



21st
ANNUAL REPORT
2004 - 2005

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** : State Bank of India,
Overseas Branch,
Jawahar Vyapar Bhawan,
1, Tolstoy Marg, New Delhi - 110001.
: State Bank of Patiala,
Commercial Branch,
Chandralok Building, 36, Janpath,
New Delhi - 110001
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. : 91-11-26857375, 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 21st Annual General Meeting of the Members of KALINDEE RAIL NIRMAN (ENGINEERS) LIMITED will be held on Friday, the 30th September, 2005 at 10:00 a.m. at PALMS COURT, B-10, Triveni Commercial Complex, Sheikh Sarai, Phase-1, New Delhi 110017 to transact the following business:

ORDINARY BUSINESS:

- Item No. 1** To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
- Item No. 2** To appoint a Director in place of Shri Shanti Narain, who retires from office by rotation and being eligible, offers himself for reappointment.
- Item No. 3** 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 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"

SPECIAL BUSINESS:

- Item No. 4** To consider and if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Regulation 5 of Securities and Exchange Board of India (Delisting of Securities) Regulations, 2003 and all other applicable laws, rules, regulations, guidelines (including any statutory modification/(s) or enactment's thereof for the time being in force and as may be enacted hereinafter), and subject to approvals / permissions, if any from the Regulatory Authorities as may be required for this purpose approval be and is hereby accorded for delisting of equity shares of the Company from the following Stock Exchange"

The Delhi Stock Exchange Association Ltd.

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board), be and is hereby authorised to seek voluntary delisting at such time, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to delisting of the Equity Shares from the said Stock Exchange and to execute all such deeds, documents, writings as may be necessary, desirable or expedient or as may be deemed fit and for this purpose to delegate the authority and duly vested in it by virtue hereof to any other person whom the Board may consider suitable, to do the various acts, deeds and things required to be done in this behalf".

Item No. 5 To consider and if thought fit, to pass, with or without as an Ordinary Resolution:

RESOLVED that the authorized share capital of the company be increased from Rs. 30,00,00,000 (Rupees Thirty Crores only) to Rs. 60,00,00,000 (Rupees Sixty Crores only) by creation of 3,00,00,000 (Three Crores only) further equity share of Rs. 10 each.

RESOLVED FURTHER that clause V of the Memorandum of Association of the company be altered by deletion of the existing clause V and substitution in place thereof the following clause as clause V:

"The Authorised Share Capital of the Company is Rs.60,00,00,000 (Rupees Sixty Crores only) divided into 6,00,00,000 (Six Crores only) Equity Shares of Rs.10 each"

Item No. 6 To consider, and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution pursuant to section 31:

RESOLVED that clause No. 4 of the Articles of Association of the company be altered by deletion of the existing clause and substitution in place thereof the following clause as clause 4:

"The Share Capital of the Company is such as prescribed in clause V of the Memorandum & Articles of Association from time to time with power to increase, reduce, sub-divide or to repay the same or to consolidate or sub-divide the same into several classes and to attach thereto any right and to consolidate or sub-divide or re-organize the shares and subject to section 106 of the Act, to vary such rights as may be determined in accordance with the regulations of the Company and the Act"

Item No. 7 To consider and if thought fit, to pass with or without modification(s), the following resolutions as Ordinary Resolutions:

"RESOLVED THAT pursuant to section 198,269,309,311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to approval of Central Government, if any, the consent and approval of the Company be and is hereby accorded to the reappointment of Shri R.D.Sharma, Chairman cum Managing Director of the company for a period of five years w.e.f. 18th October, 2005 on the changed remuneration, terms and conditions mentioned in the Explanatory statement annexed thereto.

RESOLVED FURTHER that pursuant to section 198 and all other applicable provisions of the Companies Act 1956, the remuneration as set out in the enclosed Explanatory Statement be paid as maximum remuneration to Shri R. D. Sharma notwithstanding that in any financial year of the company during his tenure as Chairman cum Managing Director, the Company has made no profits or profits are inadequate."

Item No. 8 To consider and if thought fit, to pass with or without modification(s), the following resolutions as Ordinary resolutions:

"RESOLVED THAT pursuant to section 198,269,309,311 read with schedule XIII and other applicable provisions of the Companies Act, 1956, and subject to approval of Central Government, if any, the consent and approval of the Company be and is hereby accorded to the reappointment of Shri S.D.Sharma, Wholetime Director of the company for a period of five years w.e.f. 18th October, 2005 on the changed remuneration, terms and conditions mentioned in the Explanatory statement annexed thereto.

RESOLVED FURTHER that pursuant to section 198 and all other applicable provisions of the Companies Act 1956, the remuneration as set out in the enclosed Explanatory Statement be paid as maximum remuneration to Shri S.D.Sharma notwithstanding that in any financial year of the company during his tenure as Wholetime Director, the Company

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has made no profits or profits are inadequate."

Item No. 9 To consider and if thought fit, to pass with or without modification(s), the following resolutions as Ordinary Resolutions:

"RESOLVED THAT pursuant to section 198,269,309,311 read with schedule XIII and other applicable provisions of the Companies Act, 1956, and subject to approval of Central Government, if any, the consent and approval of the Company be and is hereby accorded to the reappointment of Shri S.P.Sharma, Wholetime Director of the company for a period of five years w.e.f. 18th October, 2005 on the changed remuneration, terms and conditions mentioned in the Explanatory statement annexed thereto.

RESOLVED FURTHER that pursuant to section 198 and all other applicable provisions of the Companies Act 1956, the remuneration as set out in the enclosed Explanatory Statement be paid as maximum remuneration to Shri S.P.Sharma notwithstanding that in any financial year of the company during his tenure as Wholetime Director, the Company has made no profits or profits are inadequate."

Item No. 10 To consider and if thought fit, to pass with or without modification(s), the following resolutions as Ordinary Resolutions:

"RESOLVED THAT pursuant to section 198,269,309,311 read with schedule XIII and other applicable provisions of the Companies Act, 1956, and subject to approval of Central Government, if any, the consent and approval of the Company be and is hereby accorded to the reappointment of Shri Arvind Gemini, Wholetime Director of the company for a period of five years w.e.f. 18th October, 2005 on the changed remuneration, terms and conditions mentioned in the Explanatory statement annexed thereto.

RESOLVED FURTHER that pursuant to section 198 and all other applicable provisions of the Companies Act 1956, the remuneration as set out in the enclosed Explanatory Statement be paid as maximum remuneration to Shri Arvind Gemini notwithstanding that in any financial year of the company during his tenure as Wholetime Director, the Company has made no profits or profits are inadequate."

05.09.2005
Regd. Office
F-5, Gautam Nagar,
Gulmohar Park Road,
New Delhi

For and on behalf of the Board

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

NOTES:

1. The information required to be provided under the Listing Agreement entered into with various Stock Exchanges regarding the directors who are proposed to be appointed/re-appointed is annexed hereto.
2. 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.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 28th Sep. 2005 to 30th Sep. 2005 (both days inclusive).
4. 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 I, 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.
5. 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 Annual General Meeting.
6. 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.

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to Section 173 of the companies Act, 1956.

Item No. 7 to 10 The company has reappointed Shri R. D. Sharma as Chairman cum Managing Director, Shri S. D. Sharma, Shri S. P. Sharma and Shri Arvind Gemini as Wholetime Directors w.e.f. 18th October, 2000 for a period of 5 years. Their present term of office expires on 17th October, 2005. The Board of Directors of the company at their meeting held on 28th July, 2005 have reappointed them for further period of 5 years w.e.f. 18th October, 2005 on the following terms and conditions.

Terms & conditions of Shri R. D. Sharma, Shri S. D. Sharma, Shri S. P. Sharma & Shri Arvind Gemini will be as follows:

SALARY

Of Shri R. D. Sharma : Rs. 91,000/- per month in the pay scale of Rs. 91,000 - 5,000 - 1,16,000

Of Shri S. D. Sharma : Rs. 56,000/- per month in the pay scale of Rs. 56,000 - 4,000 - 76,000

Of Shri Arvind Gemini: Rs. 20,160/- per month in the pay scale of Rs. 20,160 - 3,000 - 35,160

Of Shri S. P. Sharma : Rs. 16,000/- per month in the pay scale of Rs. 16,000 - 2,000 - 26,000

PREQUISITES:

Perquisites shall be allowed in addition to salary. Perquisites shall be restricted to an amount equal to annual salary with a ceiling of Rs. 1,25,000/- per month. Perquisites are classified into three categories A, B & C as under:

Category – A**1. Housing**

(a) The expenditure by the Company on hiring furnished accommodation for the appointee will be

subject to the following ceiling:

60% of the salary over and above 10% payable by the appointee:

- (b) In case the accommodation is owned by the Company, 10% of the salary of appointee shall be deducted by the Company: and
- (c) In case accommodation is not provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling laid down in (a) above.

Explanation

The expenditure incurred by Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962 subject to a ceiling of 10% of the salary of the appointee.

2. Medical Reimbursement

Expenses incurred for the appointee and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

(3) Leave Travel Concession

For the appointee and his family, once in a year incurred in accordance with the rules specified by the Company.

4. Club Fees

Fees of Clubs subjects to a maximum of two clubs. This will not include admission and life membership fee.

5. Personal Accident Insurance

Premium not to exceed Rs. 4,000 per annum.

Explanation:

For the purpose of Category 'A', 'family' means the spouse, the dependent children and dependent parents of the appointee.

Category – B

1. Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity payable shall not exceed half a month's salary for each completed year of service.
2. Earned leave with full pay and allowances as per the rules of the Company but not exceeding one month's leave for every 11 months of service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category – C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance call on telephones and use of car for private purpose shall be billed by the Company to the individual appointee concerned.

Notwithstanding anything stated herein above, where in any financial year, during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary and perquisites not exceeding the limits specified above and perquisites not exceeding the limits specified above.

None of the Directors except Shri R. D. Sharma, Shri S. D. Sharma, Shri S. P. Sharma and Shri Arvind Gemini being son of Shri R. D. Sharma are deemed to be interested or concerned in the resolution.

The Board recommends the resolution for approval.

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:

Sri Shanti Narain

Age: 56 years

Qualification: M.Sc.

Experience: 21 years in top echelons of Railway Administration

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

For and on behalf of the Board

05.09.2005

Regd. Office:

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

Sd/-

(R.D.SHARMA)

Chairman cum Managing Director

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DIRECTORS' REPORT

To,
The members,

Your Directors have pleasure in presenting the company's 21st Annual Report together with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2005.

ECONOMIC ENVIRONMENT:

Construction industry is the fulcrum on which rests the future pace of growth of the economy. It provides the basic support for infrastructure growth which is the most vital contributing factor for faster economic upsurge. Last year Indian economy witnessed a promising GDP growth rate of 6.9%

The globalization of Indian economy has made India storehouse for business potential and opportunity. The projected GDP growth of 8% bodes well for the Indian Construction/Engineering sector.

An upswing in Infrastructure activities has played a big role in boosting demand for engineering and construction industry. There are many big projects and investment planned. All of them would need the interplay of engineering elements.

Massive expansion and modernisation plan has been made in the field of Railways during the coming years. The Indian Railway - the second largest rail network in the world - has been the life line of the nation. It has been contributing to the industrial and economic landscape for 150 years. Golden Quadrilateral projects announced by Indian Railways needing huge investment is designed to augment capacity between the four metros and their diagonals.

FINANCIAL RESULTS:

The year 2004-05 was an outstanding year for your company, in every way. And the year in reckoning is singularly important, as the year underwent for announcement for large Railway projects.

Your company recorded another excellent performance during the year under review. It achieved a gross turnover of Rs.54.08 crores as against Rs.37.07 crores registering a growth of about 45.88%. Profit before tax and after tax increased by 151.65% and 58.84% respectively over the previous year.

	31.03.2005 (Rs.)	31.03.2004 (Rs.)
Turnover	54,08,36,591	37,07,34,429
Other income	29,58,575	27,51,769
Profit before Dep. & Tax	3,60,43,556	1,60,64,458
Less: Depreciation	49,50,986	37,09,198
Profit before Tax	3,10,92,570	1,23,55,260
Current & Deferred Tax Prov. (Net)	(-) 1,13,77,600	(-) 46,00,000
Prior Period Adjustment		(+) 46,56,192
Profit after Tax	1,97,14,970	1,24,11,452
Surplus available for appropriation	1,97,14,970	1,24,11,452
Appropriation:		
General Reserve	10,00,000	10,00,000
Balance carried over to Balance Sheet	1,87,14,970	1,14,11,452

ACHIEVEMENTS:

Your company has been continuing to maintain management excellence and quality and accordingly