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ANNUAL REPORT
2003-2004

KALINDEE RAIL NIRMAN (ENGINEERS) LIMITED

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BOARD OF DIRECTORS

Shri R. D. Sharma	Chairman cum Managing Director
Shri S. D. Sharma	Whole time Director
Shri Arvind Gemini	Whole time Director
Shri S.P.Sharma	Whole time Director
Shri Niraj Kumar Singh	Director
Shri S.K. Khanna	Director
Shri Shanti Narain	Director
Shri S. P. Mehta	Director

1. **COMPANY SECRETARY** : Shri Anil Sharma
2. **AUDITORS** : M/s Prem Arun Jain & Co.
Chartered Accountants,
Prem Villa, B-3/19, DLF City, Phase 1,
Gurgaon-122 002 (Haryana)
3. **REGISTRAR FOR DEMAT & PHYSICAL TRANSFER** : MCS Ltd.
Sri Venkatesh Bhawan,
W - 40, Okhla Industrial Area,
Phase II, New Delhi 110 020.
4. **BANKERS** : Canara Bank,
Industrial Finance Branch, World Trade Tower,
Barakhamba Lane, New Delhi 110 001.
: IDBI Bank Ltd.,
D -24, Durlabh Niwas,
Prithviraj Road, C Scheme, Jaipur - 302 001
: Oriental Bank of Commerce,
M 1/2/3, Connaught Circus,
New Delhi 110 001
5. **SECRETARIAL CONSULTANTS** : M/s A. Chadha & Associates,
Company Secretaries,
29 A/1, Asaf Ali Road, New Delhi 110 002

REGD. OFFICE:

F-5, Gautam Nagar, Gulmohar Park Road,
New Delhi - 110 049
Tel. : 91-11-51641161 Fax: 91-11-26851279
E-mail: kalindee@vsnl.com

CORPORATE OFFICE:

"Silver Oak", C-4, S.J.S. Highway,
Bani Park, Jaipur - 302 016
Tel. : 91-141-2200992, 2202733 Fax: 91-141-2202658
E-mail: kalindee@sancharnet.in

NOTICE

NOTICE is hereby given that 20th Annual General Meeting of the Members of KALINDEE RAIL NIRMAN (ENGINEERS) LIMITED will be held on Thursday, the 30th September, 2004 at 10:00 A.M. at PALMS COURT, B-10, Triveni Commercial Complex, Sheikh Sarai, Phase-1, New Delhi - 110 017 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2004, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Arvind Gemini, who retires from office by rotation and being eligible, offers himself for reappointment.
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.
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 M/s Prem Arun Jain & Co., Chartered Accountants, Prem Villa, B-3/ 19 DLF City, Phase I, Gurgaon, from whom certificate pursuant of section 224 (1 B) of the Companies Act, 1956 has been received, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of ensuing Annual General Meeting 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"

02.09.2004
Regd. Office
F-5, Gautam Nagar,
Gulmohar Park Road,
New Delhi - 110 049

For and on behalf of the Board

Sd/-
(R.D.SHARMA)
Chairman cum Managing Director

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 Register of Members and the Share Transfer Books of the Company will remain closed from 28th Sep., 2004 to 30th Sep., 2004 (both days inclusive).
3. Members are requested to notify immediately any change of address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts and to the Company at its Registered Office or its Registrar and Share Transfer Agent M/s. MCS Ltd., Sri Venkatesh Bhawan, W - 40, Okhla Industrial Area, Phase II, New Delhi-110020 in respect of their physical share folios. Members holding shares in the same name (s) but under different folios are requested to apply for consolidation of share folios and send the relative Share Certificates to the Company's Registered Office or its Registrar and Share Transfer Agent as mentioned above for making necessary entries.
4. All documents referred to in the Notice 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 Annual General Meeting.
5. Members desiring any information as regards the Accounts are requested to write to the Registered Office at least 7 days before the date of the meeting, so as to enable the management to keep the information ready at the meeting.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/ re-appointed are given below:

Shri Arvind Gemini

Age: 46 years

Qualification: B.E (Electronics)

Experience: 20 years experience in Industry, International Trade

No. of other companies in which he is Director: 1

Shri S. P. Sharma

Age: 54 years

Qualification: Diploma (Mechanical)

Experience: More than 25 years experience in construction industry

No. of other companies in which he is Director: NIL

02.09.2004

Regd. Office:

F-5, Gautam Nagar,
Gulmohar Park Road,
New Delhi-110 049

For and on behalf of the Board

Sd/-

(R.D.SHARMA)

Chairman cum Managing Director

DIRECTORS' REPORT

To,
 The members,

Your Directors have pleasure in presenting the company's 20th Annual Report together with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2004.

ECONOMIC ENVIRONMENT:

The New Year heralded widespread exuberance in the Indian economy. GDP figures indicated an 8.4% growth in the economy in the second quarter of the fiscal year. This is the highest quarterly growth rate ever recorded. Services sector growth went up to 9.9% during the second quarter followed by a 7.4% growth in agriculture and 6.3% growth in industry.

Balance of payment figures showed a significant improvement in the current account scenario. The revised figures showed that the current account deficit in the first quarter was only around one fourth of the earlier estimates. Moreover, there was a large surplus in current account in the second quarter that helped build an overall surplus in the current account during the first half of 2003-04.

The other good news was the surge in the Index of Industrial Production with numbers showing a 7.4% overall growth of industry in November 2003 which was mainly on account of the 8.1% pick up of production in the manufacturing sector; both record numbers for over the past two three years.

To top this all the government announced a flurry of measures in the second week of January 2004 including lowering of peak custom duty to 20%, increase in foreign direct investment limits in sectors like oil and gas, banking and publications. These measures would now add to further strengthen the incipient recovery in investments, which is reflected in the 6.10% increase in the domestic production of machinery and equipment during the first eight months of the fiscal year, the highest increase over the past three years.

FINANCIAL RESULTS:

In the aforesaid background, your company business has also moved up and has shown considerable growth during the year in comparison to the previous year.

	31.03.2004 (Rs.)	31.03.2003 (Rs.)
Turnover	37,07,34,429	30,47,31,188
Other income	27,51,769	55,84,744
Profit before Dep. & Tax	1,60,64,458	1,60,98,207
Less: Depreciation	37,09,198	34,07,301
Profit before Tax	1,23,55,260	1,26,90,906
Current & Deferred Tax Prov. (Net)	(-) 46,00,000	(-) 56,40,193
Prior Period Adjustment	(+) 46,56,192	(+) 42,18,113
Profit after Tax	1,24,11,452	1,12,68,826
Surplus available for appropriation	1,24,11,452	1,12,68,826

Appropriation:

General Reserve	10,00,000	10,00,000
Balance carried over to Balance Sheet	1,14,11,452	1,02,68,826

ACHIEVEMENTS:

Your company has been continuing to maintain management excellence and quality and accordingly management quality system of the company has been upgraded to ISO 9001: 2000 which is the latest version of quality system.

Your company is continuing its bidding process to procure further high value contracts. Your company has made a place for itself in Railways particularly after attaining high value Delhi Metro contract which is being executed with highest perfection and admiration from not only Delhi Metro but also from all quarters.

FUTURE PLANS/OUTLOOK:

Successful and timely ongoing execution of Delhi Metro contract has added to claim potential of your company both at technical and managerial competency level and in this background your company's efforts to procure other high value contracts in Delhi Metro and other projects in India and abroad is likely to bear fruit in near future. Company has initiated several reorganisational steps for improved functioning and cost control.

Infrastructure being the basic tool towards faster economic growth and Railways being planned for massive fund infusion towards modernisation, upgradation and expansion, future outlook of your company continues to remain bright.

Your directors continue to look forward to the future with better expectation and outlook.

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.

DIRECTORS:

Shri Arvind Gemini and Shri S. P. Sharma retire by rotation and being eligible, offer themselves for reappointment. The Board recommends reappointment of Shri Arvind Gemini and Shri S. P. Sharma

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:

During the year under review no employees whether employed for the whole or part of the year was drawing remuneration exceeding the limits as laid down u/s 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975. Hence the details required u/s 217(2A) are not given.

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.

During the year under report, Company made Foreign Exchange earning of EURO 1,38,025 and Foreign Exchange expenses of EURO 2,53,348.

AUDITORS:

M/s Prem Arun Jain & Co., Chartered Accountants, Prem Villa, B-3/19 DLF City, Phase I, Gurgaon 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 (1 B) of the Companies Act, 1956.

ACCOUNTS & AUDIT:

The Directors are of the view that the notes appended to the accounts and referred to by the auditors in their report are self explanatory and do not require elucidation.

CORPORATE GOVERNANCE:

A separate report on Corporate Governance along with Auditors' Certificate on its compliance is attached as Annexure-A to this report.

Your Company has been practicing the principles of good Corporate Governance.

DEPOSITORY SYSTEM:

As the members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the Company's Shares on either of the Depositories as aforesaid.

Further, the Securities and Exchange Board of India vide its Press release No. PR-2/2003 dated 1st January, 2003 has made it mandatory that all the works related to share registry in terms of both physical and electronic form should be maintained at a single point i.e., either In-house by the Company or by SEBI registered R & T Agent. In view of the above your Company has appointed M/s MCS Ltd., Sri Venkatesh Bhawan, W - 40, Okhla Industrial Area, Phase - II, New Delhi 110020, SEBI registered R & T agent as its Registrar and Share Transfer Agent who is handling both physical as well as electronic share work in order to provide better services.

ACKNOWLEDGEMENT:

The Directors place on record their gratitude to the Govt. Authorities, Ministry of Railways, Delhi Metro Rail Corporation, 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 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 Jaipur Stock Exchange Ltd.
- 2 The Stock Exchange Mumbai
- 3 The Calcutta Stock Exchange Association Ltd.
- 4 Delhi Stock Exchange Association Ltd.
- 5 The Stock Exchange Ahmedabad
- 6 Madras Stock Exchange Ltd.

In terms of resolution adopted in last AGM held on Oct.30,2003, we have already initiated steps to delist company's shares from following Stock Exchanges:

- 1 Jaipur Stock Exchange Ltd.,
- 2 The Calcutta Stock Exchange Association Ltd.,
- 3 The Stock Exchange Ahmedabad
- 4 Madras Stock Exchange Ltd.

02.09.2004

Regd. Office
F-5, Gautam Nagar,
Gulmohar Park Road,
New Delhi-110 049

For and on behalf of the Board

Sd /-
(R.D.SHARMA)
Chairman cum Managing Director

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