

RAJDARSHAN INDUSTRIES LIMITED



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TWENTY FOURTH
ANNUAL REPORT
(2004-2005)

RAJDARSHAN INDUSTRIES LIMITED**BOARD OF DIRECTORS**

MR. ASHOK DOSHI

MR. DEVENDRA SHARMA

MR. AJAY DOSHI

DR. M.L. TIWARI

MR. RAVINDER PURI

BANKERS

State Bank of India

The Udaipur Urban Co-Operative Bank Ltd.

AUDITORS

M/s Punjawat, Pokharna & Hiran

Chartered Accountants

Udaipur (Raj.) 313 001

SHARE TRANSFER AGENTS & DEPOSITORY REGISTRAR

M/s Ankit Consultancy Pvt. Ltd.

2nd Floor, Alankar Point

Gita Bhawan Chouraha

A.B. Road

Indore (M.P.) 452001

Phone : 0731-2491298

Fax : 091-731-5065798

REGISTERED OFFICE

59, Moti Magri Scheme

Udaipur (Raj.) 313 004

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RAJDARSHAN INDUSTRIES LIMITED**NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held at the Registered Office of the Company, 59, Moti Magri Scheme, Udaipur 313 001, Rajasthan on Friday the 30th day of September 2005, at 4:15 P.M. to transact the following business:

ORDINARY BUSINESS

1. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

RESOLVED THAT the audited balance sheet as at 31st March 2005 and the profit and loss account of the Company for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting be and the same are hereby approved and adopted.

2. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

RESOLVED THAT Dr.Manohar Lal Tiwari, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the Company.

3. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

RESOLVED THAT Mr Ashok Doshi, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the Company.

4. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

RESOLVED THAT the retiring auditors Messrs Punjawat, Pokharna & Hiran, Chartered Accountants, Udaipur be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next annual general meeting of the Company on such remuneration as may be fixed in this behalf by the board of directors of the Company.

SPECIAL BUSINESS

//By order of the Board//

Udaipur
23rd August 2005

Devendra Sharma
Director



RAJDARSHAN INDUSTRIES LIMITED

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members as the case may be of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.**
2. The register of members and the share transfer books of the company will remain closed from 23rd September 2005 to 30th September 2005, both days inclusive.
3. Members are requested to notify immediately any change in their addresses, to the Company / Share Transfer Agents and those who are holding their shares in depository mode are requested to notify to their respective Depository Participants (DPs).
4. As a measure of economy, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the annual report to the meeting.
5. Members are requested to affix their signature at the space provided on the attendance sheet annexed to the proxy form and handover the slip at the entrance of the meeting hall.
6. The documents referred to in the notice and the explanatory statement will be available for inspection at the registered office of the company on any working day between 11.00 a.m. and 1.00 p.m.

/By order of the Board/

Udaipur
23rd August 2005

Devendra Sharma
Director

RAJDARSHAN INDUSTRIES LIMITED**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The directors have great pleasure in presenting the 24th annual report and the audited accounts for the year ended 31st March 2005.

2. FINANCIAL HIGHLIGHTS:

(Rs. In lakhs)

| Details | Year ended 31.03.2005 | Year ended 31.03.2004 |
|---|--------------------------|--------------------------|
| Turnover and other income | 562.13 | 552.12 |
| Profit before interest and depreciation | 163.00 | 199.24 |
| Interest | 30.80 | 21.27 |
| Profit / (Loss) before depreciation | 132.20 | 177.97 |
| Depreciation | 75.26 | 67.36 |
| Profit / (Loss) before tax | 56.94 | 110.62 |
| Provision for taxation | | |
| - current tax | 0.29 | — |
| - deferred tax adjustment | 3.85 | (10.98) |
| Profit / (Loss) after tax | 52.80 | 121.60 |
| Add / (Less) : | | |
| Prior Period Adjustment | — | 9.00 |
| Profit Brought forward from previous year | 316.64 | 186.04 |
| Transfer from general reserve | Nil | Nil |
| Profit available for appropriation | 369.44 | 316.64 |
| Appropriation: | | |
| Balance carried forward | 369.44 | 316.64 |

3. DIVIDEND:

To order to conserve financial resources, your Directors have not recommended any dividend for the year.

4. YEAR IN RETROSPECT

During the year under review the Mining Division of the Company has achieved a turnover of Rs.483.63 lakhs as against Rs.409.79 lakhs of previous year, increase of 18.02%. The Trading Division of the Company has achieved a turnover of Rs.31.38 lakhs as against Rs.132.93 lakhs of previous year. The profit before tax adjustments is Rs.56.94 lakhs and profit after tax adjustments is Rs.52.80 lakhs.

5. FINANCE

The Company has taken a loan of Rs.198.07 lakhs from banks or institutions during the year under review for purchase of mining machineries.

6. DEPOSITORY SYSTEM:

The equity shares of the Company are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e., the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). This will facilitate the shareholders to hold and trade their shares in "electronic form". As the depository system offers numerous advantages, members are requested to avail the facility of dematerialization of the Company's shares on either of the Depositories.

As on 30th June 2005, 49.24% of the total paid up equity shares of the Company were held by shareholders in de-mat form.

7. DELISTING OF EQUITY SHARES:

The de-listing application filed by the Company, with Delhi and National Stock



Exchange was not considered by the respective stock exchanges, in view of the new SEBI (De-listing of Securities) Guidelines, 2003, which is applicable to all the listed companies, notified by SEBI vide circular No.SMD/Policy/Cir-7/2003, dated February 17, 2003.

At present the equity shares of the Company is listed at the Jaipur Stock Exchange Limited, Delhi Stock Exchange Association Limited, the Stock Exchange, Mumbai and National Stock Exchange of India Limited.

8. CORPORATE GOVERNANCE:

Pursuant to clause 49 of the listing agreement with the Stock Exchanges, a report on Corporate Governance, along with Auditors' Certificate regarding compliance of conditions of Corporate Governance and Management Discussion and Analysis is separately given in this report.

9. DEPOSITS:

The Company has not accepted any deposits within the meaning of section 58 A of the Companies Act, 1956 and the rules made there under.

10. DIRECTORS:

Dr.Manohar Lal Tiwari and Mr Ashok Doshi, directors retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

11. AUDITORS:

Messrs Punjawat, Pokharna & Hiran, Chartered Accountants, Udaipur retire in accordance with the provisions of the Companies Act, 1956, at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

12. AUDITORS' REPORT:

The Auditors' Report on the Accounts is self-explanatory and no comments are required.

13. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 the Directors confirm that –

- (a) in the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (b) the directors had selected such accounting policies, consulted the statutory auditors' and have 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 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;
- (d) the directors have prepared the annual accounts on a going concern basis.

14. STATUTORY STATEMENTS:

As none of the employees of the Company were in receipt during the year of an aggregate remuneration of Rs.2,400,000 per annum or Rs.200,000 per month, the particulars required pursuant to section 217 (2A) of the

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Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not furnished.

Conservation of Energy and Technology Absorption:

The Company has no particulars to furnish under the above head since it has not carried any manufacturing activities during the year under review.

Foreign Exchange Earnings and Outgo:

Please refer Notes No.18 to 20 to Schedule Q to the Accounts.

15. OTHER MANDATORY REQUIREMENTS

Pursuant to the requirements of the Listing Agreements with the Stock Exchanges and the Accounting Standards in terms of Section 211 (3A) of the Companies Act, 1956 details of Segment wise revenue, results and capital

employed (AS-17), Related Party Transactions (AS-18) and Deferred Taxation (AS-22) have been incorporated in and / or annexed with these Accounts.

16. ACKNOWLEDGEMENT:

The directors record their gratitude to the bankers, financial institutions, government departments, for their assistance and co-operation during the year.

The directors place on record their appreciation of the dedicated services of the workers and employees of the Company.

The directors also thank the shareholders for their continued faith in the Company.

By order of the Board

Udaipur
23rd August 2005

M L Tiwari
Director

Devendra Sharma
Director



MANAGEMENT DISCUSSION AND ANALYSIS

The Management of Rajdarshan Industries Limited presents the analysis of performance of the Company for the year 2004 – 2005 and its outlook for the future. This report contains certain forward-looking statements, which are subject to certain future events and uncertainties that could cause actual results to differ materially.

Your Company operates its machineries in mining, and transportation of raw materials to various Cement Units in Rajasthan through contract execution. The profitability and growth of your Company mainly depends upon new projects and growth of Cement Units.

The performance of the mining division of the Company in terms of the turnover has increased from Rs.409.79 lakhs to Rs.483.63 lakhs during the year 2004 – 2005, mainly due to increase in demand from Cement Units.

Finance charges are increased by 44.83%, mainly due to the new loans taken from ICICI Bank Limited & HDFC Bank Limited for purchase of mining machinery.

The net block of fixed assets increased to Rs.394.30 lakhs as at 31st March 2005 from Rs.196.35 lakhs as at 31st March 2004, Depreciation charges are only Rs.75.26 lakhs as against Rs.67.36 lakhs in the last year.

On account of carry forward losses and unabsorbed depreciation your Company has not provided any income tax liability for the year except as required in short term capital gain.

The Company has provided for deferred tax liabilities of Rs.17.69 lakhs as per the Accounting Standard (AS) 22, for details kindly refer notes to the accounts no.12.

The Net Profits during the year before deferred tax adjustments is Rs.56.94 lakhs as against Rs.110.62 lakhs reported during 2003 – 2004.

The Earning Per Share was at Rs.1.70 during 2004 – 2005 as against Rs.3.91 during 2003– 2004.

Outlook

The Company's main approach will be to utilize all its resources, with improved and more effective management practices to execute its contracts.

The Company is also focusing its attention on trading division to sustain profitability.

The Company's long-term objective is to successfully execute its contracts with Cement Units to further its growth.

Internal Control Systems

The Company is following a proper and adequate system of internal controls in respect of all its activities including safeguarding and protecting its assets against loss from unauthorized use or disposition. Further all transactions entered into by the Company are duly authorized, recorded and reported correctly.

An extensive program of audit, reviews by Management and established policies, guidelines and procedures, supplements the internal control system. The systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

Human Resources

During the year, labour / employees relations continued to be cordial.

Conclusion

The Company could not achieve better performance than previous year, during current financial year. However, it is striving hard to improve upon all aspects to post a good performance, and also confident of delivering improved value for the shareholders in the years to follow.

RAJDARSHAN INDUSTRIES LIMITED**Report on Corporate Governance****Company's Philosophy on Corporate Governance**

Company's philosophy on corporate governance envisages the attainment of high level of transparency and accountability, in the functioning of the Company and the conduct of its business internally and externally, including its interaction with employees, workers, shareholders, creditors, contractors, customers, institutional and other term lenders and places due emphasis on regulatory compliance.

Board of Directors

The present strength of the Board of Directors is five. Mr M L Tiwari, Mr Devendra Sharma, Mr Ajay Doshi and Mr Ashok Doshi are Non-executive Promoter Directors. Mr Ravinder Puri is a Non-executive Independent Director.

The Company does not have any Chairman or Executive Director.

The non-executive / independent directors are accomplished professionals in corporate management, taxation, finance, legal and other academic fields.

None of the directors hold directorships in more than the permissible number of companies under the applicable provisions. Similarly, none of the directors on the board's committees hold membership of more than ten committees of boards, nor is any director a chairman of more than five committees of boards.

Details pertaining to category, attendance record of Directors

| Name of the | Category | No. of Board Meetings attended | Attended last AGM on 30.09.04 |
|-----------------|-------------------------|--------------------------------|-------------------------------|
| M L Tiwari | Promoter, Non-executive | 6 | Yes |
| Devendra Sharma | Promoter, Non-executive | 6 | Yes |

| Name of the | Category | No. of Board Meetings attended | Attended last AGM on 30.09.04 |
|---------------|-----------------------------|--------------------------------|-------------------------------|
| Ajay Doshi | Promoter, Non-executive | Nil | Yes |
| Ashok Doshi | Promoter, Non-executive | 1 | Yes |
| Ravinder Puri | Non-executive & Independent | 6 | NA |

Board Meetings

The Board of Directors met six times during the year with a clearly defined agenda for each meeting. The gap between two board meetings did not exceed four months. The dates on which the Six board meetings were held are as follows:

| Date of Board Meeting | Held at | No. of Directors Present |
|-------------------------------|---------|--------------------------|
| 24 th April 2004 | Udaipur | 03 |
| 29 th April 2004 | Udaipur | 03 |
| 31 st July 2004 | Udaipur | 03 |
| 9 th August 2004 | Udaipur | 03 |
| 31 st October 2004 | Udaipur | 03 |
| 31 st January 2005 | Udaipur | 04 |

Availability of information to the members of the board

Key information is being provided to the Board at regular intervals.

Board annually reviews the Company's performance, operating plans, long-term plans, business initiatives and other related matters.

Audit Committee

The Audit Committee of the Board was re-constituted on 05th January 2004, so as to be in compliance with the provisions of the Clause 49 of



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the Listing Agreements with the Stock Exchanges.
The members of the Audit Committee are:

Mr M L Tiwari, chairman of the Committee

Mr Ravinder Puri, member

Mr Devendra Sharma, member

The members of the committee are non-executive directors.

Mr Karan Mal Murdia, finance manager and compliance officer is the Secretary of the Committee.

Mr M L Tiwari, chairman of the Committee and Mr Devendra Sharma, member of the Committee attended all the Committee Meetings during the year. Mr Ravinder Puri, member of the Committee had attended all the committee meetings during the year.

At the annual general meeting held on 30th September 2004, the Chairman of the Audit Committee, Mr M L Tiwari was present.

The audit committee has adequate powers and detailed terms of reference to play an effective role as required under the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreements with the Stock Exchanges.

During the year the committee had five times and discussed the necessary matters delegated to it by the Board of Directors.

| Date of Committee Meeting | Held at | No. of Directors Present |
|-------------------------------|---------|--------------------------|
| 28 th April 2004 | Udaipur | 02 |
| 09 th June 2004 | Udaipur | 02 |
| 24 th July 2004 | Udaipur | 02 |
| 27 th October 2004 | Udaipur | 02 |
| 28 th January 2005 | Udaipur | 03 |

Shareholders Grievance Committee

Mr Ashok Doshi, who is a non-executive director, is the chairman of the committee. The other members of the Committee are Mr Devendra Sharma and Mr Ajay Doshi. The committee has responsibility to look after dematerialization, transfer, transmission, consolidation, issue of duplicate shares certificates, etc., relating to the shares of the Company and matters relating to investor grievances. The committee has excellent co-ordination with the Share Transfer Agents and effects all the share transfer process within the statutory time limits. A report on the share transfer activities is periodically placed before the Board.

Other relevant details are given under shareholders information.

During the year the Committee met 4 times and discussed the necessary matters delegated to it by the Board of Directors. Mr Ashok Doshi, chairman of the Committee and Mr Devendra Sharma, member of the Committee attended all the Committee Meetings during the year. Mr Ajay Doshi, member of the Committee had attended one Committee Meeting during the year.

Remuneration Committee

The Company does not have any remuneration committee.

Agreements with Directors

The Company does not have any agreement with directors of the Company.

Details of remuneration paid / payable to the Directors during 2004 – 2005

No sitting fee is payable to directors for attending any meetings of the Board or Committee thereof.

Remuneration paid to directors during the year Nil.