



22nd
ANNUAL REPORT
2005 - 2006

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. & CORPORATE OFFICE:

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

Tel. : 91-11-26857375, 32947325, Fax: 91-11-26851279

E-mail: kalindee@vsnl.com

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS

I have pleasure in welcoming you all at the 22nd Annual General Meeting of the company.

OUTLOOK

Indian Railways (IR), the world's second largest rail network having a network of 63,465 route km, in 2003, formed Rail Vikas Nigam Limited, a 100 percent government -owned company, to execute all projects under the National Rail Vikas Yojana, which was initiated in 2002. These projects pertain to rail - port connectivity, developing multimodal corridors to the hinterland, construction of mega bridges and strengthening of the Golden Quadrilateral. The RVNL has already identified about 56 projects valued about Rs. 3000 crores.

In 2005, the Committee on Infrastructure headed by the Prime Minister approved the Rs. 60,000 crores freight corridor railway project. The Railway Budget 2006 - 07 also proposed the construction of the dedicated multimodal high axle load freight corridor with computerized control on the western and eastern routes at an estimated cost of Rs. 22,000 crores in the first phase. The freight corridor, which will add 10,000 km to the existing rail network, is expected to change the dynamics of country's transportation sector.

Mass rapid transit system (MRTS) projects are gaining momentum. The progress of the Delhi MRTS project is notable. In all, 62.19 km of the Delhi Metro is now fully operational and it is planned to further extend its network in and outside the capital city including NCR. Recently, in March 2006, the cabinet approved the MRTS projects of Mumbai, Bangalore and Hyderabad. These projects are now in various stages of implementation.

The budget has projected an increase of 32 percent in the annual plan outlay over the previous year to Rs. 23,475 crores excluding provisions for national projects.

Construction on the Rs. 60,000 crores project is expected to commence in 2006. Once completed, the rail freight corridor project would add 10,000 km to the existing rail network. This is extremely significant considering that only 9,625 km has been added since 1950-51.

This brings forth the extent of business potential lying ahead for the highly experienced company in Railway Sector like Kalindee in coming years.

YEAR UNDER REVIEW

During the year under review, your company has achieved a turnover of Rs. 90.13 crores as against Rs. 54.08 crores for the previous year registering growth of 66.66%.

This year the profit before income tax is Rs. 6.04 crores as compared to Rs. 3.10 crores in the previous year depicting growth of 94.83%.

The company has successfully bid and won several large Turnkey projects mainly from Rail Vikas Nigam Limited, a public sector undertaking under Ministry of Railways.

I once again thank you for making it convenient to attend the meeting.

Sd/-

(R. D. Sharma)

Chairman cum Managing Director

NOTICE

NOTICE is hereby given that 22nd Annual General Meeting of the Members of KALINDEE RAIL NIRMAN (ENGINEERS) LIMITED will be held on Saturday, 12th August, 2006 at 10:00 a.m. at Hotel Royal Castle Grand, D-616, Chittaranjan Park, New Delhi 110019 to transact the following business:

ORDINARY BUSINESS:

- Item No. 1** To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006, 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 S. P. Mehta, 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. K. Khanna, who retires from office by rotation and being eligible, offers himself for reappointment.
- Item No. 4** To appoint a Director in place of Shri N. K. Singh, who retires from office by rotation and being eligible, offers himself for reappointment.
- Item No. 5** To Declare Dividend
- Item No. 6** 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. 7** To consider and if thought fit, to pass, with or without modification(s) the following resolution as SPECIAL RESOLUTION:
"RESOLVED THAT in accordance with and subject to the provisions of Section 81, and all other applicable provisions, if any, of the Companies Act, 1956, Foreign Exchange Management Act, 1999 (including any statutory modification (s) or re-enactment thereof for the time being in force), and the applicable Rules, Guidelines, Regulations, Notifications and Circulars, if any, of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and other concerned and relevant authorities, and other applicable laws, if any, and relevant provisions of Memorandum and Articles of Association of the Company and

subject to such approval(s), consent(s), permission(s) of the Government of India (GOI), RBI, SEBI and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission or sanction, which the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any committee thereof), be and is hereby authorised to accept, the Board be and is hereby authorized on behalf of the Company to issue, offer and allot pursuant to international / domestic offerings in one or more foreign / Indian markets, Equity Shares, Foreign Currency Convertible Bonds (FCCBs), Bonds, Non Convertible Debentures (NCDs), Partly Convertible Debentures (PCDs), Optionally Convertible Debentures (OCDs), Fully Convertible Debentures (FCDs), Debentures attached with warrants, Global Depository Receipts (GDRs), American Depository Receipts (ADRs), or any other instrument ("Securities") secured or unsecured subscribed to in foreign / Indian Currency (ies) by Indian / Foreign Banks, Financial Institutions, Foreign Institutional Investors, Mutual Funds, Companies, Other Corporate Bodies, Residents / Non-Resident Indians, Foreign Nationals, Promoters of the Company, their Friends, Relatives and Associates, Business Associates, Employees (including directors and workers) of the Company and its group companies and other eligible investors as may be decided by the Board (hereinafter referred to as "investors") whether or not such investors are members of the Company in the aggregate / equivalent to USD 40 million in international offerings / Rs. 200 Crore in domestic offerings by way of public issue, rights issue, reservation on competitive basis, reservation on firm allotment basis, private placement, preferential allotment basis etc. or a combination thereof in one or more tranche or tranches, at a price in accordance with the applicable laws and otherwise on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment of such Securities.

"RESOLVED FURTHER THAT without prejudice to the generality of the above, issue of the said Securities may be done upon all or any terms or combination of terms in accordance with international practices including but not limited to conditions or in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever and all such terms as are provided customarily in an issue of securities of this nature internationally including terms for issue of securities of this nature internationally including terms for issue of the said Securities and the Company is also entitled to enter into and execute all such arrangements / agreements, as the case may be with any lead managers, managers, underwriters, advisors, guarantors, depositories, custodians, legal counsel and all such agencies as may be involved

or concerned in such international / domestic offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the likes, and also to seek the listing of such Securities or Securities representing the same in one or more stock exchanges whether in India or outside India, as may be required by applicable laws.

"RESOLVED FURTHER THAT the Company be enter into any arrangement with any agency or body authorized by the Company for issue of Depository Receipts representing the underlying equity shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradeability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent in the international markets.

"RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of the said Securities, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary for such purpose including without limitation, the utilization of issue proceeds, entering into trusteeship, underwriting, marketing and depository arrangements, and with authority on behalf of the company to settle any question, difficulties or doubts that may arise in regard to any such issue or allotment of securities as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the acts, deeds matters and things already done by the Board in this regard be and are hereby confirmed, approved and ratified."

Item No. 8 To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

RESOLVED THAT in partial modification of Resolution passed in 21st Annual General Meeting dated 30.09.2005 approving the reappointment and terms of remuneration of Mr. R. D. Sharma, Chairman cum Managing Director of the company and in accordance with the provisions of Section 198, 269, 309, 311 & Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") and subject to the limits prescribed under the Act and also subject to such approvals as may be necessary, the Company hereby approves the variation in terms of remuneration for a period of three years as under :

SALARY : Rs. 2,50,000/- per month

Item No. 9 To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

RESOLVED THAT in partial modification of Resolution passed in 21st Annual General Meeting dated 30.09.2005 approving the reappointment and terms of

remuneration of Mr. S. D. Sharma, Wholetime Director of the company and in accordance with the provisions of Section 198, 269, 309, 311& Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") and subject to the limits prescribed under the Act and also subject to such approvals as may be necessary, the Company hereby approves the variation in terms of remuneration for a period of three years as under :

SALARY : Rs. 2,00,000/- per month

Item No. 10 To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

RESOLVED THAT in partial modification of Resolution passed in 21st Annual General Meeting dated 30.09.2005 approving the reappointment and terms of remuneration of Mr. Arvind Gemini, Wholetime Director of the company and in accordance with the provisions of Section 198, 269, 309, 311& Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") and subject to the limits prescribed under the Act and also subject to such approvals as may be necessary, the Company hereby approves the variation in terms of remuneration for a period of three years as under :

SALARY : Rs. 1,80,000/- per month

Item No. 11 To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

RESOLVED THAT in partial modification of Resolution passed in 21st Annual General Meeting dated 30.09.2005 approving the reappointment and terms of remuneration of Mr. S. P. Sharma, Wholetime Director of the company and in accordance with the provisions of Section 198, 269, 309, 311& Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") and subject to the limits prescribed under the Act and also subject to such approvals as may be necessary, the Company hereby approves the variation in terms of remuneration for a period of three years as under :

SALARY : Rs. 50,000/- per month

10.07.2006

Regd. Office.

F-5, Gautam Nagar,

Gulmohar Park Road,

New Delhi - 110049

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 09.08.2006 to 12.08.2006 (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.
7. Dividend on equity shares as recommended by Directors for the financial year ended 31st March, 2006 when declared at the meeting, will be paid on and from 13.08.2006.

For and on behalf of the Board

10.07.2006

Regd. Office:

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

Sd/-

(R.D.SHARMA)

Chairman cum Managing Director

ANNEXURE TO THE NOTICE

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

Item No. 7 The company needs to raise funds for meeting capital expansion programme of the company. The Board of Directors has proposed to raise funds from international / domestic market through issue of Equity Shares, Foreign Currency Convertible Bonds (FCCBs), Bonds, Non Convertible Debentures (NCDs), Partly Convertible Debentures (PCDs), Optionally Convertible Debentures (OCDs), Fully Convertible Debentures (FCDs), Debentures attached with warrants, Global Depository Receipts (GDRs), American Depository Receipts (ADRs) or any other instrument ("Securities") in the aggregate / equivalent to USD 40 million in international offerings / Rs. 200 Crore in domestic offerings in the manner as set out in attached Resolution.

Pursuant to the issuance and allotment of the Securities by the company as mentioned above, the holders of any convertible instrument issued by the company would be entitled to convert their respective securities into equity shares of your company ranking pari passu in all respects with the existing equity shares of the Company.

The Special Resolution set out in the notice is an enabling Resolution conferring authority on the Board to do all acts, deeds, matters and things which may be required to issue / offer securities of appropriate nature including the size, structure, price and timing of the issue(s)/offer(s) at appropriate time(s). The detailed terms and conditions for such international / domestic offer will be determined in consultation with the lead managers, advisors and underwriters and such other intermediaries as may be appointed by the Company. Wherever necessary and applicable, the pricing of the issue / offer will be finalised in accordance with applicable guidelines in force of Government of India, Reserve Bank of India, SEBI and other appropriate authorities.

Section 81(1) of the Companies Act, 1956, provides, inter-alia, that whenever it is proposed to increase the subscribed capital of the company by further issue / offer and allotment of shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the said section, unless the shareholders decide otherwise by a Special Resolution.

Accordingly, under the said Special Resolution, consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the listing agreements executed by the Company with the various stock exchanges, authorizing the Board to issue and allot securities, as stated in the Resolution, to persons other than the existing shareholders of the company in accordance with terms and nature of the securities.

The Directors, therefore, recommend the Resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the