

B L KASHYAP & SONS LIMITED  
ANNUAL REPORT 2005 - 2006



A SYMPHONY OF EXCELLENCE

It is the architect that defines form;  
it is the builder that creates space.  
Together they provide the occupant  
with an opportunity to dream dreams,  
grow roots and experience the joy of living.



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# Corporate Information

## Board of Directors

Vinod Kashyap  
*Chairman*

Vineet Kashyap  
*Managing Director*

Vikram Kashyap  
*Joint Managing Director*

Justice C.K.Mahajan (Retd.)

H N Nanani

Naveen Jain

## Auditors

Sood Brij & Associates  
*Chartered Accountants*

## Bankers

Canara Bank  
ICICI Bank

## Registered Office

B-1/A-21,  
Mohan Co-operative Industrial Estate,  
Mathura Road,  
New Delhi – 110 044

## Company Secretary

Jitendra Kumar

## Audit Committee

Naveen Jain	Chairman
Justice C.K. Mahajan (Retd.)	Member
H.N.Nanani	Member
Sandeep Agarwal {General Manager - Finance being head of finance department}	Invitee
Representative of Statutory Auditor	Invitee
Jitendra Kumar	Secretary

## Remuneration Committee

Justice C.K. Mahajan (Retd.)	Chairman
Naveen Jain	Member
H.N.Nanani	Member

## Investor Grievance Committee

Naveen Jain	Chairman
Justice C.K. Mahajan (Retd.)	Member
Jitendra Kumar	Secretary

# Directors' Report

Your Directors are pleased to present the 17th Annual Report and the audited accounts for the year ended March 31, 2006

## FINANCIAL RESULTS

(Rs./ crore)

Year ended March 31,	2006	2005
Gross Sales / Total Income	468.80	314.21
Profit before Interest, Depreciation & Tax	50.85	25.89
<b>Less :</b>		
Interest & Bank Charges	4.08	2.74
Depreciation	4.26	2.73
<b>Profit before Tax</b>	<b>42.50</b>	<b>20.42</b>
Provision for Tax		
Income Tax		
- Current	14.34	7.01
- Deferred Tax {(Assets)/liability}	(0.22)	1.23
- Fringe Benefit Tax	0.20	-
- Prior Period Tax Adjustment	-	0.12
Wealth Tax	0.01	0.01
<b>Profit after Tax</b>	<b>28.17</b>	<b>12.05</b>
Add : Profit brought forward from previous year	10.26	10.47
<b>Profit available for Appropriation</b>	<b>38.43</b>	<b>22.52</b>
<b>Less :</b>		
Proposed Dividend	3.08	9.69
Dividend Tax	0.43	1.36
Profit Transferred to General Reserve	2.82	1.21
<b>Balance Transfer to Balance Sheet</b>	<b>32.10</b>	<b>10.26</b>
Earnings per share (Rs.)	44.30	24.85
No. of shares (Weighted average)	63,58,773	48,48,000

## RESULTS OF OPERATIONS

Total revenue increased to Rs. 468.80 crore from Rs. 314.21 crore in the previous year, at a growth rate of 49.20 %. The operating profit increased by 96.41 %, from Rs. 25.89 crore to Rs. 50.85 crore. The profit after tax increased to Rs. 28.17 crore from Rs. 12.05 crore, i.e. a growth of 133.78%.

## APPROPRIATIONS

### DIVIDEND

Your Directors have recommended a dividend of Rs.3.00 per equity share on par value of Rs.10/- each for the financial year ended March 31, 2006, which, if approved at the ensuing Annual General Meeting, will be paid to

- (i) all those Members whose names shall appear on the Company's Register of Members as on Friday, July 28, 2006 and
- (ii) all those Members whose names shall appear at the end of business on Friday, July 28, 2006 as beneficial owners as per particulars furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

The Register of members and share transfer books will remain closed from Saturday, July 29, 2006 to August 11, 2006 (both days inclusive).

### TRANSFER TO RESERVES

Out of the profits earned during the year ended March 31, 2006, an amount of Rs. 2.82 crore is proposed to be transferred to General Reserve.

### BUSINESS

This year has been quite an eventful year for the construction industry. The real estate sector in India has assumed growing importance with the liberalization of the economy, resulting into enormous opportunities for the construction companies. The Government has been liberalizing the sector further, and there is all the likelihood that it shall open the FDI in Retail, which albeit has already allowed the same partially. Infrastructure has been the thrust area for the government for the last few years which has substantially increased construction business.

Your Company has also witnessed impressive growth rates during the year ended March 31, 2006, which has reflected in its financial performance. The Directors' of your Company feel that this growth rate will be sustained in coming years and your Company is expected to post impressive results in ensuing years.

### INITIAL PUBLIC OFFER (IPO)

Your Company came with an Initial Public Offering (IPO) of 29,20,000 equity shares of Rs.10/- each at a premium of Rs.675/- each in the month of February, 2006 amounting to Rs.200.02 crores. It got an overwhelming response from the investors and was oversubscribed by more than 14 times. The shares of the Company got listed at "Bombay Stock Exchange Limited (BSE)" and "National Stock Exchange of India Limited (NSE)" on 17th March, 2006.

### ISO 9001 : 2000 CERTIFICATION

Your Company has successfully implemented the systems in compliance of ISO 9001:2000 Certification and has received an in-principal approval towards the same. The impending ISO is recognition of the Company's processes, commitment to quality and customer satisfaction.

### INCREASE IN SHARE CAPITAL OF THE COMPANY

Your Company during the month of September, 2005 has issued 24,24,000 equity shares to the existing shareholders of the Company as fully paid bonus shares and during December, 2005, it made an preferential allotment of 80,000 equity shares of Rs.10/- each. Further, 29,20,000 equity shares of Rs.10/- each were allotted to public pursuant to the Initial Public Offer of the Company in the month of March, 2006.

As a result of this, the outstanding issued, subscribed and paid-up equity share capital during the year increased from 48,48,000 shares (as of March 31, 2005) to 1,02,72,000 shares (as of March 31, 2006) of Rs.10/- each. The authorized share capital of the Company was also increased from Rs.5.00 crore (as of March 31, 2005) to Rs.15.00 crore (as of March 31, 2006).

### MANAGEMENT DISCUSSION AND ANALYSIS

Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

## **FIXED DEPOSITS**

The Company has not accepted any fixed deposits during the year under review.

## **DIRECTORS**

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 131 of the Articles of Association of the Company, Justice C.K.Mahajan (Retd.), Mr.H.N.Nanani & Mr.Naveen Jain were appointed as Additional Directors with effect from December 14, 2005. These Directors would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from members proposing the candidature of above the three Directors for the office of Director, liable to retire by rotation.

Brief resume of the Directors proposed to be appointed/reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges in India, are provided in a separate section forming part of the Annual Report.

Mr. Vikram Kashyap, Joint Managing Director, retires from the Board by rotation and is eligible for re-appointment.

## **SUBSIDIARY COMPANIES**

During the year, your Company has formed two wholly owned subsidiary companies, namely:

- BLK Furnishers & Contractors Private Limited
- Soul Space Projects Limited

During the month of April, 2005, your Company acquired entire 11,000 fully paid-up equity shares of Rs.10/- each of "BLK Furnishers & Contractors Private Limited", thereby making it a wholly owned subsidiary Company. Further, during the year ended 31st March, 2006, your Company has subscribed further 20,39,000 equity shares of Rs.10/- each in the paid-up capital of the above subsidiary, thereby making the total paid-up equity share capital to Rs.2,05,00,000/-, divided by 20,50,000 equity shares of Rs.10/- each.

During November, 2005, your Company also formed a new wholly owned subsidiary company namely "Soul Space Projects Limited" with a paid-up capital of Rs.5.00 lacs divided into 50,000 equity shares of Rs.10/- each. In the month of March, 2006, further 20,00,000 equity shares of Rs.10/- each were subscribed thereby making total paid-up equity share capital of the above wholly owned subsidiary Company to Rs.2,05,00,000/- divided by 20,50,000 equity shares of Rs.10/- each.

Your Company continues with its subsidiary Company "Security Information Systems (India) Limited" with 99.99% of total paid-up equity shares capital subscribed in its name.

The audited accounts and other particulars as required under Section-212 of the Companies Act, 1956 relating to all the subsidiary Companies are annexed.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
- (ii) the Directors had 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 March 31, 2006 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates, your Directors provide the audited Consolidated Financial Statements in the Annual Report.

## AUDITOR & AUDITORS' REPORT

M/s. Sood Brij & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received letters from them to the effect that their appointment / reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment / reappointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

## PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The operations of your Company are not energy intensive and therefore there is nothing to report in respect of information on Conservation of Energy and Technology Absorption as required under Section-217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988. Within the limited scope available for saving energy in construction contracts, every effort is being made for conserving and reducing its consumption.

While there was no Foreign Currency earning during the year under review, the Foreign Currency outgo was Rs.2.64 crore.

## PARTICULARS OF EMPLOYEES

As required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in annexure included in this report.

## CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices and have implemented all the stipulations prescribed. Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges in India forms part of the Annual Report.

Certificate from the Auditors of the Company, M/s. Sood Brij & Associates, Chartered Accountants confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this report.

## ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks, Government Authorities, Customers and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company.

For and on behalf of board of Directors of  
B.L.KASHYAP & SONS LIMITED

Vinod Kashyap  
Chairman

Date : June 28, 2006  
Place : New Delhi



## Statement pursuant to Section-212 of Companies Act, 1956, relating to subsidiary Companies

Name of the subsidiary	B.L.K.Furnishers & Contractors Private Ltd.	Soul Space Projects Ltd.	Security Information Systems (India) Ltd.
1. Financial period ended	March 31, 2006	March 31, 2006	March 31, 2006
2. Holding Company's interest	100% in equity shares	100% in equity shares	99.99% in equity shares
3. Shares held by the holding Company in subsidiary Company	20,50,000 equity shares of Rs.10/- each fully	20,50,000 equity shares of Rs.10/-	6,79,930 equity shares of Rs.10/- each
4. The net aggregate of profits /losses of the subsidiary for the current period so far as it concerns the members of the holding Company			
a. dealt with or provided for in the accounts of the holding Company	nil	nil	nil
b. not dealt with or provided for in the accounts of the holding Company	Profit: Rs.0.45 crore	Loss: Rs.0.02 crore	Loss : Rs.0.06 crore
5. The net aggregate of profits /losses of the subsidiary for the previous financial years of the subsidiary so far as it concerns the members of the holding Company			
a. dealt with or provided for in the accounts of the holding Company	nil	nil	nil
b. not dealt with or provided for in the accounts of the holding Company	Profit: Rs.0.50 crore	not applicable	Loss : Rs.0.37 crore

## Statement pursuant to Section-212 of Companies Act, 1956, relating to Subsidiary Companies

(Rs. Lacs)

Name of the Subsidiary Company	Issued & subscribed Share Capital	Reserves	Loans	Total assets	Total liabilities	Turnover	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Proposed dividend
B.L.K.Furnishers & Contractors Private Ltd.	205.00	94.45	-	300.54	300.54	530.64	70.38	25.35	45.02	0.30
Soul Space Projects Limited	205.00	-	0.48	253.00	253.00	-	(2.16)	-	(2.16)	-
Security Information Systems (India) Ltd.	68.00	-	124.94	192.94	192.94	21.81	(6.09)	(0.25)	(5.84)	-