad Mishra	Shri M.P Rungta
Date of Birth	23.11.1950	14.03.1957	08.08.1982
Address	B- 145, Sec.-19, Noida, U.P-201301	1339, Central Park, Sector-D, Pocket-1, Vasant Kunj	S-75, Panchsheel Park, New Delhi-110017
Designation	Director	Director	Director
Education	FCA, B.com	Graduate	BBA
Companies in which hold Directorship	NIL	NIL	NIL
Companies in which holds membership of committees	NIL	NIL	NIL
Shareholding in the company (No. & %)	NIL	NIL	NIL

### 3. AUDIT COMMITTEE

#### (a) Terms of Reference

The Audit Committee has been constituted as per provisions of Section 292A of the Companies Act, 1956 and under Clause 49 of the Listing Agreements with the Stock Exchange. The scope of activities and powers of the Audit Committee includes the areas prescribed under the Clause 49 of the Listing Agreement and

Section 292A of the Companies Act, 1956. The Audit Committee is responsible for effective supervision of the financial reporting process, ensuring financial and accounting controls and compliance with financial policies of the Company.

#### (b) Composition

The composition of Audit Committee of the Company as on 31<sup>st</sup> March, 2012 comprises of three Non Executive Directors i.e. Mr. M.P Kaushik – Chairman, Mr. Devanand Mishra and Mr. S.K Poddar as the Members of the Committee. The Company Secretary acts as the Secretary to the Committee.

#### (c) Attendance

The Committee met Four (4) times during the Financial Year 2011-2012 on the following dates: 25-04-2011, 02-08-2011, 17-10-2011 and 03-02-2012. Details of attendance of Directors in the Audit Committee meeting are as under :

Name of the Director	Category	Attendance at the Audit Committee Meeting
Mr. M.P Kaushik - Chairman	Non Executive Independent Director	4 (4)
Mr. Devanand Mishra	Non Executive Independent Director	3 (4)
Mr. S.K Poddar	Non Executive Independent Director	3 (4)

#### 4. REMUNERATION COMMITTEE

##### (a) Composition & Terms of Reference

The Remuneration Committee was constituted to approve the remuneration payable to Managing Director and Whole time Director/ Executive Director of the Company within the range approved by shareholders. Thus the Committee shall have the meetings as and when so required.

The Committee met thrice during the Financial Year 2011-2012 on 02-08-2011, 17-10-2011 and 03-02-2012. Details of attendance of Directors in the Remuneration Committee meeting are as under :

Name of the Director	Category	Attendance at the Audit Committee Meeting
Mr. Devanand Mishra-Chairman	Non Executive Independent Director	2 (3)
Mr. M.P Kaushik	Non Executive Independent Director	3 (3)
Mr. S.K Poddar	Non Executive Independent Director	2 (3)

##### b) Remuneration Policy of the Company

The Company pays remuneration to its Managing Director, Whole Time Director and to Executive Director by way of salary, perquisites and allowances (a fixed component) within the range approved by the members as per the provisions of the Companies Act, 1956. Independent Directors are also entitled for the sitting fee for attending Board/ Committee Meeting. However all the Non executive Directors of the Company have waived the sitting fee payable to them for attending Board/ Committee Meeting of the Company.

##### c) Details of the Directors' Remuneration for the financial year ended 31<sup>st</sup> March, 2012

Name	Salary (Rs.)	Perks (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)	No.of shares held
Shri M.P. Rungta	7,20,000	86,400	-	-	8,06,400	775100
Shri N. Krishnamurthy	10,42,628	2,55,987	-	-	12,98,615	Nil
Ms. Shruti Rungta	2,38,800	0	-	-	2,38,800	Nil
Shri Tarun Kumar Megotia	4,79,400	70748	-	-	5,50,148	Nil

**5. SHAREHOLDERS'/ INVESTORS GRIEVANCE COMMITTEE**

- (i) In compliance with the requirement of the Corporate Governance under the Listing Agreement with the Stock Exchange, the Company has constituted an "Investors Grievance Committee" to look into redressal of shareholders and investors grievances.
- (ii) Composition: Mr. M.P. Rungta, Chairman Cum Managing Director of the Company, is the Chairman of the Committee.

Name of the Director	Category	Designation
Mr. M.P. Rungta	Promoter & Executive	Chairman
Mr. Tarun Kumar Megotia	Executive	Member
Ms.Priya Rungta	Non Executive	Member

- iii) Mr. M. P. Rungta is the Compliance Officer of the Company for this purpose of Clause 47 of the Listing Agreements to look after the compliances under the Listing Agreement and other SEBI Rules & Regulations etc.
- (iv) During the year under review, Company has received 3 complaints and all of which has been resolved. No complaint was pending at the end of the financial year 31st March, 2012

**6. GENERAL BODY MEETINGS**

Particulars of past three Annual General Meetings of the Company:

Year	Date	Venue	Time
2009	29.09.2009	Amaltas Garden, F-23, Pushpanjali Farms, Dwarka Link Road, Bijwasan, New Delhi-110061	4.00 P.M.
2010	30.09.2010	Abhiruchi Banquet, D-414, Sector-7, Ramphal Chowk, Dwarka, New Delhi-110075	10.00 A.M.
2011	15.09.2011	White House Party Palace, B-1/629, District Centre, Metro Pillar No.-570, Janakpuri, Delhi-110058	10.00 A.M.

Special Resolution passed in last three Annual General Meeting of the Company::

- I. At the 25<sup>th</sup> AGM held on 29<sup>th</sup> September, 2009 - a) Re-appointment of Auditors  
b) Increase of Authorised Share Capital of the Company.  
c) Preferential allotment of Convertible Warrants.
- II. At the 26<sup>th</sup> AGM held on 30<sup>th</sup> September, 2010  
a) Appointment of New Auditors  
b) Appointment of Mr. Tarun Kumar Megotia as Executive Director of the Company
- III. At the 27<sup>th</sup> AGM held on 15<sup>th</sup> September, 2011 – a) Re-appointment of Auditors  
No resolution was put to vote through postal ballot in the last Annual General Meeting. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

## **7. DISCLOSURES**

### **(a) Related Party Transactions**

There are no materially significant related party transactions with its Promoters, the Directors or the Management, their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the company at large. The details of transactions with related parties are disclosed in the annual accounts.

### **(b) Disclosure on materially significant related party transactions**

There were no materially significant related party transactions during the Financial year 2011-2012, that may have potential conflict with the interest at large. The details of the related party transaction as per Accounting Standard -18 forms part of notes to the account.

### **(c) Disclosure of accounting treatment**

The company follows accounting standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statement, the company has not adopted a treatment different from the prescribed in any accounting standard.

### **(d) Board disclosures-Risk Management.**

The risk assessment and minimization procedures are in place and the audit committee of the Board is regularly informed about the business risks and the steps taken to mitigate the same.

### **(e) Management discussion and analysis report..**

The management discussion and analysis report has been provided as annexure of the Directors Report.

### **(f) Certification from Managing Director and Chief Financial Officer of the company.**

The requisite certification from Shri M.P. Rungta, Chairman Cum Managing Director and Mr. Bajrang Singh Shekhawat, General Manager (Finance) of the company for the Financial Year 2011-2012 required to be given under Clause-49(v) was placed before the Board of Directors of the company and Board Meeting held on 30<sup>th</sup> July, 2012. A copy thereof is reproduced in this report.

### **(g) Details of non-compliance with regard to capital market.**

With regard to the matter related to capital market, the company has complied with all requirements of the Listing Agreement as well as the SEBI Regulations and Guidelines. No penalties were imposed or strictures passed against the company by the Stock Exchanges, SEBI or any other authorities during the last three years in this regard. The company has paid listing fees to the Bombay Stock Exchanges and Annual Custodial Fees to the depositories for the financial year 2012-2013, in terms of Clause 38 of the Listing Agreement. There were no penalties imposed nor strictures passed on the company whether stock Exchange, SEBI or any other statutory authorities on any matter related to capital market, during last three years.

### (h) Details of compliance with mandatory requirement and adoption of non-mandatory requirements of Clause 49 of the Listing Agreements.

The company has complied with all the mandatory requirements as mandated under clause 49 of the Listing Agreement. A certificate from the statutory auditors of the company to this effect has been included in this report. Besides mandatory requirement, the company has constituted a remuneration committee to consider and recommend the remuneration of the executive directors and administration. No personnel has been denied access to Audit Committee.

### 8. MEANS OF COMMUNICATION :

The financial results of each quarter are placed before the Board of Directors and the same were published in Financial Express (English) & Haribhoomi (Hindi) For June Quarter 2011 and in Bussiness Standard (English) & Bussiness Standard(Hindi) for September and December Quarter 2011 and in Financial Express (English) & Haribhoomi (Hindi) For March Quarter 2012.

### 9. GENERAL SHAREHOLDERS INFORMATION

<b>i) Annual General Meeting</b>		
<b>Day &amp; Date</b> Monday, The 24 <sup>th</sup> day of September 2012	<b>Time</b> 3.00 P.M.	<b>Venue</b> Tivoli Garden Resort Hotel, Chhattarpur Hills, Mehrauli, New Delhi-110074

#### ii) Financial Calendar - 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012

Events	Tentative time frame
Financial Reporting for the first quarter ended 30 <sup>th</sup> June, 2012	First Week of August, 2012
Financial Reporting for the second quarter ending 30 <sup>th</sup> September, 2012	First Week of November, 2012
Financial Reporting for the third quarter ending 31 <sup>st</sup> December, 2012	First Week of February, 2013
Financial Reporting for the fourth quarter ending 31 <sup>st</sup> March, 2013	First Week of May, 2013

- iii) **Dates of Book Closure** 20<sup>th</sup> September, 2012 to  
24<sup>th</sup> September, 2012  
(Both days inclusive)
- iv) **Dividend Payment Date** Not applicable
- v) **Listing on Stock Exchanges:** The Shares of the Company are listed on the Bombay Stock Exchange, Calcutta Stock Exchange and Delhi Stock Exchange. However, company has applied for delisting from Delhi Stock exchange and Calcutta Stock Exchange.
- vi) **BSE Stock Code/ Symbol: 530449**  
**Demat ISIN in NSDL and CDSL for equity shares: INE34701013.**

**Market Price Data**

<b>The Bombay Stock Exchange</b>		
<b>Month</b>	<b>High</b>	<b>Low</b>
April, 2011	43.55	32.10
May, 2011	44.00	39.95
June, 2011	44.80	37.90
July, 2011	39.40	31.00
August, 2011	32.45	27.15
September, 2011	28.55	20.05
October, 2011	23.00	18.20
November, 2011	22.80	18.40
December, 2011	19.00	13.55
January, 2012	22.95	14.33
February, 2012	26.10	21.55
March, 2012	23.15	18.20

**vii) Registrar and Share Transfer Agent & Share Transfer System**

**M/s. Beetai Financial & Computer Services Private Limited** is the Registrar and Share Transfer Agent for the shares of the Company in both physical as well as electronic modes. The Company has authorized the Registrar and Transfer Agent to approve and execute transfer and transmission of shares. All correspondence with regard to share transfers and matters related therewith may directly be addressed to the Registrar and Share Transfer Agents at the address given below:

<b>Particulars</b>	<b>Beetai Financial &amp; Computer Services Private Limited</b>
Contact Person	Mr Punit Mittal,
Address	Beetai House, IIIrd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdass Mandir, New Delhi-110062
Phone Nos.	29961281 & 29961282
Email ID	beetalrta@gmail.com

**viii) Distribution of Shareholding as on 31<sup>st</sup> March 2012 :**

<b>Slab of Shareholders (Rs.)</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>	<b>Amount in Rs.</b>	<b>% of Shareholding</b>
0-5000	1952	87.85	3260240	3.6813
5001-10000	66	2.97	517120	0.5839
10001-20000	51	2.30	777100	0.8775



20001-30000	40	1.80	1048540	1.1840
30001-40000	38	1.71	1302500	1.4707
40001-50000	9	0.41	413000	0.4663
50001-100000	12	0.54	850520	0.9604
100001 and above	54	2.43	80391980	90.7758

**ix) Categories of Shareholders as per Clause 35 of the Listing Agreement**

Category	No. of Shareholders	% of Shares	Total
Promoters	41	38.312	3393000
Mutual Funds	1	0.75	66400
Banks & Financial Institutions	1	0.27	23933
Insurance Companies	0	0	0
FII	0	0	0
Bodies Corporate	71	51.039	4520056
Individuals	2094	8.917	789649
NRIs & OCB	13	0.147	13062
Others	1	0.565	50000

**x) Dematerialization of shares and liquidity:**

As on 31<sup>st</sup> March, 2012, a total of **1396151 shares** of the company, which forms **15.76%** of Company's Share Capital stands in dematerialized form. The company has entered into agreements with National Security Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for this purpose. The Company's shares are regularly traded on the Bombay Stock Exchange.

**xi) Plant Locations:**
**UNIT-1**

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

**UNIT-2**

Village Advipolam,  
Distt. Yanam,  
Pondichery.

**xii) Address for Correspondence :** The shareholders may send their grievances/ queries to the Registrar and Share Transfer Agents at their Address mentioned above or to the Company at:

1. Secretarial Department  
Rungta Irrigation Limited,  
101, Pragati Tower, 26, Rajendra  
Place, New Delhi-110008  
e-mail: cs@rungta Irrigation.in
2. M/s. Beetal Financial & Computer Services Pvt.Ltd.,  
Beetal House, 3rd Floor,99, Madangir,  
Behind Local Shopping Centre,  
Near Dada Harsukhdas Mandir,  
New Delhi-110062.  
e-mail:beetalrta@gmail.com

## UNCLAIMED DIVIDENDS

The unclaimed dividend for the financial years 1996-1997 to 1999-2000, except where the claim is under dispute or kept in abeyance amounting to Rs. 9,89,450/- has been transferred to the Investors Education and Protection Fund (IEPF) within the stipulated time.

## 10. Non- Mandatory Requirements:

The Company at present has not adopted the non-mandatory requirements in regards to sending of half-yearly financial performance to the shareholder's at their residence. Postal Ballots as required by the Companies Act will be followed by the company.

## CEO AND CFO CERTIFICATION

We, M.P. Rungta, Chairman cum Managing Director and Mr. Bajrang Singh Shekhawat, General Manager (Finance) of the company, responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31<sup>st</sup> March, 2012 and to the best of our knowledge and belief, We confirm that:
  - (i) these statements do not contain any materially untrue statement or omission of any material fact or contain statement that might be misleading.
  - (ii) these statements together present a true fair view of the Company's affairs and are in compliance with applicable Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2012 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting. Deficiency in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - (i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - (ii) There has not been any significant change in the accounting policies during the year under reference;
  - (iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

## For RUNGTA IRRIGATION LIMITED

Sd/-  
(M.P. RUNGTA)  
CHAIRMAN CUM  
MANAGING DIRECTOR

Sd/-  
(BAJRANG SINGH SHEKHAWAT)  
GENERAL MANAGER  
(FINANCE)

Date : 30.07.2012  
Place : New Delhi.

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of Rungta Irrigation Limited

We have examined the compliance of condition of Corporate Governance by Rungta Irrigation Ltd. for the year ended 31<sup>st</sup> March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange.

The compliance of condition of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the condition of Corporate Governance, as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
Andros & Co.  
Chartered Accountants  
Regd. No. 008976N

Sd/-  
Brij Bhushan Garg  
Partner  
Membership No.084865

Place : New Delhi  
Date : 30<sup>th</sup> July, 2012

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry overview:

The financial year 2011-2012 started with a bleak mindset on global economy but afterward it progressed in a positive direction in comparison to the last year. The year under review was expected to face the force of the economic crises. However, the Indian Economy displayed a remarkable resilience and has almost bounced back from the after effects of the recent global melt-down.

There has been a increasing demand impacting both, exports as well domestic consumption. However, the Indian Economy continues to grow robustly. This is evident from increase demand in steel, cement and other sectors. There has been stress on the development in the field of agriculture by the Government.

In spite of all this, the company managed to perform relatively better since it is driven more by domestic consumption. It is anticipated that there shall be increased business opportunities for the company in the near future.

### 2. Outlook on opportunities, threats, risks and concerns:

The company is focused on PVC Pipes as well as its core product Sprinkler Irrigation System and Drip Irrigation System to the retail segment. Increasing demand of the product of the company has created the opportunities of further growth in sale of the company's product. It is expected that recovery in economy and stress of the government in agriculture area will together result in ample business opportunities for the company. However, there will also be increased competition, mainly from small manufactures of unorganized sectors.

### 3. Internal Control System & Adequacy:

The company has an adequate system of internal controls commensurate with the size and nature of business of the company designed to provide reasonable assurance that assets are safeguarded; transactions are executed in accordance with the management's authorization and properly recorded. Accounting records are adequate for preparation of financial statements and other financial information. Internal audit is conducted on a continuous basis to ascertain the adequacy and effectiveness of internal control systems. Their observations are reviewed by the senior management and the Audit Committee.

### 4. Financial Performance:

Sales and other income for the year under review was at **Rs.8223.12 Lacs**. The profit before depreciation and tax was **Rs.318.89 Lacs**. after providing **Rs.157.88 Lacs** for depreciation and **Rs. 55.40 Lacs** for taxes, the net profit for the year was **Rs.111.04 Lacs**.

### 5. Material Development in H.R. Fronts:

Human capital being the most crucial asset of the company, the company has to continue to invest in the development of its employees, which is very important for ensuring sustained high performance. The company is in the process of strengthening and introducing a system that would enable employees to track their own progress as well as bring up issues that concerns them and the company for better performance.

The industrial relation continued to remain cordial through out the year.

**On behalf of the Board of Directors**

Sd/-

**(M.P. RUNGTA)**

**Place : New Delhi**  
**Date : 30<sup>th</sup> July, 2012**

**Chairman Cum Managing Director**

## AUDITOR'S REPORT

To,  
The Members of  
**Rungta Irrigation Limited**

1. We have audited the attached Balance Sheet of Rungta Irrigation Limited, as at March 31<sup>st</sup>, 2012 and the Statement of Profit & Loss of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India 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 and 5 of the said Order.
4. Further to our comments in the Annexure reported to in paragraph (3) above and subject to:  
***Note No 26(7) in respect of investment in the capital of partnership firms where the annual accounts of the Firms are not available hence the balances are not confirmed and in absence of profit and loss account of these firms, its impact on the profit of the Company could not be ascertained.***

### We report that:

- i. We have obtained all the information 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 law have been kept by the company, so far as appears from our examination of such books.
- iii. The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
- iv. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- v. On the basis of written representation received from the Directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31<sup>st</sup>, 2012 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

- vi. In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
- a. In the case of Balance Sheet, of the state of affairs of the company as at March 31<sup>st</sup>, 2012.
  - b. In the case of Statement of Profit & Loss of Company, of the profit for the year ended on that date, and.
  - c. In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

**For ANDROS & CO.  
CHARTERED ACCOUNTANTS  
Regn. No-008976N**

**PLACE : DELHI  
Date : 30<sup>th</sup> July 2012**

**Sd/-  
(BRIJ BHUSHAN GARG)  
PARTNER  
M. No. 84865**

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### **ANNEXURE TO THE AUDITOR'S REPORT**

[Refer to paragraph (3) of our report of even date]

1.
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, the fixed assets have been physically verified by the management during the year in phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2.
  - (a) As explained to us, inventory has been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in books of account.

3. (a) The company had granted unsecured loans to Rungta Projects Limited in the preceding years and the outstanding amount of Rs.290.34 Lac remains due as on the date of Balance sheet(Previous year Rs.290.34 Lac) which is covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanation given to us, the original rate of interest and other terms and conditions were not, prima facie, prejudicial to the interest of the company. However, no interest is being charged on the loan from October' 2009 due to recall of loan.
- (c) According to the information and explanation given to us the Company has recalled the loan but neither interest nor principal has been received.
- (d) According to the information and explanation given to us the Company has issued legal notice for recovery of the interest and principal.
- (e) The Company has not taken unsecured loans from parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuous failure to correct major weakness in internal control.
5. (a) In our opinion and according to information and explanations given to us, the transactions made in pursuance of contracts or arrangements that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us the transaction made in pursuance of the aforesaid contracts or arrangement in respect of each party made during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposit from the public within the meaning of section 58A and 58AA of the Companies Act, 1956.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations provided to us, the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act 1956 have become applicable to the Company during the current year. We have broadly reviewed the records maintained by the Company under the said rules and are of the opinion that prima facie the records have been maintained. We have however, not made a detailed examination of such records with a view to determine whether they are accurate or complete
9. (a) According to the records of the company, the company is generally regular in depositing with appropriate authorities, the undisputed statutory dues including

Provident Fund, Investor Education and Protection Fund except the unpaid dividend of Rs. 9.89 Lac ( Previous year Rs. 9.89 lac) held in abeyance due to pending legal cases, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it.

According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March' 31.2012 for a period of more than six moths from the date they became payable except the dues of unpaid Dividend of Rs. 9.89 Lacs ( Previous year Rs. 9.89 lacs) which is held in abeyance due to pending legal cases.

- (b) According to the information given by the company and its record, there are no dues outstanding as on 31.03.2012 in respect of Sales Tax, Excise Duty, Income Tax, Custom Tax, Wealth Tax, Cess and Service Tax except the following disputed cases.

S. No.	Name of Statute	Nature of dues	Forum where dispute is pending	Amount (Rs. in Lacs)
1.	Central Sales Tax Act and Sales Tax/VAT Acts of various States	Central Sales Tax and Sales Tax /VAT of Various States	High Court Trade Tax Tribunal JC/ DC (Appeal)	2.00 2.34 8.41
2.	Central Excise Act,	Service Tax	Commissioner, Appeals	1.52

10. The Company does not have accumulated losses and the Company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the company has not defaulted in payment of dues to Bank or Financial Institutions or Debenture Holders other than the following dues:  
Payment of the Cumulative Redeemable Preference Shares subscribed by IDBI Bank Ltd for Rs.334 Lac is due since Nov.2005 on maturity and Dividend etc thereon till date.  
However, the management has explained that the payments of Redeemable Preference Shares was not made on due date to IDBI Bank Limited due to Non co-operation at their end. The Company has again requested offering to IDBI Bank Limited for the settlement of dues vide Company's letter dated 16.03.2011.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a Nidhi /Mutual benefit fund/Society, therefore clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. In our opinion and according to the information and explanation to us, the company does not deal or trade in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanation to us, the company has not given any guarantee for loans taken by others from any Bank or Financial Institutions.



16. According to the records of the company, the term loans obtained by the company have been applied for the purpose for which it is obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that no funds raised on short-term basis have been utilized generally for long term investment.
18. In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debenture during the year.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

**AUDITOR'S REPORT  
AS PER REPORT OF EVEN DATE ANNEXED  
For ANDROS & CO.  
CHARTERED ACCOUNTANTS  
REGN.No-008976N**

**PLACE : DELHI  
DATED : 30<sup>th</sup> July 2012**

**Sd/-  
(BRIJ BHUSHAN GARG)  
PARTNER  
M. No. 84865**

Balance Sheet As At 31<sup>st</sup> March 2012

Amount In Rs.

Particulars	Note No.	As At 31 <sup>st</sup> March 2012	As At 31 <sup>st</sup> March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders Funds</b>			
Share Capital	1	121,961,000	121,961,000
Reserves and Surplus	2	444,784,274	433,679,851
<b>Non-current Liabilities</b>			
Long-Term Borrowings	3	3,333,405	6,861,367
Long Term Liabilities -Other	4	82,375,670	1,350,450
<b>Current Liabilities</b>			
Short-Term Borrowings	5	106,706,551	94,120,354
Trade Payables	6	47,920,459	41,063,496
Other Current Liabilities	7	82,819,069	68,466,348
Short-Term Provisions	8	10,353,093	8,098,129
<b>Total</b>		<b>900,253,521</b>	<b>775,600,995</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	9	110,403,504	73,350,605
Intangible Assets	9	-	-
Capital Work -in-Progress	9	-	-
Non-current Investments	10	227,713,650	228,123,650
Deferred Tax Assets (Net)	11	2,166,126	1,701,882
Long-term Loans and Advances	12	48,000,185	62,660,447
<b>Current Assets</b>			
Inventories	13	102,585,073	103,952,219
Trade Receivables	14	287,215,842	188,018,533
Cash and Cash Equivalents	15	35,441,240	31,774,921
Short-term Loans and Advances	16	85,073,786	84,517,367
Other Current Assets	17	1,654,115	1,501,371
<b>Total</b>		<b>900,253,521</b>	<b>775,600,995</b>

Significant Accounting Policies and Additional Information 26  
The notes referred to above form an integral part of the Financial Statements

As per our report of even date  
For ANDROS & Co.  
Chartered Accountants

For and on Behalf of the Board of Directors

Sd/-  
BRIJ BHUSHAN GARG  
Partner  
Membership No. 084865  
New Delhi, 30<sup>th</sup> July 2012

Sd/-  
M. P. Rungta  
Chairman and  
Managing Director

Sd/-  
Tarun Megotia  
Executive Director

Sd/-  
Sudha Gupta  
Company Secretary

**Statement of Profit and Loss for the year ended 31st March 2012**

Amount in Rs.

Particulars	Note No.	For The Year Ended 31 <sup>st</sup> March 2012	For The Year Ended 31 <sup>st</sup> March 2011
<b>Revenue :</b>			
Revenue from Operations	18	810,953,882	605,626,524
Other Income	19	11,359,064	11,486,618
<b>Total Revenue</b>		<b>822,312,946</b>	<b>617,113,142</b>
<b>Expenses:</b>			
Cost of Materials Consumed	20	609,118,995	453,812,380
Purchases of Stock-in-Trade	-	6,155,918	-
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	21	(2,495,650)	(24,750,161)
Other Direct Manufacturing Expenses	22	42,012,116	40,402,319
Employee Benefits Expenses	23	39,143,590	29,618,280
Finance Costs	24	18,451,695	6,557,484
Depreciation and Amortization Expenses	9	15,787,530	12,514,455
Other expenses	25	78,037,381	77,996,626
<b>Total Expenses</b>		<b>806,211,575</b>	<b>596,151,383</b>
Profit Before Tax		16,101,371	20,961,759
Prior Period Adjustment		78,808	166,122
		<b>16,180,179</b>	<b>21,127,881</b>
Provision For Current Tax		(5,540,000)	(5,861,563)
Provision For Deferred Tax		464,244	(856,717)
<b>Profit After Tax</b>		<b>11,104,423</b>	<b>14,409,601</b>
Income Tax Related To Last Year		-	1,703,402
<b>Profit For the Year</b>		<b>11,104,423</b>	<b>16,113,003</b>
<b>Earning Per Share</b>			
Basic Earning Per Share(Rs)		0.98	1.56
Diluted Earning Per Share(Rs)		0.98	1.56

Significant Accounting Policies and Additional information

26

The notes referred to above form an integral part of the Financial Statements

As per our report of even date

For ANDROS &amp; Co.

Chartered Accountants

For and on Behalf of the Board of Directors

Sd/-

BRIJ BHUSHAN GARG

Partner

Membership No. 084865

 New Delhi, 30<sup>th</sup> July 2012

Sd/-

M. P. Rungta

Chairman and

Managing Director

Sd/-

Tarun Megotia

Executive Director

Sd/-

Sudha Gupta

Company Secretary

Cash Flow Statement for the year ended 31<sup>st</sup> March 2012

Particulars	For the year ended 31 <sup>st</sup> March 2012 Rs.	For the year ended 31 <sup>st</sup> March 2011 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax and extraordinary items	16,180,179	21,127,881
<u>Adjustment for:</u>		
Depreciation	15,787,530	12,514,455
Interest paid	15,687,973	4,672,956
Dividend Received	-	(33,589)
Loss/ (Profit) on Sale of Assets	(107,352)	183,207
Interest Income	(7,728,262)	(8,432,998)
	39,820,068	30,031,912
<b>Operating profit before working capital changes</b>		
<u>Adjustment for :</u>		
Trade & other receivables	(87,053,628)	32,248,651
Inventories	1,367,146	(29,500,192)
Trade & other payables	104,489,868	26,474,802
<b>Cash generated from operations</b>	<b>58,623,454</b>	<b>59,255,173</b>
Direct Taxes refund/(paid)	(5,540,000)	(6,125,659)
Cash Flow before extraordinary items	53,083,454	53,129,514
Extraordinary items	-	-
<b>Net Cash From Operating Activities (A)</b>	<b>53,083,454</b>	<b>53,129,514</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(53,144,271)	(35,228,033)
Sales of Fixed Assets	411,194	730,000
Sales of/ Recovery from Investment	410,000	480,000
Purchase of Investments	-	(34,943,560)
Dividend Received	-	33,589
Interest Income	7,728,262	8,432,998
Loan to other Corporate	1,807,418	(20,041,407)
<b>Net Cash Used in investing activities (B)</b>	<b>(42,787,397)</b>	<b>(80,536,413)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Issue of Share Capital/ Warrant	-	-
Unpaid Call Received		1,750
Working Capital Loans	12,586,197	39,238,713
Long Term Secured Loans	(3,527,962)	2,436,260
Long Term Unsecured Loans	-	-
Dividend/ Dividend Tax paid	-	-
Interest Paid	(15,687,973)	(4,672,956)
<b>Net Cash used in Financing Activity ( C )</b>	<b>(6,629,738)</b>	<b>37,003,767</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>3,666,319</b>	<b>9,596,868</b>
Cash & Cash Equivalents (opening)	31,774,921	22,178,053
Cash & Cash Equivalents (closing)	35,441,240	31,774,921

As per our report of even date

For ANDROS & Co.  
Chartered Accountants

Sd/-

BRIJ BHUSHAN GARG  
Partner

Membership No. 084865  
New Delhi, 30<sup>th</sup> July 2012

For and on Behalf of the Board of Directors

Sd/-

M. P. Rungta  
Chairman and  
Managing Director

Sd/-

Tarun Megotia  
Executive Director

Sd/-

Sudha Gupta  
Company Secretary



## Notes on Financial Statements

Particulars	As At 31 <sup>st</sup> March 2012	As At 31 <sup>st</sup> March 2011		
<b>Share Capital</b>				
<b>Authorised Share capital</b>				
10000000 (10000000) Equity Shares of Rs-10/- Each	100,000,000	100,000,000		
500000 (500000) 12% Redeemable Cumulative Preference Shares of Rs-100/- Each	50,000,000	50,000,000		
100000 (100000) Redeemable Cumulative Preference Shares of Rs-100/- Each	10,000,000	10,000,000		
<b>Total</b>	<b>160,000,000</b>	<b>160,000,000</b>		
<b>Issued, Subscribed &amp; Paid-Up</b>				
8856100 (8856100) Equity Shares of Rs-10/- Each	88,561,000	88,561,000		
334000 (334000) 12% Redeemable Cumulative Preference Shares of Rs-100/- Each	33,400,000	33,400,000		
Subscribed by IDBI Bank Limited *				
*Due for redemption since Nov.2005. However, as per the original term of allotment if Company defaults in redemption, the preference share holder has an option to convert it into equity shares of the Company.				
<b>Total</b>	<b>121,961,000</b>	<b>121,961,000</b>		
<b>a) The Reconciliation of the Number Of Shares outstanding is set out below</b>				
<b>Particulars</b>	<b>As At 31.3.12 No. Of Share</b>	<b>As At 31.3.11 No. Of Share</b>		
<b>Equity Shares at the beginning of the year</b>	<b>8856100</b>	<b>8856100</b>		
Shares issued during the year	-	-		
<b>Equity Shares at the end of the year</b>	<b>8856100</b>	<b>8856100</b>		
<b>Preference Shares at the beginning of the year</b>	<b>334000</b>	<b>334000</b>		
Shares issued during the year	-	-		
<b>Preference Shares at the end of the year</b>	<b>334000</b>	<b>334000</b>		
<b>b) Right/preference/restrictions attached to equity shares</b>				
Terms/rights attached to equity shares: The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the share holders.				
<b>c) The details of Shareholders holding more than 5% shares:</b>				
<b>Name of shareholder</b>	<b>As At 31.3.12 No. Of Share</b>	<b>% Held</b>	<b>As At 31.3.11 No. Of Share</b>	<b>% Held</b>
Skyblue EarthMovers & Investment Pvt. Ltd.	652700	7.37	652700	7.37
Pleasure Investment Pvt Ltd	1322500	14.93	1322500	14.93
Samara Realty Pvt Ltd	1286600	14.53	1286600	14.53
Apex Finance Ltd	500000	5.65	500000	5.65
<b>d) Aggregate number of bonus shares issued and share issued for consideration other than cash during the period of five years immediately preceding the reporting date.</b>				
The Company has not issued any bonus shares nor has been any buy back of shares during five years immediately preceding 31st march 2012.				
<b>Reserves &amp; Surplus</b>				
<b>Capital Redemption Reserves</b>				
As Per Last Balance Sheet	16600000			
Add: Transferred From Profit & Loss	-	16,600,000	16,600,000	
<b>Security Premium</b>				
As Per Last Balance Sheet	246936572			
Add: On Issue of Shares	-	246,936,572	246,936,572	
<b>General Reserve</b>				
As Per Last Balance Sheet	119815992			
Add: Transferred From Profit & Loss	-	119,815,992	119,815,992	
<b>Forfeiture of Shares</b>				
		1,078,465	1,078,465	
<b>Profit &amp; Loss Account Balance</b>				
	49248822			
Add: Transferred from Statement of Profit and Loss	11104423	60,353,245	49,248,822	
<b>Total</b>		<b>444,784,274</b>	<b>433,679,851</b>	

Notes on Financial Statements

Particulars	As At 31 <sup>st</sup> March 2012	As At 31 <sup>st</sup> March 2011
<b>3 Long Term Borrowings</b>		
<b>a-Secured</b>		
<b>Vehicle Loans</b>		
- From Banks	2,723,771	5,362,658
- From Financial Companies	5,765,596	6,913,904
	<b>8,489,367</b>	<b>12,276,562</b>
Less: Shown in current maturities of long-term debt (Refer Note 7)	(6,085,962)	(6,345,195)
(Secured by hypothecation of respective vehicle and personal guarantee of director of the Company)		
(Terms of Repayment- Repayable in Monthly Installments. The amount will be fully paid by Nov.'2014)	2,403,405	5,931,367
<b>Total-A</b>	<b>2,403,405</b>	<b>5,931,367</b>
<b>b-Un-Secured</b>		
From Related Parties (Interest Free)	230,000	230,000
From Others (interest Free)	700,000	700,000
<b>Total-B</b>	<b>930,000</b>	<b>930,000</b>
<b>Total-A+B</b>	<b>3,333,405</b>	<b>6,861,367</b>
<b>4 Long Term Liability Other</b>		
Unpaid dividend #	989,450	989,450
Other Deposits ##	81,386,220	361,000
<b>Total</b>	<b>82,375,670</b>	<b>1,350,450</b>
# The amount kept in abeyance due to legal cases pending.		
## Unsecured Taken from Corporates		
<b>5 Short Term Borrowings</b>		
<b>Secured</b>		
<b>Loans repayable on demand- Working Capital Loan</b>		
From Banks- Allahabad Bank	106,706,551	94,120,354
(Secured by exclusive hypothecation of stock of Raw material, work-in-progress, finished goods, consumable stores, book debts and other current assets of the company, both present and future. and mortgage of Land. The loan is further guaranteed by the Directors.)		
<b>Total</b>	<b>106,706,551</b>	<b>94,120,354</b>
<b>6 Trade Payables</b>		
Micro, Small and Medium Enterprises	7,208,426	4,623,523
Others	40,712,033	36,439,973
<b>Total</b>	<b>47,920,459</b>	<b>41,063,496</b>
<b>7 Other Current Liabilities</b>		
<b>Current Maturities of Long-term Debts</b>		
- Vehicle Loan - From Banks	2,281,508	3,193,887
- From Financial Companies	3,804,454	3,151,308
Interest Accrued and due on Borrowings	46,963	5,825
Advances from Customers	38,257,610	37,435,233
Trade Deposits	13,165,248	10,697,865
Statutory Dues	2,897,374	4,307,281
Other Liabilities #	14,191,463	5,934,940
Liability for Expenses	8,174,449	3,740,009
<b>Total</b>	<b>82,819,069</b>	<b>68,466,348</b>
# Including Rs-13600574/- (PY- Rs-320247/-) related parties		
<b>8 Short Term Provisions</b>		
<b>Provision for employee benefits</b>		
Bonus and Reward	927,089	210,552
Leave Encashment	649,922	398,000
Gratuity	2,166,143	1,257,000
Provision for Income Tax	5,540,000	5,861,563
Excise Duty Payable on Finished Goods	1,069,939	371,014
<b>Total</b>	<b>10,353,093</b>	<b>8,098,129</b>

**Notes To The Financial Statement****Note No. 9****FIXED ASSETS AND DEPRECIATION**

(Figures in ₹)

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.11	Addition	Sale/Transfer	As on 31.03.12	Up to 31.03.11	For the year	Adj. on Sale	Up to 31.03.12	As on 31.03.12	As on 31.03.11
<b>Tangible Assets</b>										
1 Land	3,657,295	25,668,220	-	29,325,515	-	-	-	-	29,325,515	3,657,295
2 Staff Building	2,383,736	-	-	2,383,736	1,156,214	61,376	-	1,217,590	1,166,146	1,227,522
3 Factory Building	18,210,212	-	-	18,210,212	9,072,412	913,781	-	9,986,193	8,224,019	9,137,800
4 Office Premises	3,691,980	1,805,100	-	5,497,080	2,067,040	118,833	-	2,185,873	3,311,207	1,624,940
5 Furniture & Fixtures	3,019,541	12,550	-	3,032,091	1,875,516	219,618	-	2,095,134	936,957	1,144,025
6 Plant & Machinery	90,111,255	14,130,605	302,922	103,938,938	59,081,139	5,977,139	1,950	65,056,328	38,882,610	31,030,116
7 Earthmoving Equip.	38,405,912	-	-	38,405,912	36,920,779	445,540	-	37,366,319	1,039,593	1,485,133
8 Office Equipments	6,822,694	270,041	3,038	7,089,697	4,685,506	324,624	168	5,009,962	2,079,735	2,137,188
9 Vehicles	42,392,986	11,040,573	-	53,433,559	23,678,329	6,831,781	-	30,510,110	22,923,449	18,714,657
10 Lorries	10,176,257	-	-	10,176,257	9,090,949	325,592	-	9,416,541	759,716	1,085,308
11 Computers	4,258,139	213,382	-	4,471,521	3,879,564	219,837	-	4,099,401	372,120	378,575
12 Electric Instillation	1,954,438	-	-	1,954,438	226,392	345,609	-	572,001	1,382,437	1,728,046
<b>Intangible Assets</b>										
1 Computer Softwares	99,720	3,800	-	103,520	99,720	3,800	-	103,520	-	-
<b>TOTAL</b>	<b>225,184,165</b>	<b>53,144,271</b>	<b>305,960</b>	<b>278,022,476</b>	<b>151,833,560</b>	<b>15,787,530</b>	<b>2,118</b>	<b>167,618,972</b>	<b>110,403,504</b>	<b>73,350,605</b>
Previous Year	193,683,531	36,163,056	4,662,422	225,184,165	143,068,320	12,514,455	3,749,215	151,833,560	73,350,605	50,615,211

## Notes on Financial Statements

Particulars	As At 31 <sup>st</sup> March 2012		As At 31 <sup>st</sup> March 2011	
<b>10 Non Current Investments</b>				
<b>a. Long Term non-trade investment valued at cost</b>				
<b>Investment in fully paid up Equity Shares</b>	31.3.12		31.3.11	
<b>I-Unquoted</b>	No. of Shares	₹	No. of Shares	₹
Akshay Ispat Udyog Pvt Ltd of Rs-100/- each.	27500	2750000	27500	2750000
#JISL Irrigation Ltd. of Rs-10/- each.	18400	462301	18400	462301
Manorath Distributors Pvt. Ltd.Rs-10/- each.	350000	35000000	350000	35000000
# Ramgarh Sponge Iron (P) Ltd.Rs-10/- each.	4836120	140926000	4836120	140926000
#Samara Reality Pvt. Ltd.Rs-100/- each.	158000	11920385	158000	11920385
Trambakam Flour Mills Ltd.Rs-100/- each.	15750	1575000	15750	1575000
Jharkhand Ispat P. Ltd.Rs-10/- each.	500000	5000000	500000	5000000
#Runqta Carrier Ltd.Rs-10/- each.	1000000	10000000	1000000	10000000
<b>Total</b>		<b>207633686</b>		<b>207633686</b>
<b>#-Company under same Management</b>				
<b>II-Quoted</b>	31.3.12		31.3.11	
Caprihans India Ltd.Rs-10/- each.	10	528	10	528
DLF Limited Rs-2/- each.	1000	273643	1000	273643
Eveready Industries Ltd.Rs-5/- each.	333	47504	333	47504
Finolex Industries Ltd	100	1495	100	1495
Gammon India Ltd. Ltd Rs-2/- each.	100	2071	100	2071
Hindalco Ltd Rs-1/- each.	4000	196398	4000	196398
Hydro S&S Ind.Ltd.Rs-10/- each.	10	249	10	249
Jindal Poly Films Ltd.Rs-10/- each.	1000	544266	1000	544266
Mcleod Russell India Limited Rs-10/- each.	333	47505	333	47505
Nii Kamal Plastics Ltd.Rs-10/- each.	100	3172	100	3172
Nocil Ltd Rs-10/- each.	200	2152	200	2152
Padmini Tech Ltd.Rs-10/- each.	100	306	100	306
Peacock Industries Ltd.Rs-10/- each.	100	516	100	516
Pearls Polymers Ltd.Rs-10/- each.	100	1981	100	1981
Reliance Communication Ltd.Rs-10/- each.	2000	396164	2000	396164
Reliance Industriess Ltd Rs-10/- each.	250	181011	250	181011
Sangam Aluminium Ltd.Rs-10/- each.	13200	38595	13200	38595
Suzlon Energy Limited Rs-2/- each.	1000	52242	1000	52242
Tata Steel Ltd Rs-10/- each.	2000	356948	2000	356948
Unitech Ltd. Rs-2/- each.	1000	44147	1000	44147
<b>Total</b>		<b>2190893</b>		<b>2190893</b>
<b>Aggregate Market Value Of quoted investment ie Rs-2438635/-,Previous year Rs-4062216/-</b>				
<b>b. Long Term Trade Investment</b>				
<b>Investment in the Capital Of Partnership Firms</b>	31.3.12		31.3.11	
Ajanta Mineral ,Kishan Maharaj & Co and Maruti Minerals		17889071		18299071
<b>Total</b>				
			<b>227,713,650</b>	<b>228,123,650</b>
<b>11 Deferred Tax Assets(Net)</b>	31.3.12		31.3.11	
Accrued Expenses deductible on payment basis	990660		496500	
Depreciation difference	1175466		1205382	
Net Deferred Tax Assets	2166126		1701882	
			<b>2,166,126</b>	<b>1701882</b>
<b>12 Long Term Loans and Advances</b>				
Capital Advances			8,738,614	18,423,030
<b>Unsecured, considered good</b>				
Loan to Body Corporate			29,033,852	29,033,852
Security Deposits			10,227,719	15,203,565
<b>Unsecured, considered good</b>				
<b>Total</b>			<b>48,000,185</b>	<b>62,660,447</b>
<b>13 Inventories (Valued at Cost or Net Realisable Value whichever is lower)*</b>				
Raw Materials and Components			18,107,880	25,295,296
Goods-in transit			-	2,103,898
Work-in-progress **			5,334,956	4,665,999
Finished Goods			74,996,644	71,066,053
Stock-in-trade			-	-
Stores and spares			4,145,593	820,973
<b>Total</b>			<b>102,585,073</b>	<b>103,952,219</b>
*as taken, valued and certified by the Management				
** Includes Rs 499799/- (Previous Year Rs193698/-) Materials lying with Third Parties for Processing				
<b>14 Trade Receivables</b>				
Trade Receivables outstanding for a period less than six months			207,704,006	144,770,178
<b>Unsecured, considered good</b>				
Trade Receivables outstanding for a period exceeding six months			79,511,836	43,248,355
<b>Unsecured, considered good</b>				
<b>Total</b>			<b>287,215,842</b>	<b>188,018,533</b>



**Notes on Financial Statements**

	Particulars	As At 31 <sup>st</sup> March 2012	As At 31 <sup>st</sup> March 2011
15	<b>Cash and Bank Balances</b>		
	Cash on hand	3,155,678	6,678,727
	Cheques, drafts on hand	-	-
	Balances with banks	-	-
	- In Current accounts (With Scheduled Bank)	8,204,752	3,907,794
	- In Current accounts ( With Other Banks)	26,326	36,386
	- In Fixed Deposits (with scheduled Bank) *	24,054,484	21,152,014
	* ( Pledged with Bank as Margin Money and Includes Rs- 3581928/- (PY- Rs Nil-)/with maturity of more than 12 months)		
	<b>Total</b>	<b>35,441,240</b>	<b>31,774,921</b>
16	<b>Short-term Loans and Advances</b>		
	<b>Unsecured, considered good</b>		
	Loans and advances to Staff & Workers	1,017,403	184,393
	Loan to Others	41,044,495	42,851,913
	Income Tax Deducted at Source (Receivable)	10,639,348	10,719,679
	Balance with Central Excise Authorities	547,311	228,775
	Commercial Taxes Receivables	97,157	-
	Excise/Commercial Taxes under Appeal	2,448,915	2,393,671
	CENVAT /Service Tax Receivable	103,000	-
	Advances to suppliers	15,193,738	2,548,388
	Other Advance	13,982,419	25,590,548
	<b>Total</b>	<b>85,073,786</b>	<b>84,517,367</b>
17	<b>Other Current Assets</b>		
	Prepaid Expenses	722,371	807,594
	Interest Accrued on FD	931,744	693,777
	<b>Total</b>	<b>1,654,115</b>	<b>1,501,371</b>
	<b>Particulars</b>	<b>Year ended 31st March 2012</b>	<b>Year ended 31st March 2011</b>
18	<b>Revenue from Operations</b>		
	Export Sales	18,157,475	5,158,250
	<b>Domestic Sales</b>		
	Drip	80,435,258	70,014,579
	HDPE	365,336,049	307,970,836
	PVC	300,957,547	140,206,883
	Aluminium	46,178,396	72,387,163
	Spare Parts	13,865,622	20,249,056
	<b>Trading Sales</b>		
	Coal	6,016,560	-
		<b>830,946,907</b>	<b>615,986,767</b>
	Less:Excise Duty	(19,993,025)	(10,360,243)
	<b>Total</b>	<b>810,953,882</b>	<b>605,626,524</b>
19	<b>Other Income</b>		
	Hire Charges Receipts	-	2,702,700
	Income from Long Term Non Trade Investment	-	306,040
	-Dividend on shares	-	33,589
	Interest on Loan & Deposits	7,728,262	8,432,998
	(Include TDS Rs. 772662/- (P/Y Rs. 716368/-))	-	-
	Sundry Balances W. Off/Back	2,240,446	-
	Discount Received	1,134,002	-
	Profit / (Loss) on sale of fixed assets	107,352	(183,207)
	Miscellaneous Income	149,002	194,498
	<b>Total</b>	<b>11,359,064</b>	<b>11,486,618</b>
20	<b>Cost of Materials Consumed</b>		
	Opening Stock	25,295,296	19,801,663
	Add : Purchases during the year	601,931,579	459,306,013
	Less : Closing Stock	18,107,880	25,295,296
	<b>Material Consumed</b>	<b>609,118,995</b>	<b>453,812,380</b>

## Notes on Financial Statements

Particulars	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>Material consumed comprises of :</b>		
HDPE Granules	176,205,607	180,222,654
LLDPE Granules	31,097,000	19,748,681
PVC Resin	222,991,904	100,283,169
Aluminium Pipes	25,377,301	58,306,511
Other Spare Parts*	153,447,183	95,251,365
* Others include raw materials, components and spare parts, none of which individually accounts for more than 10 % of the total consumption.		
<b>Total</b>	<b>609,118,995</b>	<b>453,812,380</b>
<b>21 Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade</b>		
<b>Opening Stock</b>		
- Finished goods	71,066,053	51,006,055
- Work-in-progress	4,665,999	2,079,734
- Stock In Transit	2,103,898	-
	<b>77,835,950</b>	<b>53,085,789</b>
<b>Closing Stock</b>		
- Finished goods	74,996,644	71,066,053
- Work-in-progress	5,334,956	4,665,999
- Stock In Transit	-	2,103,898
	<b>80,331,600</b>	<b>77,835,950</b>
<b>Changes in inventories</b>	<b>(2,495,650)</b>	<b>(24,750,161)</b>
<b>22 Other Direct Manufacturing Expenses</b>		
Power & Fuel	20,012,998	14,873,285
Carriage & Octroi (Inward)	7,152,455	4,598,957
Processing Charges	5,593,599	-
Consumable Stores	2,444,397	12,972,909
<b>Repair &amp; Maintenance :</b>		
- Plant & Machinery	1,591,126	1,540,547
- Building	478,396	576,791
- Others	82,970	-
Other Manufacturing Expenses	3,717,293	5,822,401
Excise Duty*	938,882	17,429
<b>Total</b>	<b>42,012,116</b>	<b>40,402,319</b>
* Excise Duty Difference Of Opening and Closing of Finished Goods and Excise Duty borne by company		
<b>23 Employee Benefits Expenses</b>		
Salaries and incentives	32,132,861	24,281,965
Contributions to -	-	-
- Gratuity Fund	909,143	143,000
- Provident and other Funds	2,350,119	1,802,498
Workmen & Staff Welfare Expenses	3,751,467	3,390,817
<b>Total</b>	<b>39,143,590</b>	<b>29,618,280</b>
<b>24 Finance Costs</b>		
Interest on Loans for Fixed Period	907,196	924,084
Interest Other & Bank*	14,780,777	3,748,872
Bank Charges	2,760,767	1,952,211
Exchange Fluctuation	2,955	(67,683)
* Net Of Receipts From Customers Rs-4565126/- (PY- Rs-6759613/-)		
<b>Total</b>	<b>18,451,695</b>	<b>6,557,484</b>

**Notes on Financial Statements**

Particulars	Year ended 31" March 2012	Year ended 31" March 2011
<b>25 Other Expenses</b>		
Advertisements Expenses	294,008	179,612
<b>Auditors Remuneration</b>		
- Statutory Audit	230,900	171,050
- Tax Audit	50,000	50,000
Carriage Outwards	7,021,697	5,530,253
Sales Promotion	3,831,770	1,999,317
Discount	285,420	412,318
Electricity & Water Expenses	603,857	-
Insurance Charges	877,364	342,556
Legal & Professional Charges	1,523,553	1,523,615
Telephone & Postage Expenses	1,188,846	1,136,500
Rent Expenses	3,649,096	3,453,518
Rates and taxes	557,004	792,177
Installation Expenses	30,495,001	26,159,383
Commission to selling agents	9,621,974	20,122,947
Travelling & Conveyance Expenses	8,341,563	5,604,980
Vehicle Running & Maintenance	3,057,110	5,060,091
Miscellaneous Expenses	6,322,133	5,696,571
Bad Debts Written Off (Net of write back of liabilities)	86,085	(238,262)
<b>Total</b>	<b>78,037,381</b>	<b>77,996,626</b>

**Notes To Financial Statement For The Year Ended 31<sup>st</sup> March' 2012**  
**NOTE NUMBER : 26**

**26 (1) SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of preparation of Financial Statements:**

The financial statements have prepared under the historical cost convention in accordance with the generally accepted accounting principle and the provisions of the Companies Act, 1956.

**b. Fixed Assets and Depreciation:**

Fixed assets are stated at cost of acquisition less accumulated depreciation. The costs of Fixed Assets are inclusive of freight, duties (net of Cenvat) and other incidental expenses incurred during construction period.

Depreciation on tangible fixed assets is provided on WDV method in accordance with the rate and in the manner specified in schedule XIV of the Companies Act, 1956.

**c. Impairment of Assets**

An asset is impaired if there are sufficient indication that the carrying cost would exceed the recoverable amount of cash generating assets. In that event an impairment loss so computed is recognized in the account in the relevant year.

**d. Investments:**

Long Term Investments are stated at cost. Provision is made for diminution, other than temporary, in the value of such investment.

**e. Inventories;**

Raw materials are valued at cost less Cenvat claimed on it and stores and spare parts are valued at cost. Finished Goods are valued at cost added with the excise duties on clearance payable or net realizable value whichever is lower. Work in Process in supply contracts with installation is calculated on cost or net realizable value whichever is lower. The cost is determined on FIFO basis. Scrap is valued at estimated realizable value.

**f. Revenue Recognition;**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Sales are net of Sales Tax and Discount but inclusive of excise duty.

**g. Foreign Currency Transactions:**

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transaction. The profit or loss on account of exchange fluctuation (on revenue transactions) is charged to the Profit & Loss A/c.

**h. Provisions and Contingent Liabilities:**

Provisions in respect of present obligations arising out of past events are recognized when reliable estimates can be made of the amount of obligation. The contingent liabilities are disclosed by way of notes on accounts forming part of Balance Sheet.

**Notes To Financial Statement For The Year Ended 31<sup>st</sup> March' 2012****26(2) Employee Benefits:****i. Short term benefits**

Short term employee benefits are recognized as an expense at the undiscounted amount in the profit & loss account of the year in which the related service is rendered.

**ii. Post employment benefits**

Gratuity and leave encashment which are defined benefits are accrued based on the actuarial valuation as at Balance sheet date by an independent actuary. The Company has opted for a Group Gratuity cum life Insurance Scheme of the Life Insurance Corporation of India for part of the employees and the contribution is charged to the profit and loss account each year. For other than funded plan, the expense is recognized, as calculated on the basis of present value of the amount payable determined by the actuarial valuation. The liability recognized in the balance sheet is the present value of the defined benefit obligation less the fair value of funded plans. All actuary gain and losses are charged to the profit and loss account.

**26(3) Contingent liabilities not provided for :**

- a. Sales Tax Authorities have raised demand for Rs. 12.75 Lac ( Previous year Rs. 12.75 lac for various assessment years and the matters are pending with Appellate Authorities and High Court. As per opinion, the appeals are likely to be decided in favour of the Company.
- b. The Excise Department has raised a demand of Rs. 1.52 lac against Service Tax on Transaction charges and the matters are pending with the appellate authorities. As per opinion, the appeals are likely to be decided in the favour of the Company (Previous Year: Rs. 1.52 Lac).
- c. The company has given counter guarantee to the bankers against guarantees issued by Banks on behalf of the company amounting to Rs. 744.96 Lacs (Previous Year: Rs. 464.63 Lac). The liability may arise in case of failure in supply of material or malfunctioning of products supplied by the Company.

**26(4)** Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. NIL (Previous Year: Rs. NIL).

**26(5)** Preferential allotment of convertible warrants and its conversion into Equity Shares. During the year NIL ( Previous year NIL)

**26(6)** The Company has not redeemed the Cumulative Redeemable Preference Shares of Rs 334 Lac subscribed by IDBI Bank Limited and also dividend has not been provided on these shares since Nov.2005.

Notes To Financial Statement For The Year Ended 31<sup>st</sup> March' 2012

26(7)a. Particulars of Investment in the Capital of Partnership Firms:

Name of Partnership Firms	Name of Partners	Share of each Partner	Investment in the firm (Rs.)	
			2011-12	2010-11
Ajanta Minerals	Rungta Irrigation Ltd.	50%	65,72,160	65,72,160
	Mr. Dharam Bir	50%		
Kishan Maharaj & Co.	Rungta Irrigation Ltd.	50%	61,34,335	65,44,335
	Mr. Ram Bir	50%		
Maruti Minerals	Rungta Irrigation Ltd.	50%	51,82,576	51,82,576
	Mr. Ram Bir	50%		

b. All the above Firms have suspended their businesses and no annual accounts are being prepared by these Firms. No profit or loss from these firms is accounted for against the share of the Company in the Firms. In the opinion of the management, the profit or loss of the Firms are not material, considering the suspension of the businesses. The management is of the opinion that investment in the Capital of these Firms is fully recoverable.

26(8) Name and balances with the Bank, other than scheduled Banks in Current Accounts are as under. In none of these Banks any of the directors or their relative is interested.

Sl. No.	Name of Banks	31.03.12 Rs.	31.03.11 Rs.
i.	The Mahendragrh Central Co-operative Bank Ltd. Mahendragarh, Haryana	6,724	6,724
ii.	The Rewari Central Coop. Bank Ltd. Rewari	1,803	1,803
iii.	The Bhiwani Central Coop. Bank Ltd. Bhiwani	8,862	8,922
iv.	The Rohtak Central Coop. Bank Ltd. Jhajjar	2,435	2,435
v.	Haryana State Coop. Apex Bank Ltd. Chandigarh	1,500	1,500
vi.	The Jalore Coop. Bank Ltd.	5,002	5,002
<b>Total</b>		<b>26,326</b>	<b>26,386</b>

26(9) The Company has recalled the loan given to M/s Rungta Projects Limited in Nov' 09 with interest charged up to Sep'09. The dues are yet to be recovered and as explained, the company is taking adequate steps to recover the same. No interest is being charged on the loan from Oct' 09 onwards, considering the uncertainty over recovery of interest after recall of loan. The management is of the opinion that the outstanding is fully recoverable.

**Notes on Financial Statements**

		2011-12		2010-11		
26(10)	Turnover, Opening and Closing Stock of Finished Goods	Units	Qty.	Rs.	Qty.	Rs.
<b>a.</b>	<b>Turnover #</b>					
	Aluminium Pipe Coupled	Nos.	33,082	46,178,396	54,615	72,387,163
	HDPE Pipe coupled	Nos.	828,817	365,336,049	476,179	307,970,836
	PVC Pipe	Nos.	335,101	280,964,522	139,477	129,846,640
	Accessories, Fittings & Other	-	-	112,458,355	-	95,421,885
				<b>804,937,322</b>		<b>605,626,524</b>
	Trading Goods (Coal)			6,016,560		-
				<b>810,953,882</b>		<b>605,626,524</b>

# Sprinkler Irrigation System and Drip Irrigation systems are sold in various combination of pipes, laterals, accessories and fittings in numbers/ mtrs. for a combined value in Sets. Therefore, it is not practical to give item wise value of sales. Sale amount is net of sales tax and inclusive of excise duty.

		2011-12		2010-11		
<b>b.</b>	<b>Opening Stock</b>					
	Aluminium Pipe Coupled	Nos.	1,396	3,340,875	521	506,342
	HDPE Pipe coupled	Nos.	56,819	21,420,249	31,992	9,120,173
	PVC Pipe Coupled	Nos.	22,078	8,430,806	23,049	7,399,629
	Accessories, Fittings & Other	-	-	37,874,122	-	33,979,911
				<b>71,066,053</b>		<b>51,006,055</b>

		2011-12		2010-11		
<b>c.</b>	<b>Closing Stock</b>					
	Aluminium Pipe Coupled	Nos.	2,023	2,948,048	1,396	3,340,875
	HDPE Pipe coupled	Nos.	35,776	18,293,984	56,819	21,420,249
	PVC Pipe Coupled	Nos.	38,241	15,668,945	22,078	8,430,806
	Accessories, Fittings & Other	-	-	38,085,667	-	37,874,122
				<b>74,996,644</b>		<b>71,066,053</b>

		2011-12		2010-11		
<b>26(11)</b>	<b>Raw Material Consumption</b>					
	HDPE Granules	MT	3,139	176,205,607	2,443	180,222,654
	PVC Resin	MT	3,979	222,991,904	1,867	100,283,169
	Aluminium Pipes	Nos	25,856	25,377,301	96,321	58,306,511
	Accessories, Fittings & Other \$	-	-	184,544,183	-	115,000,046
				<b>609,118,995</b>		<b>453,812,380</b>
	Trading Goods (Coal)-Purchases			6,155,918		-

\$ Accessories, components and fittings includes purchase of various bought out items used in Sprinkler/ Drip Irrigation System and individually non of them account for 10% or more of the total value of raw material consumed.

26(12)	Value of imported and indigenous Raw Material, Stores & Spares consumed:	% of total Consumption		% of total Consumption	
			Rs.		Rs.
<b>a.</b>	<b>Raw Material</b>				
	Imported	-	-	-	-
	Indigenous	100%	609,118,995	100%	453,812,380
		100%	609,118,995	100%	453,812,380
<b>b.</b>	<b>Stores and Spares</b>				
	Imported	-	-	-	-
	Indigenous	100%	2,444,397	100%	12,972,909
		100%	2,444,397	100%	12,972,909
<b>c.</b>	<b>Trading Goods</b>				
	Imported	-	-	-	-
	Indigenous	100%	6,155,918	0%	-
		100%	6,155,918	0%	-

<b>26(13)</b>	CIF Value of imports		Nil	Nil
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<b>26(14)</b>	Earnings in Foreign Exchange			
	FOB Value of Export of Goods		18,157,475	5,158,250

<b>26(15)</b>	Expenditure in Foreign Currency			
	-Travelling Expenses		34,067	3,450

## Notes on Financial Statements

26(16) Managerial Remuneration:	2011-12	2010-11
Details of payments and provisions on account of		
- Salary	2,480,828	2,066,109
- Provident Fund	213,926	188,527
- Allowances and Benefits	199,209	168,311
	<b>2,893,963</b>	<b>2,422,947</b>

26(17) Information in regard to Payment to the Auditor (Excluding Service Tax)		
Statutory Audit Fee	200,000	150,000
Tax Audit Fee	50,000	50,000
Taxation Matters and Certification	-	-
Reimbursement of expenses	-	-
	<b>250,000</b>	<b>200,000</b>

26(18) Transaction with Related Parties	
a List of Related Parties and Relationship	
Name of Related Parties	Relations
Ajanta Minerals Kishan Maharaj & Co. Maruti Minerals JISL Irrigation Pvt. LTd. Ramgarh Sponge Iron Pvt. Ltd. Samara Realty Pvt. Ltd. Rungta Carriers Ltd. Rungta Micro Irrigation Ltd.	Associates
M. P. Rungta N. Krishnamurthy Shruti Rungta Tarun Kumar Megotia	Key Managerial Personnel
R. S. Rungta Urmila Rungta Priya Rungta Jyoti Rungta	Relatives of Key Managerial Personnel

b Transaction during the year with related parties----- Given/(Taken)		Key Managerial Personnel	Relatives	Total
	Associates			
i) Investments				
Shares applied and (returned)	32,000,000	-	-	32,000,000
Ramgarh Sponge Iron Pvt. Ltd.	(33,000,000)			(33,000,000)
Capital in Firm (Returned)				
Kishan Maharaj & Co.	(410,000)			(410,000)
<b>Total</b>	<b>(1,410,000)</b>	<b>-</b>		<b>(1,410,000)</b>
<i>Previous Year</i>	<i>520,000</i>			<i>520,000</i>
ii) Loans and Advances				
Ramgarh Sponge Iron Pvt. Ltd.	-			-
- do -	-			-
M. P. Rungta		5,064,000		5,064,000
- do -		(7,178,500)		(7,178,500)
Urmila Rungta			97,126	97,126
- do -			(6,689,200)	(6,689,200)
Jyoti Rungta			-	-
- do -			(339,000)	(339,000)
Priya Rungta		-		-
- do -		(3,485,000)		(3,485,000)
Shruti Rungta		(1,070,000)		(1,070,000)
- do -				-
<b>Total</b>	<b>-</b>	<b>(5,599,500)</b>	<b>(6,931,074)</b>	<b>(13,600,574)</b>
<i>Previous Year</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>



**Notes on Financial Statements**

	Associates	Key Managerial Personnel	Relatives	Total
<b>iii) a. Sale of Goods</b>				
Current Year	-			-
Previous Year	-			-
<b>iii) b. Sale of Investments</b>				
Current Year		-		-
Previous Year		-		-
<b>iv) Remuneration Paid</b>				
M. P. Rungta		806,400	-	806,400
N. Krishnamurthy		1,298,615	-	1,298,615
Tarun Kumar Megotia		550,148	-	550,148
Urmila Rungta			239,880	239,880
Shruti Rungta		238,800	-	238,800
Jyoti Rungta			238,800	238,800
Priya Rungta		-	238,800	238,800
<b>Total</b>		<b>2,893,963</b>	<b>717,480</b>	<b>3,611,443</b>
Previous Year		<b>2,422,947</b>	<b>717,480</b>	<b>3,140,427</b>
<b>v) Rent Paid</b>				
Samara Realty Pvt. Ltd.	114,000			114,000
Shri M. P. Rungta		120,000		120,000
Smt. Urmila Rungta			216,000	216,000
<b>Total</b>	<b>114,000</b>	<b>120,000</b>	<b>216,000</b>	<b>450,000</b>
Previous Year	<b>114,000</b>	<b>120,000</b>	<b>216,000</b>	<b>450,000</b>
<b>vi) Rent Received</b>				
Shri M. P. Rungta		(84,000)		(84,000)
<b>Total</b>	<b>-</b>	<b>(84,000)</b>	<b>-</b>	<b>(84,000)</b>
Previous Year		<b>(60,000)</b>		<b>(60,000)</b>
<b>vii) Outstanding</b>				
Outstanding Investments	181,197,757			181,197,757
Previous Year	<b>181,145,456</b>			<b>181,145,456</b>
Outstanding Unsecured Loans	-		(230,000)	(230,000)
Previous Year	-	-	<b>(230,000)</b>	<b>(230,000)</b>
Outstanding Payables	(114,000)	(2,782,500)	(10,704,074)	(13,600,574)
Previous Year	-	<b>(173,960)</b>	<b>(39,890)</b>	<b>(213,850)</b>
Outstanding Receivable (Deposit)			450,000	450,000
Previous Year			<b>450,000</b>	<b>450,000</b>

figures in bracket shows credit transaction

<b>26(19) Deferred Tax assets and liabilities are as under:</b>	<b>2011-12</b>	<b>2010-11</b>
Deferred Tax Assets:		
Accrued Expenses deductible on payment basis	990,660	496,500
Depreciation difference	1,175,466	1,205,382
Net Deferred Tax Assets	<b>2,166,126</b>	<b>1,701,882</b>

**26(20) Segment Information**

The financial results relates mainly to Irrigation products. In accordance with Accounting Standard 17, financial results of Hiring of Equipments are not shown separately, since it is less than the limit specified for separate disclosure.

<b>26(21) Earning Per Share</b>	<b>2011-12</b>	<b>2010-11</b>
Net Profit as per P & L A/c	11,104,423	16,113,003
Add/ (Less) Prior Period Adjustment	78,808	166,122
Less: Dividend on Cumulative Preference Share for the year	(2,505,000)	(2,505,000)
Net Profit available for Equity Share	8,678,231	13,774,125
Weighted Average No. of Equity Shares	8,856,100	8,856,100
Basic and Diluted Earning Per Share	0.98	1.56

Notes on Financial Statements

26(22)	Defined Benefit Plan for Employees (AS-15) As per Actuarial valuation as on March-31, 2012 and recognised in financial statement in respect of Gratuity Scheme and Leave Encashment Scheme:	Rs. in Lakhs	
		Gratuity	Leave Encashment
<b>A. Component of Employer Expenses</b>			
	1. Current Service Cost	4.30	1.06
	2. Interest Cost	3.06	0.33
	3. Expected return on plan assets	(1.76)	-
	4. Past Service Cost	-	-
	5. Actuarial Loss/ (Gain)	3.31	1.12
	6. Total expenses recognised in the Profit & Loss Account	8.91	2.51
<b>Net Asset/ (Liability) recognised in the Balance Sheet as at March 31, 2012</b>			
<b>Funded Status</b>			
	1. Present value of Defined Benefit Obligation	46.09	4.81
	2. Fair value of plan Assets	24.43	-
	3. Funded Status [Surplus/(Deficit)]	(21.66)	(4.81)
<b>Change in Defined Benefit Obligation</b>			
	1. Present value of DBO at the beginning of the period	36.72	3.98
	2. Current Service Cost	4.30	1.06
	3. Interest Cost	3.06	0.33
	4. Plan Amendments	-	-
	5. Actuarial Gain/(Loss)	3.48	1.12
	6. Benefits Paid	(1.47)	(1.68)
	7. Present value of DBO at the end of the period	46.09	4.81
<b>Change in Fair Value of Plan Assets</b>			
	Plan assets at the beginning of period	21.99	-
	Expected return on plan assets	1.93	-
	Actual Company contribution	1.98	(1.68)
	Actuarial gain/(loss)	-	-
	Benefits paid	(1.47)	1.12
	Plan assets at the end of period	24.43	(0.56)
<b>Actuarial Assumption</b>			
	Discount Rate	8.35%	8.35%
	Expected Rate of Return	8.35%	8.35%

26(23) Figures of previous year have been regrouped wherever found necessary to make them comparable with that of current year.

As per our report of even date  
For ANDROS & Co.  
Chartered Accountants

For and on Behalf of the Board of Directors

Sd/-  
BRIJ BHUSHAN GARG  
Partner  
Membership No. 084865

Sd/-  
M. P. Rungta  
Chairman and  
Managing Director

Sd/-  
Tarun Megotia  
Executive Director

New Delhi, 30<sup>th</sup> July 2012

Sd/-  
Sudha Gupta  
Company Secretary



**SYMBOL  
OF QUALITY**

*If undelivered please return to :*

**RUNGTA IRRIGATION LTD.**

AN ISO 9001:2008 CERTIFIED COMPANY

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

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