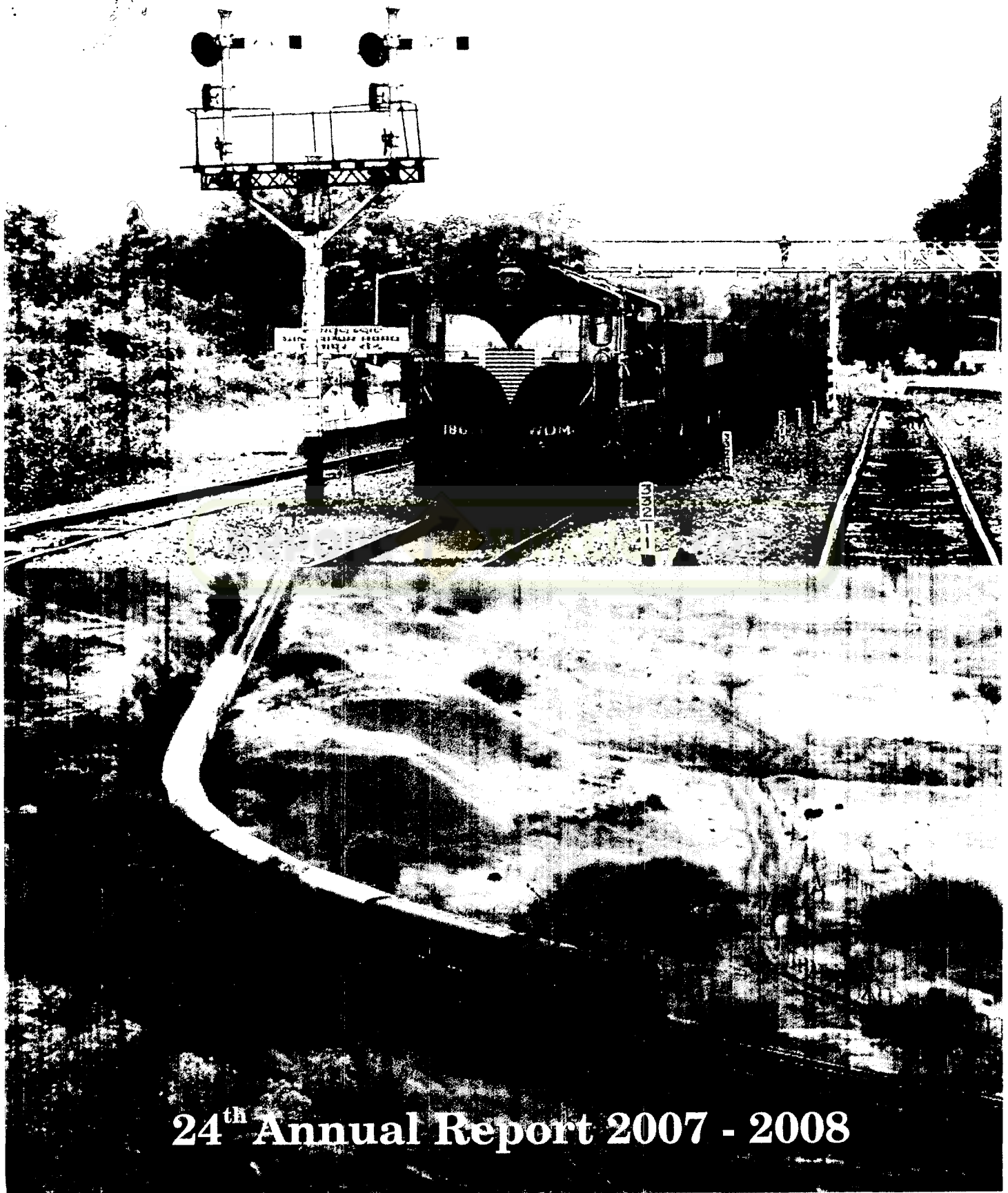
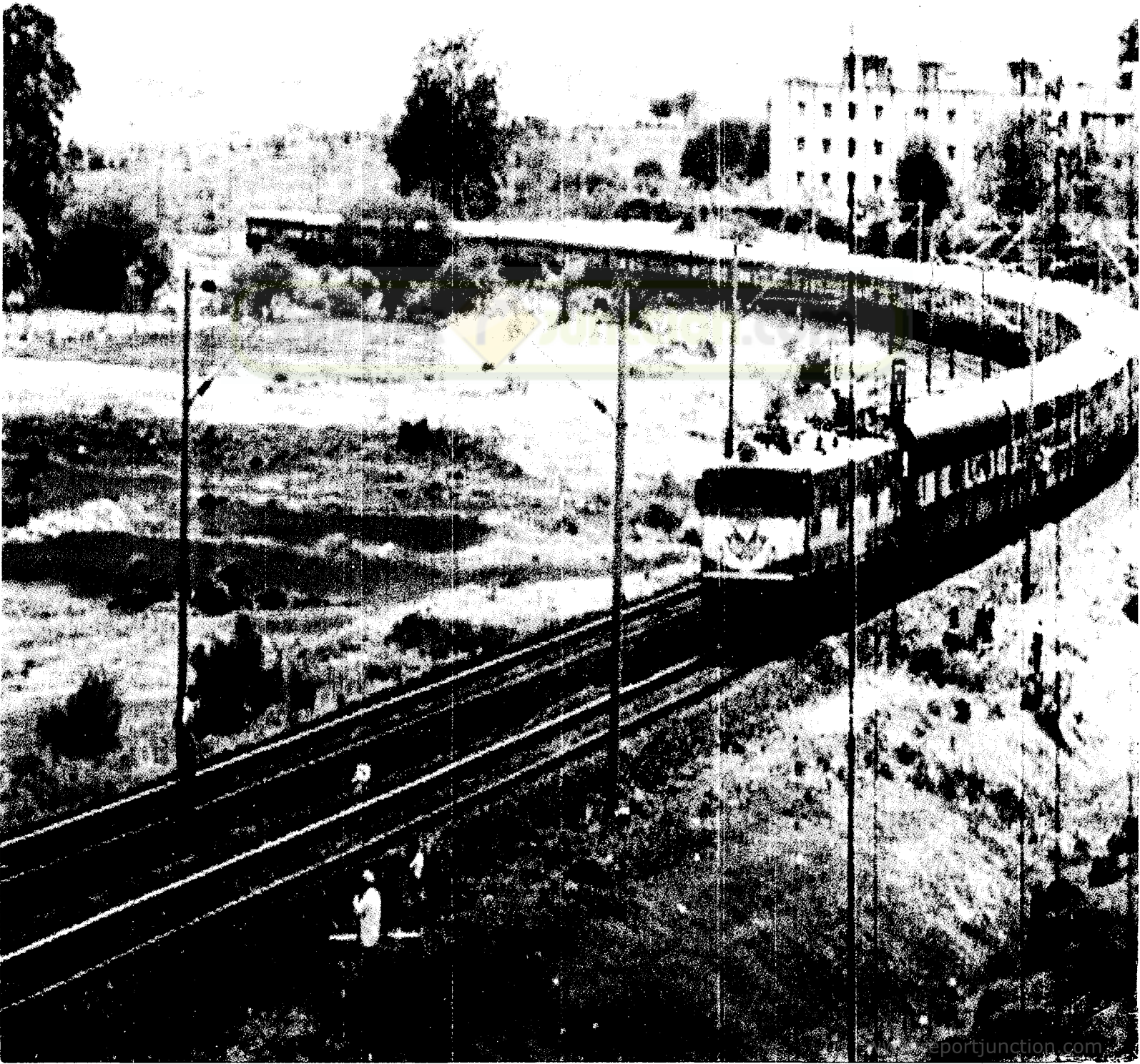


KALINDEE RAIL NIRMAN (ENGINEERS) LIMITED



24th Annual Report 2007 - 2008



Annual Report 2007 - 2008



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KALINDEE RAIL NIRMAN (ENGINEERS) LIMITED MANAGEMENT

BOARD OF DIRECTORS

Mr. R D Sharma

Chairman cum Managing Director

Mr. S D Sharma

Wholetime Director

Mr. Arvind Gemini

Wholetime Director

Mr. Niraj Kumar Singh

Director

Mr. S K Khanna

Director

Mr. Shanti Narain

Director

Mr. S P Mehta

Director

BANKERS

State Bank of India

Overseas Branch

Jawahar Vyapar Bhawan

1, Tolstoy Marg, New Delhi 110 001

State Bank of Patiala

Commercial Branch

Chandralok Building, 36, Janpath,

New Delhi 110 001

Yes Bank Ltd,

48, Nyaya Marg,

Chanakyapuri,

New Delhi 110 021

Axis Bank Ltd.,

2nd Floor, Statesman House,

Barakhamba Road,

New Delhi 110 001

ABN AMRO Bank Ltd.,

"Hansalaya Building",

15, Barakhamba Road,

New Delhi 110 001

HDFC Bank Ltd.,

M-39, 2nd Floor,

Outer Circle,

Connaught Circus,

opp. Super Bazar,

New Delhi 110 001

AUDITORS

Prem Arun Jain & Co.,

Prem Villa, B - 3/19, DLF City, Phase - 1

Gurgaon - 122 002 (Haryana)

COMPANY SECRETARY

Anil Sharma

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SECRETARIAL CONSULTANTS

Jatin Gupta & Associates

303, 10159, Padam Singh Road,
Karol Bagh, New Delhi 110 005

REGISTRAR & TRANSFER AGENT

MCS Ltd.

Sri Venkatesh Bhawan
W - 40, Okhla Industrial Area
Phase - II, New Delhi 110 020
E mail : admin@mcs.del.com

REGISTERED OFFICE

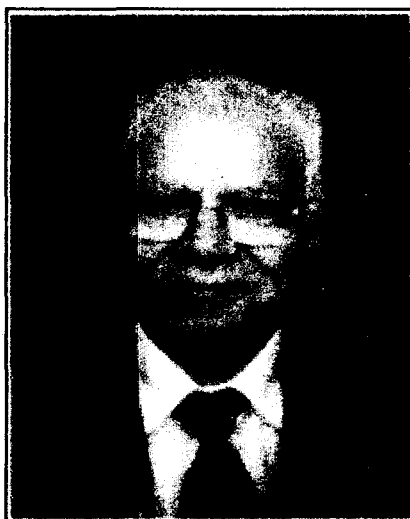
F - 5, Gautam Nagar,
Gulmohar Park Road,
New Delhi-110 049
Tel.: 91-11-26857375
Fax: 91-11-26851279

CORPORATE OFFICE

2nd Floor, Building no. 9A,
Cyber City, Gurgaon 122 002
(Haryana)
Tel.:91-124-4674800
Fax: 91-124-4674888

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CHAIRMAN'S MESSAGE

Dear Members

At the outset I would like to welcome all of you at the 24th Annual General Meeting. I on behalf of the Board of Directors and employees and staff of Kalindee Family extend my sincere gratitude to you for trust reposed on us.

The investment made on expansion and allied activities has shown the desired benefits. The edge in technology and performance in our services has been majorly reflected in the financial numbers. The unprecedented increasing input costs of various raw materials and labour cost though had an impact on the profitability, we have been able to maintain reasonable profitability through effective cost management. Though the competition has become keener, we have managed to increase our portfolio.

I present the Annual Accounts for the year 2007-08 with a sense of deep pride and satisfaction. Each year we have progressively raised the bar based on our own successes. The cash surplus of the Company rose steadily from Rs 1005.68 lacs in 2007 to Rs 1509.54 lacs in 2008. Our operating ratio has also improved to 10.24%. We are taking your Company to greater heights. On this path of progress, 450 nos. of employees have worked shoulder to shoulder as a guiding beacon to write a story of success. It is for this reason that your Company has received acclaim in various quarters.

1. As we improved the financial performance, we have provided the softest standard of finished work to behemoth like Indian Railways and Delhi Metro Rail Corporation Limited which had in turn provided the common mass the nation's most economical, efficient and profitable transport system.
2. Instead of distressing our customers we concentrated on enhanced utilization of our assets and increasing their productivity. Our operating guidelines have been oriented towards better network, better utilization of rolling stock, decrease in transit times and increase in output.
3. An excellent synergy between investment and operating policies helped us achieve better financial results. Railways competitive edge has been sharpened through strategic alliances.

4. **Current year's performance**

Our physical and financial performance in the year 2007-08 has once again shown marked improvement registering a growth of 30.78 % and earning from Rs.188.12 crores to Rs. 246.03 crores.

5. **Business Potential**

- (i) It is known fact that more than 75% of Railways goods traffic moves on about 20,000 km of the railways' high density network, coal and iron ore routes and port connectivity railway lines. Many of these routes are fully saturated and capacity utilization is in excess of 100%. Enhancing the capacity of these routes and development of infrastructure is vital for the future of the Indian Railways. In view of submission of Hon'ble Railway Minister a route-wise detailed study was carried out and a blue print of same was also submitted. An investment of about Rs. 75,000 crores will be made over the next seven years to augment line capacity on these routes. Route-wise works would be undertaken in a phased manner including works of doubling, third and fourth lines, bye-passes, flyovers, crossing stations, inter-mediate block stations, automatic signaling works and yard re-modeling. This also includes construction of the Eastern and Western corridors. This entire network will be provided with IBS by March 2009 leaving tremendous scope for your Company.

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- (ii) With the unprecedented growth in economy, needs for transportation logistics in the country have also increased manifold. To meet the projected needs of railway traffic, Indian Railways have proposed to invest Rs. 2,30,000 crores on expansion of its infrastructure in the 11th five year plan as against an expenditure of Rs. 84,000 crores incurred during the 10th five year plan.

Indian Railways have targeted to add 15,000 km of Broad Gauge tracks through construction of new lines, gauge conversions and doublings in the ongoing 11th five year plan. In addition to this, mega projects of Dedicated Freight Corridors namely the double line corridors between Delhi and Kolkata and Delhi and Mumbai are also to be completed in next five years time. A target of this sized shall only be possible with the active support and involvement of the construction industry.

(iii) **Dedicated rail freight corridor (DFC)**

The Indian railways (IR) have witnessed a dramatic turn-around and an unprecedented financial turnover in the past two and a half years. This has been made possible by higher freight volumes without a substantial investment in infrastructure, increased axle load, reduction of turn-around time of rolling stock, reduced unit cost of transportation, rationalization of tariffs resulting in improvement in market share and improved operating margins. Over the past 2 to 3 years, the railway freight traffic has grown by 8 to 11%, and is projected to cross 1,100 million tones by the end of the Eleventh Five Year Plan. In order to support the increased volume and increase the share of freight revenue in the total revenue, the government has decided to build a DFC. The government has earmarked Rs 32,000 crores for the project in the XIth plan.

The Golden Quadrilateral is the busiest and most important part of the high density network. It would be pertinent to mention here that the works of Eastern freight corridor from Ludhiana to Dankuni, situated near Kolkata, and the Western corridor from Delhi to JNPT have been sanctioned and that the construction work on both these projects will commence in 2008-09. Detailed feasibility studies for the North-South, East-West, East-South and West-South Dedicated Freight Corridors are being carried out. Action is being taken to expedite sanction for construction of these corridors.

(iv) **Need for Dedicated Freight Corridor Project**

The Golden quadrilateral of Delhi, Mumbai, Chennai and Howrah and its two diagonals (Delhi - Chennai and Mumbai-Howrah) carry more than 55% of the revenue earning freight traffic of the IR. The existing trunk routes of Howrah-Delhi on the eastern corridor and Mumbai-Delhi on the western corridor are highly saturated with their line capacity utilization varying from 115% to 150%. The surge in the demand for power (requiring heavy movement of coal), the booming infrastructure and growing international trade have led to the conception of the Dedicated Freight Corridors (DFCs) along the eastern and western Routes. To facilitate the smooth and efficient working of the DFC, the ministry of railways has created a special purpose vehicle (SPV) named Dedicated Freight Corridor Corporation of India Ltd (DFCCIL). To start with, the IR has planned to construct a new DFC covering about 2762 kms on two corridors - the eastern corridor from Ludhiana to Sone Nagar and the western corridor from Jawahar Lal Nehru Port, Mumbai to Tughlakabad/Dadri - and interlinking the two corridors at Khurja. The project would lead to up-gradation of transportation technology, the increase in productivity and the reduction in unit transportation costs.

(v) **Modern and Automatic Signaling System :**

Furthermore, so far signaling has been utilized primarily for railway safety, whereas there is considerable scope to enhance line capacity through provision of modern signaling systems. Keeping this in view Indian Railway have started expansion of automatic signaling system on the network. This system already exists on Delhi-Ghaziabad, Chhota Ambala-Sitarampur, Palwal-Mathura and Dhanu Road-Mumbai sections. The automatic signaling works for Kanpur-Mughalsarai section though sanctioned were frozen. It is also decided to re-start the work of installation of this system on this section. Further Railways has also started automatic signaling work on Ghaziabad-Kanpur section. Work for providing automatic signaling on Howrah-Khana, Delhi-Palwal, Vadodara- Surat-Valsad-Dahanu Road have already been sanctioned. After the completion of these works, there will be a quantum jump in the existing line capacity along with considerable improvement in railway safety.

(vi) **Metro Rails:**

In order to address the problems of poor infrastructure and rising traffic, Mass Rapid Transport System (MRTS) projects like metro rails are gaining importance in various states. Since your company has already bagged orders from the Delhi Metro Rail Corporation in phase I & II in the past, it has proved that it has the skill set and the required technologies to win more such orders. This makes it a strong contender for the upcoming metro projects in Mumbai, Bangalore and Hyderabad. The XI plan has earmarked Rs. 23500 crores for metro projects.

- (vii) **Public Private Partnership:** Railways would have to make heavy investments for the expansion of the network, modernization and upgradation of the technology and for providing world class facilities to the customers in the coming years. For this purpose, Railways have made a plan to invest Rs. 2,30,000 crores, within the next 5 years. For funding a large portion of this plan, use of internal resources and borrowings will be resorted to. However it would be difficult to finance such a large investment programme solely from Railways own resources. Therefore, Indian Railways have started many PPP schemes for attracting an investment of Rs. 1,00,000 crores over the next 5 years.

- (viii) **Opportunities from Private Sidings:** Your company has forayed into building of railway sidings which has great potentials of revenues in the future keeping in view the ongoing capex investments undertaken by leading companies in cement and steel sectors. Kalindee has already undertaken projects for companies such as Vedanta and Dalmia Cement, and is in talks with other players to get more such business.

Last year, Orissa Government has signed a large number of MOUs with private firms for setting up new industrial units, mostly in the steel sector and also covering sponge iron units. The MOUs include power projects, cement plants and aluminium plants to be complete with bauxite mining facilities, production of alumina as well as metals.

Private Railway sidings will be needed for all these projects. At least seven sidings will have to be set up to cater to the requirements of the mines in Nayagarh.

6. Vision 2025

The encouraging financials of the Company has been achieved by thinking beyond the beaten path, taking innovative decisions in commercial, operational and pricing policies and through cross functional cooperation and coordination. For making this turnaround durable, we are planning to prepare a Vision Document which will present new ideas and initiatives in a novel manner. This shall outline our preparedness and strategies for the future. This document will set forth the target for the coming years in the field of operational performance and quality of service. It will also detail an action plan for achieving the stipulated targets and necessary investment plans thereof. This will have a blue print of an organization that encourages trans-departmental decision to taking the Company to unprecedented heights. This document will inspire the Company's management and its employees to do new experiments, and will be like a guiding light for the future generation.

7. Information Technology Vision 2012

In order to make improvements in operational efficiency, bringing transparency in working and providing better services to the customers, your Company is trying to bring about radical changes in technology systems and processes. For achieving these objectives, attention is being focused on I.T. applications. For getting maximum benefit in the coming years, the mantra for present and future I.T. applications would be seamless integration. For the organization, planning and deployment of resources would become much easier with a panoramic view of assets and this would have a multiplier effect on productivity, organizational efficiency and staff satisfaction. The Vision for IT would be implemented over the next 5 years.

8. Safety

Safety is our highest priority. Our sustained efforts have led to significant improvement in Railways' safety. Government of India is investing billions of rupees on Railway safety which is a reflection of Centre's commitment towards safety of the rail network

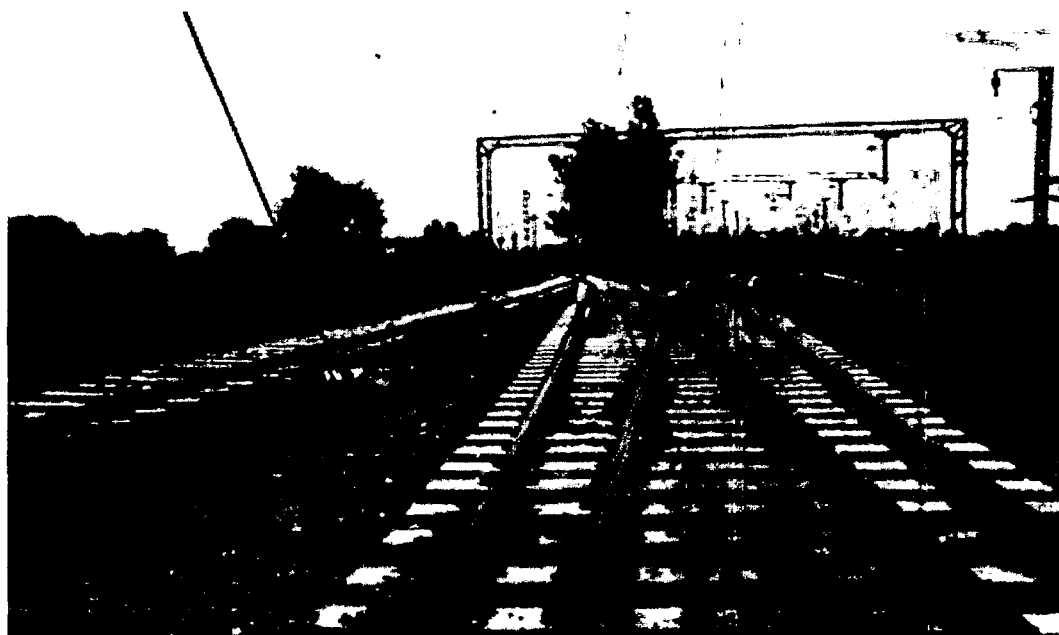
9. Conclusion

Your Company is undergoing unprecedented boom phase in railway sector creating huge opportunity which is bound to continue in next decade and more. All the Members and staff of the Company including its Clients and Bankers have extended their full cooperation. Needless to say we have been able to make unique achievements only by virtue of your abiding faith, affection and blessings for the Kalindee family

sd/-

RD Sharma

Chairman cum Managing Director



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Some of the major on-going projects being executed by our company are as under:

1. Supply, Installation, Testing and Commissioning of Track Work of Phase-II-Part I Corridor, Yamuna Depot and Workshop in Delhi Metro.
2. Offshore Design, Manufacture and Supply of AFC Equipment and Spare for 41 Stations of Phase II including Central System for Phase II (BS 22A) and Local Supplies, Installation, Testing and Commissioning of AFC System for 19 Stations including Central System for Phase II (BS 22B) and Option (CCHS) for Automatic Fare Collection (AFC) System for Phase II of Delhi Metro.
3. Gauge Conversion of Metre Gauge Single Line to Broad Gauge Railway Line of Villupuram to Mayiladuturai Section (121.78 KMS.) including Electrical Works (OHE & General) Supply and Replacement of Existing Signalling System on Southern Railway awarded by Rail Vikas Nigam Ltd, Delhi.
4. Installation of Signalling for Doubling of Railway Line Between Gooty-Pullampet in Andhra Pradesh, India, in South Central Railway, awarded by Rail Vikas Nigam Ltd., Delhi
5. Construction of All P.Way Works including Supply of Ballast and P.Way Materials (Excluding Rails, Line Sleepers), Signalling & Over Head Power Supply Works for Palwal-Bhuteswar 3rd Line (81 KMS.) on North Central Railway awarded by Rail Vikas Nigam Ltd., Delhi
6. Proposed Railway Siding and Signalling Work at Brindamul Station of Sambalpur Division of East Coast Railway, near Jharsuguda in Orissa awarded by Vedanta Alumina Ltd, Mumbai.
7. Railway Siding Works for 2x300 MW TPP at Yamuna Nagar awarded by Reliance Energy Ltd., Mumbai.



NOTICE

To the Members of **KALINDEE RAIL NIRMAN (ENGINEERS) LIMITED**

Notice is hereby given that the 24TH Annual General Meeting of the Members of Kalindee Rail Nirman (Engineers) Limited will be held at Pearey Lal Bhawan, Gandhi Memorial Hall, 2, Bahadur Shah Zafar Marg, Near ITO, New Delhi - 110 002 on Friday, 26th September, 2008 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Annual Accounts of the Company for the year ended March 31, 2008 and the report of the Directors and Auditors thereon.
- To appoint a Director in place of Mr R. D. Sharma who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a Director in place of Mr Shanti Narain who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a Director in place of Mr S. K. Khanna who retires by rotation and being eligible offers himself for re-appointment.
- To declare a final dividend on equity shares.
- To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.



For and on behalf of the Board

sd/-

R. D. Sharma

Chairman cum Managing Director

Place : New Delhi

Date : July 31, 2008

NOTES :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM SEPTEMBER 24, 2008 (WEDNESDAY) TO SEPTEMBER 26, 2008 (FRIDAY) - BOTH DAYS INCLUSIVE. DIVIDEND ON EQUITY SHARES, IF DECLARED AT THE ANNUAL GENERAL MEETING, SHALL BE PAYABLE TO ALL THOSE MEMBERS WHOSE NAMES APPEAR ON THE REGISTER OF MEMBERS AS ON SEPTEMBER 23, 2008 IN THE CASE OF THOSE HOLDING IN PHYSICAL MODE AND TO ALL THOSE WHOSE NAMES APPEAR IN THE LIST TO BE FURNISHED BY THE DEPOSITORIES AS AT THE CLOSING HOURS OF SEPTEMBER 23, 2008 IN THE CASE OF THOSE HOLDING IN DEMAT MODE.

THE AMOUNT OF DIVIDEND REMAINING UNPAID FOR THE PREVIOUS YEARS, AND TRANSFERRED TO THE COMPANY'S UNPAID DIVIDEND ACCOUNT, CAN BE CLAIMED FROM THE COMPANY BY THE MEMBERS ENTITLED TO IT FOR A PERIOD OF SEVEN YEARS FROM THE RESPECTIVE DATES OF SUCH TRANSFER AFTER WHICH IT