



*Creating Landmark  
Setting Benchmark*

**KALINDEE**®

28<sup>th</sup> Annual Report  
2011 - '12

# *annual report* *2011-12*

**Kolindse Rail Nirman (Engineers) Ltd.**

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<b>Board of Directors</b>	<b>Mr. R. D. Sharma</b> , Chairman cum Managing Director <b>Ms. Kalpana Gemini</b> , Whole Time Director <b>Ms. Sunita Gemini</b> , Whole Time Director <b>Dr. Niraj Kumar Singh</b> , Director <b>Mr. Suresh Kumar Khanna</b> , Director <b>Mr. Shanti Narain</b> , Director <b>Mr. Kamal Kishore Agarwal</b> , Director <b>Mr. Mahendra Kumar Khanna</b> , Director
<b>Bankers</b>	<b>State Bank of India</b> Overseas Branch, Jawahar Vyapar Bhawan 1, Tolstoy Marg, New Delhi - 110 001  <b>State Bank of Patiala</b> Commercial Branch, Chandralok Building, 36, Janpath, New Delhi - 110 001  <b>YES Bank Ltd.</b> 48, Nyaya Marg, Chanakyapuri, New Delhi - 110 021  <b>Axis Bank Limited</b> 148, Statesman House, Barakhamba Road, New Delhi - 110 001  <b>Royal Bank of Scotland N.V.</b> "Hansalaya Building", 15, Barakhamba Road, New Delhi - 110 001  <b>HDFC Bank Ltd.</b> 26, Kailash Building, K. G. Morg, New Delhi - 110 001  <b>Standard Chartered Bank</b> Narain Manzil, 23, Barakhamba Road, New Delhi - 110 001
<b>Auditors</b>	<b>Amit Goyal &amp; Co.</b> Chartered Accountants, A-8, II floor, Ganpati Enclave, Ajmer Road, Jaipur - 302 005
<b>Registered Office</b>	F-5, Gautam Nagar Gulmohar Park Raad, New Delhi - 110 049
<b>Corporate Office</b>	2nd Floor, Building No. 9A, Cyber City, DLF Phase -III, Gurgaon - 122 002 Tel.: 0124 4674800, Fax: 0124 4674887/888
<b>Registrar &amp; Transfer Agent</b>	<b>MCS Ltd.</b> Sri Venkatesh Bhawan F-65, 1st Floor, Okhla Industrial Area Phase-I, New Delhi - 110 020 Tel.: 011 41406149, Fax: 011 41709881 Email: admin@mcsdel.com
<b>Company Secretary</b>	<b>Mr. Anil Sharma</b>
<b>Secretarial Consultants</b>	<b>Jatin Gupta &amp; Associates</b> 303, Building No. 10159, Padam Singh Road, Karol Bagh, New Delhi - 110 005 Tel.: 011-28755214 E-mail: jatinfcs@gmail.com

## Our Board of Directors



**R. D. Sharma**, Chairman cum Managing Director, is the founder of this company. His phenomenal entrepreneurship and vision have been the key factors for all-round growth of this company. Company has made rapid strides and diversified into many high technology areas under his leadership. Socially he is very active and has helped many in need. He is well known at all levels in Indian Railways and other Industrial circles. India Today magazine has covered his contribution to Nation Building efforts among 40 reputed leaders from different fields. He has been conferred with national and social awards.



**Kalpana Gemini**, 44, holds a Bachelor degree in Arts and started her career in insurance sector. She is having experience of several years in the field of handicrafts business and related exports. Further she being in the Board of Directors of a group real estate company has good experience in real estate and other infrastructure sector. She a family member of Mr. R. D. Sharma and being wife of late Mr. Arvind Gemini is in the know of company affairs and its activities and has first hand experience of company business.



**Sunita Gemini**, 48, holds a Master degree in History and has enough exposure in the stock market operation and other business. She being a family member of Mr. R. D. Sharma and wife of his youngest son is in the know of company affairs since long.



**Suresh Kumar Khanna**, Director, is a former Member (Electrical) of Railway Board (Ministry of Railways) where he looked after monitoring and planning of the working of Electrical and Signal & Telecommunication Departments of Indian Railways. He is technically sound and has expert knowledge of management of Railways. He has held various important posts in Indian Railways in Executive and Administrative capacity. He has brought his expertise and knowledge forward to help Kalindee plan for business growth.



**Neeraj Kumar Singh**, Director, has rich experience of Corporate Management. A significant 26 years extensive and varied experience of Board Level Corporate Management, Corporate Finance, Corporate Restructuring, Mergers & Acquisition, International & Domestic Trade in diversified fields, Liaison & Marketing for Foreign Companies in India. His guidance has been of immense help in guiding corporate affairs of the Company. His academic career includes Ph.D. (Political Science), M.A. (Public Administration) & B.Sc.



**Shanti Narain**, Director, is a former Member (Transportation) of Railway Board (Ministry of Railways). He has 38 years of experience of managing Operating and Commercial Departments of Indian Railways at all levels of hierarchy including the Apex level. He has thorough knowledge and expertise in working of Railways. He has rich experience of corporate management. He is associated with NTPC and Visa Steel where he is an Independent Director. He is also a Consultant to Asian Development Bank and Government of Bangladesh for reforms and restructuring program for Bangladesh Railways.



**K. K. Agrawal**, Director, has 37 years of long and wide experience of working in Indian Railways in various capacities of administrative, technical and management functions. He is a former Member (Transportation) of Railway Board (Ministry of Railways). As a Railway Board member his duties involved monitoring and guiding Commercial and Operational, Safety and Strategic Planning activities for entire network of Indian Railways. His association has been very beneficial to Kalindee in planning their activities for building Railway Infrastructure.



**Mahendra Kumar Khanna**, Director, a retired IAS Officer, has more than 40 years of long administrative experience including six & half years in Indian Army. As an IAS officer he has held several senior assignments including Commissioner, Housing Board and Commissioner Industries in the state of Rajasthan. His immense exposure and experience in Govt. is expected to bring in certain dynamism in the company. He was inducted in the Board on 29/04/2011.



## CHAIRMAN'S MESSAGE

*Dr. Arvind Gemini*

It is with great sadness that I share with you the news of the sad demise of Sh. Arvind Gemini, Managing Director of the Company, on June 21, 2012 due to massive heart attack. Mr. Gemini joined the Board of Kalindee in December, 1998 and was elevated to the post of Managing Director in Oct, 2011 and played a key role in building high standards of Corporate Governance in your Company. His contribution and commitment to Company will be cherished for years to come. On behalf of my Board and all my colleagues at Kalindee, we express our deepest condolences to his wife and family. Indeed it is a great and irreparable loss to Kalindee.

Continuing further, over the past year, Kalindee has built on its core strengths and leveraged its growth drivers to ensure a profitable future for your Company. Our focus on emerging markets through regional partnerships, we believe, will help us further stimulate this growth momentum. We will continue to enhance our brand equity in domestic markets and in select emerging markets.

Delivery at right time and adhering to quality is at the epicenter of the global construction sector and Kalindee's business strategy of delivering quality construction and at times ahead of schedule is well aligned with this emerging paradigm.

Over the past decade, Kalindee's business has evolved to a size and scale that is poised to address global opportunities. We have also shaped our business in the manner so that it can help us attain focus and deliver value. These business segments have been derived from our core competency that have differentiated us in the marketplace.

At Kalindee, we understand that we play an important role as an engine of growth and a partner in success for thousands of individuals, families and businesses. We built this Company with a focus on serving the common man through the commissioning of world class infrastructure that would enhance quality of life.

My Message to you on erstwhile occasions have typically covered the nation's economic progress as well as the performance of your Company. On this occasion, I wish to focus on two key issues that should concern us as a citizen of this country: the state of infrastructure and more importantly, the risk of increasing over-reach of the State in business and day to day life. Your Company's performance during 2011-12 is adequately described in Directors Report and sector opportunity in Management Discussion and Analysis, which I urge you to read.

Everyone recognizes that India desperately needs momentum growth physical infrastructure. To achieve a steady 9 % growth in GDP, there has to be a 12 – 14 % growth in real infrastructure spends in railways, roads, power, ports, airports, telecom, urban facilities and much else.

It isn't happening as of today. Yet we are optimistic and strongly believe that while there may be irritating deviations in the short run, growth will prevail. The time of India has come – an India of hope, of opportunities, of all kinds of entrepreneurship, of work, and of growth. Despite being occasionally lost in transit, two decades of reforms have fundamentally changed this nation. It will demand the things it needs for more growth and higher employment.

Henceforth I am sure that sooner or later, things will improve. We will see infrastructure efforts being kick started yet again, as we will see environmental protection walking in tandem with development. It is this hope that keeps me optimistic about our country and the potential it can offer. And of youth, who rightly demand a better life.

The mention of youth is of tremendous importance, since they are future driver of growth. Our employees are energized to grow our business. Our brand is stronger and more recognizable. Our insights into managing large scale infrastructural projects are deeper than before.

The last year was a time to rebuild our brand and infrastructure so as to generate sustainable growth. Despite the slowdown in general, delayed financial closure for large projects, land acquisition issues and no encouraging investment in Railway sector and also hardening interest rates, our long term fundamentals have remained robust.

The Indian economy grew at a rate of 8% last year. The fiscal deficit stood at 5.9% of GDP, which is well within the revised target owing to better collection in taxes, government expenditure cuts and like factors. Going forward albeit the concerns for inflationary pressures and tightening monetary control by RBI, the economic slowdown persists, yet the economy seems to grow @ 6%. Fiscal deficit for current year has been budgeted at 5.1% of GDP.

The investment requirement in infrastructure sector over the next five years is expected to be around USD 445 billion. A preliminary assessment suggests that at least 50 % of the investment should come from the private sector. The ensuing plan therefore require a huge participation from the private sector to create and maintain newer infrastructure, particularly in road, power, airport and seaport sectors. A couple of measures have already been declared by Hon'ble Prime Minister of India recently and that might give the extra phillip required by the economy. This presents a huge opportunity for private sector companies including yours.

Off late the rate of growth in construction activity seems to have slowed down, be it in the sector of Power, Railways, Ports, Road, Urban Infrastructure or Housing. The targets set up by planning commission in the past has been under achieved. This scenario started with the financial breakdown in the leading financial institutions of America and Europe. Although, India was comparatively less affected by this down turn, still the rate of growth slowed down.

One of the vital reasons for dismal performance in last couple of quarters has been that the Government expenditure on infrastructure construction has come down. The socio-political issues, environmental issues, governance issues have considerably impeded the decision making and infra spending. The high rate of inflation and subsequently growing interest rates has contributed to less investment in construction activities. The spill-over effect of the global recessionary trends, the financial crunch, dear-money policy, elongated

working capital cycle, reduced demand, regulatory delays in approvals, complex land acquisition regulations and increased competition have impacted the construction industry in general and our Company was no exception.

A paradigm shift is taking place with more foreign players coming in the market and with increase in competition. To meet the external challenges, we are in the process of building up our in-house capability in further strengthening and improving the internal processes as well as the business model. Though the environment for growth is conducive, still, it is the survival of the fittest. The IT enabled software tools have revolutionized the design, planning process, MIS and is helping us integrate the functional components in an effective manner with the help of capable developments and an implementation team.

#### **EXPERTISE ACROSS INFRASTRUCTURE**

Our Research & Development activities span across construction technology, methodology, materials, machines and manpower. We are re-energizing our focus and efforts to confront complex construction challenges, enhance productivity, efficiency, wastage reduction, quality improvement, improvement of health, safety and environment. We are continuously evolving strategies to improve the working of the Company in terms of automation and shorter delivery cycles.

#### **ORDERS**

In the year under review, your Company has performed marginally better compared to the previous year. Looking ahead one can be optimistic about the future. There is a realization that the near miraculous growth in the economies of South East Asian Nations, such as Japan, Hongkong, Korea, Singapore and Thailand etc. were preceded and reinforced by quantum investments in physical and social infrastructure and that for India to achieve sustainable and inclusive growth in its economy there will be a robust increase in the planned development of the Infrastructure.

With a view to attract investment in infrastructure from private sector, the Government has taken several measures, such as introduction of viability gap funding programme, promotion of India Infrastructure Finance Company Limited, increased availability of bank finance and liberalization of 'foreign direct investment' norms. The Reserve Bank of India has also made significant policy changes to attract private investment in infrastructure. All this bodes well for the future of the Company and your investments in the Company.

Your Company now has a portfolio of several large projects both in Government and Private sector including a recent foray into Overseas Metro Rail Project offered by Government of Bangladesh. The Company hopes to complete several on-going projects during the current year.

On the immediate horizon, your Company has been shortlisted to bid for a number of large projects in Railway sector. In addition, your Company is evaluating certain projects in some emerging foreign economies as well which will enable your Company to establish itself overseas.

We have identified and pursued some more growth opportunities in the areas of roads and power transmission projects, on a view to improve business base of the company. We are focusing on our financial model, cashflow and interest rates with better utilization of money.



#### STAKEHOLDERS VALUE

Kalindee has done much last year internally to strengthen your Company's businesses and delivery capabilities. However difficult and challenging external factors and business environment have come in the way of translating Kalindee's various initiatives to higher revenues and Profits. It is widening its railway sector footprint, capitalizing on rapidly growing segments on the one hand and derisking its industry presence on the other. The Company is concurrently engaged in strengthening access to diverse technologies, reducing costs, enhancing capacities, and enriching management bandwidth with a singular objective : to report sustainable growth across one of the most exciting periods in the country's railway industry.

#### MARKETING GROWTH OPPORTUNITIES

Your Company has continued to display a remarkable acumen and success in bagging projects in a cross section of segments. While your Company is making further inroads into emerging sectors, it has maintained its good track record in executing various projects. Excellent project execution and revenue generation have always been our key focus areas and we are glad that our strength persists in these areas.

#### INFRASTRUCTURE - OUR CORE AREA OF BUSINESS & GROWTH

The Government's thrust in this sector continues and is visible from the developments and recent announcement made by Planning Commission and Hon'ble Prime Minister of India which will increase private sector engagement. The entire focus seems to be on the revamping of sector and your Company will selectively continue to tap these opportunities so as to enlarge its presence in said segment.

In the international arena too your Company is proud to be part of new progress initiative of Bangladesh.

Some of the key achievements of your Company recently are bagging quite large projects both from Indian Railway and Private Sector for their railway linkages projects.

#### MANAGEMENT

Our continued success will depend in part on our ability to retain and attract key personnel with relevant skills, expertise and experience. We are aware of the challenges in attracting and retaining the best of talents in the industry. Despite the current scenario, the attrition rate among our top management and executive level is insignificant. Your Company has established process of human resource development. Presently Kalindee has about 430 employees at all levels.

We are focused on efficient and timely project execution as before as we sincerely believe that our way of working have a direct bearing on improving the quality of life of our fellowmen. We are happy that we could contribute and are eager and passionate about to continue to do so at an even faster pace.

#### OUTLOOK

Infrastructure is given due recognition for a nation's economic progress. To sustain growth in the Infrastructure Sector, despite the global meltdown, the Government is planning massive investment in coming years for infrastructure development. Further the government has also set aside a considerable amount for improving the condition of ports, railroads, highways and airports over a period of 15 years.

Infrastructure Sector Growth Rate in Indian GDP has been on the rise in the last few years and this in turn has given a major boost to the country's economy and your Company too will be benefitted out of it.

To conclude, I would like to record my gratitude to all employees for the commitment and hard work they have exhibited in obtaining, managing and executing projects, despite many challenges. I would also like to thank business associates, lenders, customers, auditors, consultants and shareholders for their abiding faith in us. Finally, I am indebted to the Members of the Board for guiding us wisdom and direction. Thank you all for making Kalindee what it is today.

At the end I would once again like to take this opportunity to once again convey our deepest condolences and our prayers for the departed soul.

**Some of the major on-going projects being executed by your Company are as under:**

- 1) Talwandi Sabo Power Ltd: Railway Siding and Linkage from Sada Singh Wala Railway station to Talwandi Sabo plant including in plant yard in village Banwala , District Mansa-Punjab
- 2) Bangalore Metro Rail Corporation Ltd (BMRC) Design, Manufacture, Supply Installation Testing and Commissioning of Automatic Fare Collection System
- 3) Bangladesh Railway: Rehabilitation of Laksman-Chandpur section of Bangladesh Railway on turnkey basis.
- 4) Railway formation work between Jharsuguda to Sardega alignment of Chakradharpur divisions in connection with construction of new Railway Siding.
- 5) Jaipur Metro: Laying and commissioning of track work and Automatic Fare Collection system (for 9 stations) of phase -1 , stage -1 , standard gauge corridor from Mansrovar Depot.
- 6) Design supply of materials, installation , testing & commissioning of level crossing gates interlocking (58 gates) using MSDAC along with construction of masonry building in Sealdah division of Eastern Railway.
- 7) Rajkharwan-Dangoaposi third line: execution of the railway formation work involving blanketing minor bridges P way linking works and other related works for the section 1 in Chakradharpur division of South Eastern Railway.
- 8) Broad Gauge Railway siding works at 2x500MW Super Thermal Power Station, Chandrapur, Maharashtra.
- 9) Construction of Railway siding for 4x660 MW power plant by Abhijeet Group (Jas infrastructure and power Ltd) at Banka, Bihar.
- 10) Construction of roadbed, major & minor bridges track linking and electrical works at Bhigwan Mohol section (127.14 kms part of Daund Gulbarga doubling in Sholapur division of Central Railway) in the state of Maharashtra, India
- 11) Construction of roadbed, major & minor bridges, civil works and track lining, general electrical work and S&T works in connection with doubling between Rani-Keshavganj (59.5 kms) on Ajmer Division of North Western Railway in Rajasthan, India.

**Thank you,**

Sd/-  
**R. D. Sharma**  
**Chairman cum Managing Director**