



( AN ISO - 9002 COMPANY )

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18th

**ANNUAL REPORT**

**2001 - 2002**

**KALINDEE RAIL NIRMAN (ENGINEERS) LIMITED**

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## Board of Directors

Shri R. D. Sharma	Chairman cum Managing Director
Shri S. D. Sharma	Wholetime Director
Shri Arvind Gemini	Wholetime Director
Shri S. P. Sharma	Wholetime Director
Shri Niraj Kumar Singh	Director
Shri M. L. Mehta	Director
Shri S.K. Khanna	Director

1. COMPANY SECRETARY	: Shri Anil Sharma
2. AUDITORS	: M/s R. K. Gurwala & Co. Chartered Accountants, Aluda House, SMS Highway Jaipur
3. SECRETARIAL CONSULTANTS	: M/s V. M. & Associates Company Secretaries, Jaipur
4. REGISTRAR FOR DEMAT	: Computech International Ltd. 212 A, Ground Floor, Shahpur Jat, New Delhi
5. BANKERS	: IDBI Bank Ltd. C-Scheme, Jaipur

### REGD. OFFICE

F-5, Gautam Nagar, Gulmohar Park Road,  
New Delhi - 110049  
PABX : 0091-11-6965440  
Tele/Fax : 0091-11-6851279  
E-mail : kalindee@vsnl.com

### CORPORATE OFFICE

"Silver Oak", C-4, S.J.S. Highway,  
Bani Park, Jaipur - 302 016  
PABX : 0091-141-202733, 200992  
Tele/Fax : 0091-141-202658  
E-mail : kalindee@sancharnet.in

**NOTICE**

NOTICE is hereby given that 18th Annual General Meeting of the Members of KALINDEE RAIL NIRMAN (ENGINEERS) LIMITED will be held on Wednesday, the 30th October, 2002 at 12.00 Noon at PHD Chamber of Commerce and Industry, PHD House, Opp. Asian Games Village, New Delhi-110016 to transact the following business :-

Act, 1956 to hold office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation"

For and on behalf of the Board

**A. ORDINARY BUSINESS :**

Item No.1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2002, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.

16th Sept., 2002  
Regd. office :  
F-5, Gautam Nagar,  
Gulmohar Park Road,  
New Delhi - 110049

Sd/-

**(R.D.SHARMA)**  
Chairman cum Managing Director

Item No.2 To appoint a Director in place of Shri S.D. Sharma, who retires from office by rotation and being eligible, offers himself for reappointment.

Item No.3 To appoint a Director in place of Shri S.P. Sharma, who retires from office by rotation and being eligible, offers himself for reappointment.

Item No.4 To appoint Auditors and to fix their remuneration and in connection therewith to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

'RESOLVED THAT the retiring Auditors M/s R.K.Gurwala & Co., Chartered Accountants, Aluda House, SMS Highway, Jaipur from whom certificate pursuant of section 224 (1-B) of the Companies Act, 1956 has been received, be and are hereby reappointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company."

**B. SPECIAL BUSINESS :**

Item No. 5 To consider and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution :

"RESOLVED THAT Shri S.K. Khanna, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business, under item 5 above, is annexed hereto and forms part of this notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 27th Oct., 2002 to 30th Oct., 2002 (both days inclusive).
4. All documents referred to in the Notice and Explanatory Statements are open for inspection at the Registered Office of the Company during office hours on all days except Saturdays, Sundays and Public Holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

**DIRECTORS' REPORT****ANNEXURE TO THE NOTICE****Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**

Item No. 5 Shri S.K. Khanna was appointed as an Additional Director of the Company with effect from 10th September, 2002 pursuant to section 260 of the Companies Act, 1956 and he holds office upto the date of this Annual General Meeting. A notice together with the requisite deposit as required under Section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Shri S.K. Khanna as a Director of the Company at the ensuing Annual General Meeting of the Company.

The Board of Director of the Company consider the appointment of Shri S.K. Khanna, as a Director of the Company, beneficial and in the interest of the Company by availing guidance and advice of Shri S.K. Khanna and accordingly recommends his appointment as Director of the Company.

None of the Directors of the company except Shri S.K. Khanna is in any way concerned or interested in the resolution.

For and on behalf of the Board

16th Sept., 2002

Sd/-

Regd. office :

F-5, Gautam Nagar,  
Gulmohar Park Road,  
New Delhi - 110049

(R.D.SHARMA)

Chairman cum Managing Director

To,  
The Members

Your Directors have pleasure in presenting the Company's 18<sup>th</sup> Annual Report together with the Audited Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March, 2002.

**ECONOMIC SCENARIO:**

Fiscal 2001-2002 was in many ways a very challenging year for the economy, both globally and nationally. The Sept 11<sup>th</sup> attack in the U.S. only served to further worsen the broad recessionary trends witnessed the world over. In India, the war clouds that gathered towards the fag end of the year did the economy no good, as it added to the general skepticism and uncertainty. For the IT industry, which was already in the thick of a major global slowdown, these events further accentuated the problems. With almost all sectors displaying recessionary trends, the fall out impacted the construction sector too.

In the midst of these conditions, the Indian economy fared fairly well. Despite very sluggish industrial growth, which incidentally was one of the lowest during the last decade, the GDP in fiscal 01-02 is estimated to have risen by about 5.4% as against 4% in the previous year. Foreign Exchange Reserves, which touched a record level of \$ 54 billion on March 31<sup>st</sup>, recently burgeoned over the \$ 60 billion level. The current year witnessed the sharpest fall ever in inflation rate, with the Wholesale Price Index (WPI) touching a two-decade low of 1.3% in January 2002.

**Financial results:**

In this background your company's business has also been affected during the year under review. Despite the overall subdued economic scenario, your company has been able to show improved business in comparison to the previous year.

	31-03-2002 (Rs.)	31-03-2001 (Rs.)
Turnover	22,83,58,609	20,48,38,657
Other Income	29,30,930	28,32,523
Profit before Dep. & Tax	1,21,42,397	1,58,65,840
Less: Depreciation	35,15,819	34,86,790
Profit before Tax	86,26,578	1,23,79,050
Current & Deferred Tax Prov.	30,78,837	50,00,000
Prior Period Adj. (+)	9,61,481	(-) 16,27,956
Profit after tax	65,09,222	57,51,094
Surplus available for appropriation	65,09,222	57,51,094
<b>Appropriation:</b>		
General Reserve	10,00,000	10,00,000
Balance carried over to Balance Sheet	55,09,222	47,51,094

**Achievements:**

Your company has been continuing to maintain management excellence and accordingly ISO 9002 certification awarded to your company is continuing after company being subjected to continuous audit by certification agency during the year under review.

**FUTURE PLANS:**

1. After having worked with French MNC ALCATEL, France ( now name changed to Thales e-transaction) for DMRC contract, your company has been awarded additional work contract for telecommunication from Alcatel, Portugal, another company within ALCATEL group.
2. Your company's long efforts to obtain some BOT project in Railways have succeeded. Your company's bid in joint venture with a large Delhi based Corporate Punj Lloyd Ltd. for a Railway BOT project for construction of doubling of railway line between Utratia Chandrauli & Sultanpur – Bandhukalan in Lucknow division of Northern Railway having an approximate cost of more than Rs. 60 crores has been successful and expected to be formally awarded soon.
3. In the present market scenario finding Railway Signalling not a very profitable activity due to severe unhealthy competition, your company has taken a policy decision to boost telecom business. The Telecommunication is today the fastest growing infrastructure activity and your company in its bid to increase shareholders value is increasing its business portfolio in telecom. During the year under review, company's telecom business has been to the tune of more than 20% of total company's turnover and in the ensuing year it is expected to be more than 30%. Your company possesses huge expertise in OFC based telecommunication.
4. Your company's efforts to get a reasonable share in road & other related civil work is likely to bear fruit soon.

**FIXED DEPOSIT:**

The company has neither invited nor availed any fixed deposits during the year under review.

**DIVIDEND:**

Your Directors consider it in the best interest of the Company to conserve its resources for strengthening the Company's financial position to accomplish its future plans. As such, the Directors do not recommend any dividend for this year.

**CORPORATE GOVERNANCE :**

Your Company takes pride to mention that various recommendations made by the Committee on Corporate Governance are being practised by your company. A Corporate Governance Report for the year under review alongwith Compliance Certificate from the Statutory Auditors under clause 49 of Listing Agreement is annexed herewith.

**DIRECTORS:**

Shri S.D. Sharma and Shri S.P. Sharma retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends reappointment of Shri S.D. Sharma and Shri S.P. Sharma.

Shri K.V. Krishnamurthy has ceased to be Director. Your Directors acknowledge his valuable contribution and guidance to the company.

Shri S. K. Khanna was appointed as additional Director, sought to be appointed as Director as given in the notice.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

As required under section 217(2AA) of the Companies Act, the Directors hereby confirm that :

- (a) in the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) the Directors had, as far as possible, taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the

provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, to the best of their knowledge and ability;

- (d) the Directors have prepared the Annual Accounts on a going concern basis.

#### **PARTICULARS OF EMPLOYEES:**

None of the employees falls within the limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

#### **PARTICULARS OF ENERGY, CONSERVATION, TECHNOLOGY ABSORPTION ETC.**

In view of the nature of operations of your company, the information required under section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, in respect of Conservation of energy, Technology Absorption and R & D is nil.

There was neither any foreign earnings nor any out-go during the year under report.

#### **REGISTERED OFFICE :**

Your Director are pleased to report that Certificate of Incorporation with the Registrar of companies, NCT of Delhi and Haryana was obtained on dated 22<sup>nd</sup> Feb., 2002

#### **AUDITORS :**

M/s R.K.Gurwala & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The company has received a certificate from them that their re-appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956.

#### **AUDITORS OBSERVATION:**

The Audit notes in the Auditors' Report are self-explanatory and need no further clarifications.

#### **ACKNOWLEDGEMENT:**

The Directors place on record their gratitude to the Govt. Authorities, Planning Commission, Ministry of Railways, Dept. of Telecommunication, Financial Institutions, Bankers for their assistance and co-operation. Your Directors express their appreciation for dedicated and sincere services rendered by the employees of the company. Your Directors sincerely thank the shareholders for the confidence reposed by them in the company.

#### **INFORMATION PURSUANT TO LISTING AGREEMENT**

The Company's Shares are listed on the following Stock Exchanges:

1. The Stock Exchange, Ahmedabad
2. Madras Stock Exchange Ltd., Chennai
3. Jaipur Stock Exchange Ltd., Jaipur
4. The Calcutta Stock Exchange Association Ltd., Kolkata
5. The Stock Exchange, Mumbai
6. Delhi Stock Exchange Association Ltd., New Delhi

There is no arrear of annual listing fees payable to each of the above Stock Exchanges.

For and on behalf of the Board

Sd/-

Date : 16th Sept., 2002  
Place : New Delhi

(R.D.Sharma)  
Chairman Cum  
Managing Director

**MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT TO THE MEETING**

## REPORT ON CORPORATE GOVERNANCE

for the Period April 1, 2001 to March 31, 2002

### ANNEXURE TO THE DIRECTORS' REPORT

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing agreement is set out below:

#### 1. Company's Philosophy on Code of Governance

The Company's Philosophy on Code of Governance is to enhance the long term economic value of the Company, its stakeholders and the society at large by adopting better corporate practices in fair and transparent manner by aligning interest of the Company with its shareholders and other key stakeholders.

Your Company continues to follow procedures and practices in conformity with the Code of Corporate governance outlined in the Listing Agreement.

#### 2. Board of Directors

The Board comprises of four Executive - Non Independent Directors and three Non-Executive Independent Directors. During the financial year ended 31<sup>st</sup> March, 2002, four Board meetings were held on April 27, 2001, July 30, 2001, October 31, 2001 and January 31, 2002.

Attendance of each Director at the Board meetings and last Annual General Meeting and number of companies and other Board Committees, where he is a Director/ Member or Chairman as on 31<sup>st</sup> March, 2002 are given below:

S. No	Name of Director	Category	No. of other Director ship	No. of other Board Committees		No. of Board Meetings attended	Attendance at the last AGM
				Chairman	Member		
1	Mr. R.D.Sharma	Chairman & Managing Director	3	2	1	4	Yes
2	Mr. S.D.Sharma	Executive/ Whole Time Director	2	1	1	3	Yes
3	Mr. S.P.Sharma	Executive/ Whole Time Director	-	-	-	3	Yes
4	Mr. Arvind Gemini	Executive/ Whole Time Director	2	-	-	2	Yes
5	Mr. M.L.Mehta	Non-Executive Independent Director	-	-	-	2	No
6	Mr. S.K. Khanna*	Non-Executive Independent Director	-	-	-	New Appointee	No
7	Dr. N.K.Singh	Non-Executive Independent Director	5	2	3	2	No

\* Appointed as additional Director w.e.f. 10<sup>th</sup> September, 2002

#### 3. Audit Committee

The Audit committee was set up by the Board of Directors in July 2001. The terms of reference of this Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in section 292A of the Companies Act, 1956. During the financial year ended 31<sup>st</sup> March, 2002, two meetings were held on 5<sup>th</sup> October, 2001 and 30<sup>th</sup> January, 2002. The constitution of the Committee and attendance of each Member of the Committee is as under:

Name	Designation	Non-Executive / Independent	Profession	Committee Meeting attended
Dr. N.K.Singh	Chairman	Non-Executive / Independent	Industrialist	2
Mr. M. L. Mehta	Member	— Do —	Ex Bureaucrat	2
Mr. K.V. Krishnamurthy	Member	— Do —	Retd. Member, Railway Board	1

The Company Secretary acts as the Secretary for such meeting. The Statutory Auditors and Internal Auditor of the company and General Manager (Finance) attend the meeting as invitees.