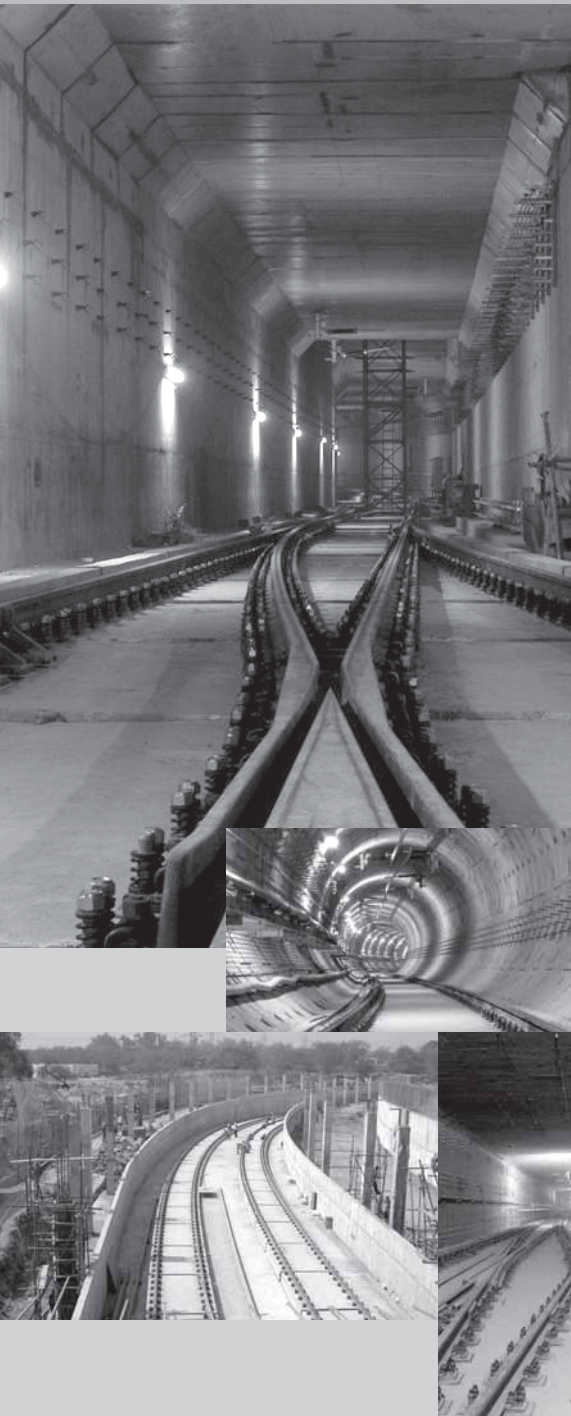


annual report 2008- 2009

Kalindee Rail Nirman (Engineers) Limited

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Board of Directors

Mr. R. D. Sharma, Chairman cum Managing Director
 Mr. Arvind Gemini, Whole-time Director
 Mr. Niraj Kumar Singh, Director
 Mr. S. K. Khanna, Director
 Mr. Shanti Narain, Director
 Mr. Kamal Kishore Agarwal, 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 Limited
 148, Statesman House, Barakhamba Road,
 New Delhi – 110 001

ABN AMRO Bank N.V.
 "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)

Registered Office

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

Corporate Office

2nd Floor, Building No. 9A, Cyber City, DLF
 Phase – III, Gurgaon 122 002
 Telfax: 0124 4674800, Fax: 0124 4674887/888

Registrar & Transfer Agent

MCS Ltd.
 F-65, 1st Floor, Okhla Industrial Area
 Phase – I, New Delhi 110 020
 Tel.: 011 41406149, Fax: 011 41709881
 E mail: admin@mcsdel.com

Company Secretary

Mr. Anil Sharma

Secretarial Consultants

Jatin Gupta & Associates
 303, 10159, Padam Singh Road,
 Karol Bagh, New Delhi 110 005



Chairman's Message



Dear Members

It is indeed a matter of great pleasure that we are here again to deliberate the success of your Company's achievement. I on myself and on behalf of other dignitaries would like to welcome all of you at the 25th Annual General Meeting. I on behalf of the Board of Directors and employees and staff of Kalindee Family extend my sincere gratitude to all of you for trust bestowed on us which has helped the Company to sail through difficult time of recession, which the entire world has faced and is facing with much difficulty, with relative ease.

In terms of growth it is harsh to say yet the truth is that your Company could not achieve greater heights as was expected and proposed at the time of start of financial year and the major contributor to this has been economy slowdown which has affected all the sectors considerably, yet your Company stayed unaffected to a very large extent. The projections before the start of the year under review could not be achieved but your Directors are highly hopeful of meeting the business forecasts during coming years.

I present the Annual Accounts for the year 2008-09 with a sense of definite satisfaction. Against the market trend, we have been able to maintain financials somewhat not very much out of line with previous year. Operating margin and net profit are in tune with last year. Gross turnover has depicted increase of about 15% over last year.

It is Kalindee's endeavour to continuously explore opportunities for growth by synergizing and blending its multiple core competencies to create new epicenters of growth.

Our employees are inspired by the vision of growing Kalindee into one of India's premier Company and are willing to go the extra mile to generate value for the economy, in the process creating growing value for the stakeholders.

Economic Environment

During the year under review, after two years of 8-9% growth, GDP grew at a lower yet healthy rate of 8%. However, higher cost and reduced availability of funds combined with global slowdown impacted performance of your Company which is expected to catch speed again as your Board is constantly keeping a watch on the economy and slowdown. Thanks to a creditable performance on account of Government's initiative to spend a lot on infrastructure more importantly on Metro Projects where the Company regained its premier position the Company turned in a satisfactory performance.

The robust growth witnessed in the Indian economy in the preceding two years moderated at the beginning of the second quarter of the year 2008 with slow down all over the world. Although no economy can be totally immune to these conditions, China and India are expected to maintain their growth, albeit at a lower rate.

Performance

The year 2008-09 was yet another landmark year for your Company. Total Receipt was Rs. 2812.23 millions, representing 14.30% increase over the previous year. The Company also made a net profit of Rs. 1043.92 millions.



Achievements

Some of the general achievements of the Company are as under:

Kalindee continuously upgraded its technical base and diversified in the fields Telecommunication and Railway Track as well as civil works to achieve capability of undertaking construction of complete Rail infrastructure facility on turnkey basis. The initial partnership firm became a corporate entity in 1984. During this long journey Kalindee achieved several milestone and abundant appreciation, which include:

- First Signaling work on contract.
- First Indian Company to install longest OFC network of 1000 kms.
- First Indian Company to achieve highest speed of Track construction (2 Km per day).
- First Indian Company to achieve highest test speed of track (130 Kmph on the very first trial run).
- First Indian Company to execute successfully largest signaling contract of 54 stations.
- First private Company to do turn key rail facility work.
- First Indian Company to install Contractless Automatic Fare Collection System for Delhi Metro Phase I.
- First Indian Company to install Ballastless Track for underground section of Delhi Metro Phase I.
- Received ISO 9001:2000 certification.

Business Outlook

Your Company expects some benefits when some of the policy directions are implemented after legislative amendment.

Your Company is continuously looking for opportunities for de-bottlenecking its operations and logistics. The efforts to control cost by introduction of cost effective machinery, equipment and barges is continuously on.

IR runs 8,707 passenger trains, which carry 17.1 million passengers daily. About 60 per cent of passengers are suburban in origin and consist of commuters in metros like Mumbai, Kolkata, Chennai and Delhi. Another 13 per cent comprise commuters in other cities. About 27 per cent are long distance passengers.

The Railways is on the central list as per the Indian Constitution, and thus the primary responsibility to legislate on railway matters rests with the Union Government.

April-October 2008 saw the introduction of 21 of the 63 new trains announced in the railway budget for 2008-09. A total of 2,289 new passenger coaches were introduced during April-December 2008.

A major milestone in October 2008 was the flagging off of the first train service in the Kashmir Valley, covering 66 km and nine stations.

The total working expenses are estimated at Rs. 836 billion in 2009-10. The cash surplus before dividend is expected to be Rs. 188.47 billion and the operating ratio 89.9 per cent.

The Annual plan for 2009-10 envisages an investment of Rs. 379.05 billion. Of this, budgetary support from general revenues is proposed at Rs. 96 billion, from the Central Road Fund at Rs. 12 billion and the remaining Rs. 271.05 billion (72 per cent) would be support from internal and extra-budgetary resources.



Customarily, Railway projects in India have been the domain of the public sector. But sustained economic growth has put tremendous pressure on Railway infrastructure. Consequently, a need has arisen for capacity augmentation, bottleneck removal and provision of improved services. As a result, private sector participation (PSP) was invited to raise equity and improve efficiency in project execution and service provision, and for reduction in overall project costs. The Eleventh Five Year Plan envisages a total investment of Rs. 2,300 billion, of which it is estimated that about 60 per cent will be raised through PPP.

There are three basic formats for PSP in Railway projects in India. These are Build-Operate-Transfer (BOT), BOT (annuity) and Special Purpose Vehicles (SPVs).

An SPV is set up by the project promoter along with a private developer to implement the project. So far, IR has formed six SPVs for undertaking network expansion projects, of which three are operational. These are Pipavav Railway Company Limited on Western Railway (WR), Hassan Mangalore Railway Development Company on South Western Railway and Kutch Railway Company Limited on WR. The other three SPVs are Haridaspur Paradip Railway Company Limited on East Coast Railway (ECR), Krishnapatnam Railway Company Limited on South Central Railway and Bharuch Dahej Railway Company Limited on WR.

The SPVs in the pipeline include the Surat Hazira Railway Company on WR, Angul Sukinda Railway Company on ECR, Dighi Port Railway Company on Konkan Railway, and Dholera Port Railway Company and Rewas Port Railway Company of WR. The partners in these SPVs include the State Governments, Infrastructure providers such as Port Trusts, Private Ports and Special Economic Zones (SEZs), and users such as fertiliser and steel companies including Steel Authority of India Limited, Jindal Steel and Power Limited, Reliance, Essel Mining and Industries Limited, National Mineral Development Corporation and Gujarat Narmada State Fertiliser Corporation.

Social Responsibility

Our commitment to address important societal needs is driven by our vision *to contribute to the development of the communities that we operate in or have influence on our business activities*. Kalindee, apart from contribution to the society by paying various statutory dues of over Rs. 15.39 crores during the year, has also supported various socio-economic programmes directly and indirectly. The Company is committed to improving the ecology and the environment.

Acknowledgments

I take this opportunity, to express my thanks to all the shareholders for their continued trust in the Board of Directors and the Management of the Company. On behalf of the Company, I would like to also thank all our customers, dealers, suppliers and other business associates for their support and co-operation without which the success of the past 25 years would not have been possible. The Company has been fortunate to have had enlightened leaders and committed and competent employees.

I look forward to your continued support in the Company's exciting journey into the future.

I would like to place on record our great appreciation to our stakeholders for their valued guidance and support in imparting further dynamism to the growth of the Company. Some of the steps initiated during the year will take the Company to a different league. I would also like to thank my colleagues on the Board for their support and guidance. I sincerely appreciate the collective efforts of the entire management team for working tirelessly to realize



the corporate agenda, meeting stakeholders' aspirations and continuing the growth and success story of the Company. I am confident that the Management team will continue to strive hard to meet the corporate objectives and growth of the Company and wealth creation for the shareholders. I also convey my deep gratitude to our customers, suppliers, regulatory authorities and all others associated with the Company.

My hearty appreciation is also due to the employees of the Company at all levels for consistent high-level performance, commitment for Company goals and for their team effort.

My speech would not be complete without thanking you - our shareholders - for the immense confidence you have reposed in the Company. I look forward to your support in the years to come.

Our Company is built over a period of about three decades and gains strength from transparency, fairness, accountability and merit based professional environment. I wish to reassure you that no efforts will be spared to maintain the growth momentum in future.

I would, however, like to sound a note of caution here. The global economic environment is highly uncertain. Though there is no specter of inflation or stagflation looming on the horizon and furthermore there is no political uncertainty, yet your Company may be impacted and upset forecasts and expectations to some extent on account of reasons beyond the control of your Management. My statement about the future prospects of the Company must be viewed against this background.

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

1. Installation and Commissioning of Track Work (31.30 kms) of Phase-II-Part I Corridor, Yamuna Depot and Workshop of 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 section (151.05 kms) in the state of Andhra Pradesh, in South Central Railway, awarded by Rail Vikas Nigam Ltd., Delhi
5. Construction and Commissioning of new Rail Track, 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. Installation and Commissioning of Track work for Delhi Metro Airport Express Line (22.95 kms: both elevated and underground).
7. Installation and Commissioning of Signalling and Telecommunication facilities at NTPC, Kahalgaon for their Thermal Power project.
8. Installation and Commissioning of Signalling system at Kota and Bhopal Division of West Central Railway.
9. Installation and Commissioning of Railway Siding at APCPL plant (IGSTPP) at Jhajjar, Haryana

Thank you,

sd/-

R. D. Sharma

Chairman cum Managing Director



Notice

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

Notice is hereby given that the 25th Annual General Meeting of the Members of Kalindee Rail Nirman (Engineers) Limited will be held at Royal Garden, G T Karnal Road, Mukhmel Pur Bandh, Near Hanuman Mandir, Alipur, Delhi 110 036 on 30th September, 2009 at 11.00 A.M. to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Audited Annual Accounts of the Company for the year ended March 31, 2009 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Arvind Gemini who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. N. K. Singh who retires by rotation and being eligible offers himself for re-appointment.
4. To declare dividend on equity shares, if any.
5. 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.

Special Business:

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 257 and other applicable, if any, of the Companies Act, 1956, Mr. Kamal Kishore Agarwal, who was appointed as Additional Director of the Company during the year, and whose term of office will expire u/s 260 of the Companies Act, 1956 on the date of ensuing Annual General Meeting, and in respect of whom the Company has received special notice in writing alongwith prescribed deposit from member proposing his candidature for the office of Director under section 257 of the Act, be and is hereby appointed as Director of the Company, liable to retire by rotation.

For and on behalf of the Board

sd/-

R. D. Sharma

Chairman cum Managing Director

Place : Gurgaon

Date : September 3, 2009

**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 28, 2009 (Monday) to September 30, 2009 (Wednesday) - 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 26, 2009 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 26, 2009 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 shall be transferred to the Investor Education and Protection Fund constituted under Section 205 (c) of the Companies Act, 1956.

The members are requested to get their shares dematerialised. The Company's ISIN code is INE178D01010.

Members can avail nomination facility in respect of their shareholdings by applying in form 2B of Companies (Central Government's) General Rules & Forms, 1956. The said forms can be obtained from the Registrar of the Company on application.

Members are requested to fill up the ECS mandate form provided with this report and submit to the registrar at the earliest for the purpose of dividend credit.

Members/proxies are required to bring their Attendance Slip duly filled in at the meeting.

Members holding the shares in electronic form are requested to bring their DP-ID number and Client- ID number for identification.

Members are requested to notify immediately any change in their address to the Company's Registrar & Transfer Agent MCS limited, F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi 110 020.

All documents referred to in the accompanying notice and explanatory statement are open for inspection at the registered office of the Company during office hours on all working days, except Sundays and Holidays between 11.00 AM and 1.00 PM up to the date of the Annual General Meeting.

Members are requested to bring their copy of the Notice to the Meeting and produce the enclosed Attendance Slip at the entrance to the place of Meeting.



Directors' Report to the Shareholders

Gentlemen,

Your Directors herewith present the 25th Annual Report on the working of the Company together with the audited Statement of Accounts for the Year ended 31st March, 2009.

Overall Review

During the year under report market conditions continued to be difficult with the large scale curtailment and postponement of investment plans by infrastructure development companies on account of slowdown in economy worldwide. The market off-take was therefore low during the year under report. The economic slowdown had also affected the performance of your Company during the Year

Financial Review

The gist of performance of your Company is as hereunder for your ready reference :

Financial Results	2008-09	2007-08
Gross Sales & Income	2,814,977,170	2,480,267,871
Profit before Depreciation, Interest and Income-tax	255,781,341	252,051,571
Less: Depreciation	13,947,273	8,793,359
Less: Interest	81,377,117	31,647,412
Profit before Income Tax	160,456,951	211,610,800
Less: Provision for Income Tax	50,018,265	63,578,559
Less : Fringe Benefit Tax	1,747,666	1,755,003
Add / (Less) : Deferred Tax	4,298,965	3,585,509
Less : Prior period taxes	-	530,947
Net Profit for the year	104,392,055	142,160,782
Add: Balance as per last year	325,151,646	196,541,478
Amount available for appropriation	429,543,701	338,702,260
General Reserve	1,000,000	1,000,000
Equity shares	11,224,841	10,727,479
Corporate Dividend Tax	-	1,823,135
Balance carried forward to Balance Sheet	428,543,701	325,151,646

Despite several odds, your Company has been able to maintain growth both in terms of turnover and operating profit and achieve overall success. Performance towards project execution have been laudable.



Dividend

Last year your Company had declared dividend to the tune of 10% for the FY ended on 31st March, 2008. In view of operating margin not at the desired level and sluggish year expected to be ahead, your Directors preferred it better to preserve cash at this level of uncertain market conditions and hence have not recommended declaration of dividend for the year ended 31st March, 2009. Total cash outflow on account of dividend payment including distribution tax last year was Rs. 125.50 lacs

The Directors recommended that after making provision for taxation, the amount of Rs. 10 lacs be transferred to General Reserve. With this, the Company's Reserves & Surplus stand to Rs. 91.73 crores.

Principle Activities

Kalindee as is known is in the business of Railway signaling, telecommunication and track laying and related civil work including railway electrification etc. The broader area of operation of your Company is as under:

Signalling: Kalindee has undertaken successfully one challenging work after another setting milestones in performance and quality. It has the prestige of executing largest signaling contract of 54 stations panel interlocking on Konkan Railway. Kalindee is also the first Company to undertake turnkey signaling contract. Kalindee has kept pace with technological developments in this field.

Telecommunications: Kalindee started its activities with overhead line wires and progressively graduated to local and long distance underground cables, optic fibre system and wireless and wide area networks. Kalindee completed the first longest 1000 Kms. long optic fiber network for Konkan Railway Corporation in association with Bosch Telecom, Germany. Recently, Kalindee completed the Installation, Testing and Commissioning of Hi-Tech Automatic Fare Collection System for Delhi Metro Phase I and presently doing for Phase II and thus became the first Indian Installation Company to implement the contactless Token and Smart Card based Automatic Fare Collection System for Delhi Metro.

Railway Track & Civil

Kalindee has diversified in the field of Rail Track and associated Civil Construction to meet the growing needs of Railways in these fields. Kalindee has been successful in establishing new milestone in speed and quality of track construction having achieved the highest speed of 2 Kms per day of Broad Gauge track and achieving test speed of 120 KMPH in the very first trial. Kalindee has also developed expertise and capability for turnkey installation of complete rail track facilities not only for Railway but also for other industrial users of Railway transportation. Kalindee is also actively involved into Rail Bridge modification, Road Construction, Bridge Construction and Service Building Construction works.

Analysis of revenue, operating profit, principle activities and geographical origins appear in note of the financial statements.

The Chairman's statement, the Business Review and Finance Review which together give a fair view of the historic and likely future developments of the operations of the Company, should be read in conjunction with the Directors report. These sections together with the sections referred to in the Business and Financial Review section below forms integral part of this Directors Report.

There are no material changes from 31st March, 2009 to the date of this report except as disclosed.

Post Balance Sheet Event

Under the RBI policy for buy back of FCCB, on 28th April, 2009 it was decided by your Board to buy back the FCCB to the tune of Maximum USD 3.00 Million.

The Board has acted on said decision taken and Company had been able to buy back FCCB to the tune of USD 1.50 million on 18th May, 2009 under heavy discount through the services of Indian Advisor and Joint Lead Manager Motilal Oswal Investment Advisors Pvt Ltd., Mumbai and SBICAP (UK) Ltd. London as Arranger.

FCCB amounting to USD 1,800,000 was converted to equity shares on Sept 22, 2008 as per option exercised by Bond holders and remaining amount of outstanding FCCB USD 3,700,000 was converted to equity shares on July 22, 2009.

Operations Review

The year under operation has been notably successful. The progress of Delhi Metro and Indian Railways working at their full potential brings your Company also to an advantageous position. The ensuing years seem to further brighten the Company's prospects as major Capital Expenditures announcement are underway by Ministry of Railways and various Metro Rails.

Despite uncertain market scenario, your Company has been able to bring laurels by achieving certain landmarks in the form of execution of projects currently in its hand within due time and further soliciting fresh contracts to the tune of Rs. 350 crores.

Your Company achieved satisfactory results in the First Quarter of this financial year and will make all possible efforts to maintain the steady progress as it had made in the last few years.

The gross turnover of your Company for the year under review was Rs. 281.22 crores as compared to Rs. 246.03 crores for the preceding year. The Gross profit before interest, depreciation, tax & foreign currency transaction amortization for the year under review was Rs. 26.53 crores and the net profit Rs. 10.44 crores as against Rs. 25.20 crores and Rs. 14.21 crores respectively of the previous year.

Your Company has been striving to maintain management excellence and quality and has been successful in its endeavor.

The Company's effort this year would be again to solicit fresh contracts from its existing clients and is also in the process of soliciting business from fresh clients.

Dividend

Based on the need to preserve liquidity in view of uncertain market ahead, your Directors have not recommended payment of dividend for the year ended 31st March, 2009 subject to shareholders consent. Last year your Company had declared dividend to the tune of 10% for the period ended on 31st March, 2008.

The Directors have recommended that after making provision for taxation, the amount of Rs. 10 lacs be transferred to General Reserve. With this, the Company's Reserves & Surplus stand at Rs. 91.73 crores.



Future Prospects And Management Outlook

It is widely known fact that the Indian Railways owns and manages one of the largest Railway networks of the world with over 64,000 Route Kms. and 7,000 Stations. Indian Railways carries more than 17.5 million passengers every day and some of the major Railway stations handled passenger foot falls in the range of 100-200 million per annum. Most of the Railway stations have been built over 100 years ago and are experiencing infrastructural inadequacies to handle the ever increasing passenger numbers.

Most of the Railway stations are located in the middle of the cities and offer enormous scope for re-development. New passenger terminals are also proposed to be developed in cities where existing terminals cannot meet the future demand.

Ministry of Railways (MOR) has decided to redevelop major stations into World Class Stations benchmarked with the world's best stations. These projects are to be executed with private sector. Key objective of these projects are to provide superior services to railway passengers at the stations by converting them into urban icons and standard-bearers of the cities.

The construction, maintenance and management of facilities at these stations is proposed to be done on the basis of Design, Build, Finance and Operate (DBFO) basis which invariably involve Public Private Partnership (PPP).

The spending on infrastructure tends to rise considerably and your Company tends to benefit out of it the most as it is in line of the core area of operation of your Company.

This year the endeavor of your Company shall be to solicit maximum work as floated by Indian Railways and various Metros including Delhi Metro. With the advent of Metro being introduced in Mumbai, Bangalore, Hyderabad and Chennai etc., your Company is very positive on soliciting more work from them as your Company has got the necessary expertise in commissioning work related to track laying, AFC etc as per Metro Rail requirement and specifications.

The Company is expected to improve upon the operating efficiency and return on capital employed considerably. Your directors are hopeful that the present trend of performance shall be sustained and improved by the Company in the years to come.

Your Directors look forward to the future to bring in more opportunities and profits to its kitty as the size of projects at its disposal are already to the tune of Rs. 500 crores approx.

Modernisation of Metro Stations:

The MoR has identified 26 stations to be redeveloped into world-class stations. These include the Mumbai Chhatrapati Shivaji Terminus; Pune; Howrah; Lucknow; New Delhi, Anand Vihar and Bijwasan at Delhi.

The Ministry started the process with the modernization of the New Delhi station. In January 2009, when the MoR invited requests for qualification (RFQs) for modernisation of the New Delhi railway station, it received many RFQs. Six consortiums submitted RFQs.

Meanwhile, the MoR has appointed a consortium of business and design consultants - Hong Kong-based Terry Ferrell and Partners, London-based Ove Arup and Partners and Gurgaon-based Smec International - to finalise the



business plans for the Rs. 90 billion New Delhi railway station modernization project. Further, preparatory works for Patna, Secunderabad and Mumbai Chhatrapati Shivaji Terminal railway stations are in progress.

Running of private container trains:

In January 2006, private container operators were allowed to operate container services. So far, agreements have been signed with 16 firms including Concor, of which 11 have commenced operations. As of October 2008, private operators inducted 45 rakes and constructed three Inland Container Depots (ICDs) at Garihassru Patli and Loni. As per estimates, around 40-50 ICDs are expected to be developed in the next five years.

Proposed PPP Initiatives

IR is considering several new areas that could be opened to private sector participation. Government policies actively support the development of SEZs with PPPs. The provision of rail connectivity to such SEZs could enhance their competitiveness. There is tremendous scope for joint venture (JV partnerships) in linking these SEZs to railheads and ports. Partnerships in sharing of infrastructural assets including towers and optical fibre cable networks are also envisaged.

Dedicated Freight Corridor

The construction of DFCs, initially covering 2,739 route km at a cost of around Rs. 372.18 billion, offers substantial opportunities to private players. The project is being implemented through SPV, Dedicated Freight Corridor Corporation of India Limited (DFCCIL), by a combination of engineering, procurement, construction and PPP modes. Currently, IR has 100 per cent ownership in both the eastern and western corridors.

The project offers potential for PPP in the form of BOT or BOT (annuity) contract packages. This type of concession would be tried for the first time in IR. For the success of this model, a unique combination of risk sharing and incentives must be developed. With the involvement of the private sector in the design, construction and maintenance of railway infrastructure, there are possibilities for introducing model maintenance systems, life-cycle cost designs and new advanced construction technology. The SPV could bring in additional ancillary revenues through commercial exploitation of land, as well as construction of freight terminals and logistics parks.

The most ambitious project of the Indian Railways (IR) - the dedicated freight corridor (DFC) - has finally taken off. Construction work on the eastern freight corridor started in February 2009, and work on the western corridor is expected to start soon. All the issues related to land acquisition, funding and track alignment have been overcome. However, certain issues must still be addressed for speedy implementation.

The project envisages construction of dedicated freight lines along the eastern and western sides of India, covering 2,739 km through seven states. About 77.36 per cent of the corridor runs through Uttar Pradesh (1,002 km), Gujarat (560 km) and Rajasthan (553 km). The remaining 22.64 per cent runs through Bihar (93 km), Haryana (274 km), Maharashtra (150 km) and Punjab (102 km).

While the eastern corridor spans 1,256 km from Ludhiana to Sonenagar, the western corridor will link the Jawaharlal Nehru Port Trust (JNPT) with Tughlaqabad/Dadri with a double-line diesel track of 1,483 km. The two corridors will interlink at Khurja. The total area requirement is 12,500 hectares.

Multimodal logistics parks:

The Ministry of Railways (MoR) has planned few multimodal logistics parks at selected locations along the DFC. These parks will help IR to reduce the overall logistics cost. In this regard, in January 2009, the MoR invited



Expressions of Interest (Eols) seeking essential information regarding proposed locations. As on March, 2009, nine companies had expressed interest.

Project implementation

The committee on Infrastructure headed by the Prime Minister approved the DFC project in 2005. A Special Purpose Vehicle (SPV), Dedicated Freight Corridor Corporation of India Limited (DFCCIL), was set up in October 2006 to implement the project with a paid-up capital of Rs. 500 million. At present, the authorized capital is Rs. 40 billion, which may be increased subsequently depending on the requirement.

As enumerated and explained above, your Directors look forward to a very promising future ahead.

Fixed Deposit

As on the date of this report there is no fixed deposit in the Company.

Directors

Mr. Arvind Gemini and Mr. N. K. Singh retire by rotation at the Annual General Meeting and being eligible offers themselves for re-appointment. Your Directors recommend their re-appointment at the ensuing Annual General Meeting in the overall interest of the Company.

During the year under report, Mr. S. D. Sharma, Director, has resigned from the Board of the Company.

Auditors

M/s. Prem Arun Jain & Co., Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. A certificate under section 224 (1) of the Companies Act, 1956 confirming their eligibility has been obtained from them. Your Directors recommend that they be re-appointed by the members at the 25th Annual General Meeting.

Auditors Report

The Auditors Report read with notes to the financial statements are self-explanatory and does not call for any further explanation by the Board.

Particulars of Employees

The Company does not have any employee who drew remuneration either in whole or for a part of the year that attracts disclosure requirements as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) rules, 1975 as amended, hence no information is required to be annexed.

ISO Certification

Certification under ISO: 9001 - 2000 for Quality Management is being maintained by the Company after periodical Surveillance Audits.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

As required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and R & D is Nil.

During the year under report, Company did not make Foreign Exchange earnings and expenses.

Directors Responsibility Statement

In compliance of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm :

- 1) That in the preparation of the annual accounts for the financial year ended 31st March 2009, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- 2) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 profits of the Company for the year under the review;
- 3) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) That the Directors had prepared the accounts for the financial year ended 31st March 2009 on a going concern basis.

Audit Committee

The Audit Committee meets at due intervals to conduct the required business. At present the committee comprises of Mr. N. K. Singh (Chairman), Mr. S. K. Khanna and Mr. Shanti Narain, all Non-Executive and Independent Directors.

Depository System

The Shares of your Company are being traded in Demat form only. Your Company has got the necessary connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). All the members who are holding shares in physical form are hereby requested, keeping in view the enormous benefit of Demat form, to get their shares dematerialised on either of the Depositories. Further in view of Securities and Exchange Board of India norms, M/s MCS Limited, F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020 has been appointed as its Registrar and Share Transfer Agent, who is handling both physical as well as electronic share work in order to provide better services.

Listing on the NSE and BSE for Fresh Shares issued consequent on conversion of FCCB

497,362 no. equity shares were allotted to Foreign Currency Convertible Bond holders by Board of Directors of the Company vide its meeting held on 19th September, 2008. These shares bearing Distinctive numbers 1,46,42,480 to 1,51,39,841 were listed and admitted to Bombay Stock Exchange, Mumbai on October 07, 2008 and to National Stock Exchange, Mumbai on November 11, 2008.



Corporate Governance

The amended Clause 49 of the listing agreement regarding corporate governance came into effect from January 1, 2006. The Company has made all necessary compliances and has adopted the required practices to fulfil the requirements of the clause.

The Report on Corporate Governance is being annexed to this Directors' Report. The Company has obtained a certificate from its Statutory Auditors regarding compliance of various requirements of corporate governance.

Code of Conduct

The Company has laid down a Code of Conduct for the Directors and Senior Management Personnel as specified. A declaration by the Managing Director regarding annual affirmation of compliance of the Code by all concerned is annexed to the Report on Corporate Governance.

Information Pursuant to Listing Agreement

The Company's shares are listed on the following Stock Exchanges:

The Bombay Stock Exchange Association Limited, Mumbai

The National Stock Exchange of India Limited, Mumbai

Management Discussion and Analysis Report

Management Discussion and Analysis Report on matters relating to business of the Company has been annexed to Corporate Governance Report.

Acknowledgement

Your Directors sincerely appreciate the dedication and efforts of the employees at all levels of the organisation in contributing to the success of the Company. The Directors are also thankful to the shareholders for the confidence reposed by them on the Company. They also gratefully acknowledge the continued support received from customers, business associates, various government agencies, banks and financial institutions and investors.

For and on behalf of the Board

sd/-

R. D. Sharma

Chairman cum Managing Director

Place : Gurgaon

Date : September 3, 2009

(MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT TO THE MEETING)

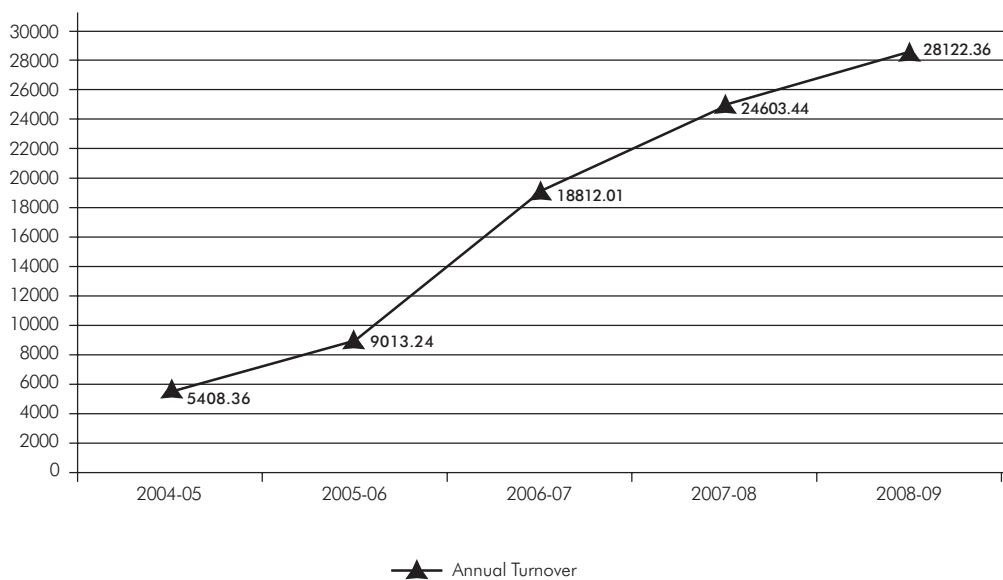


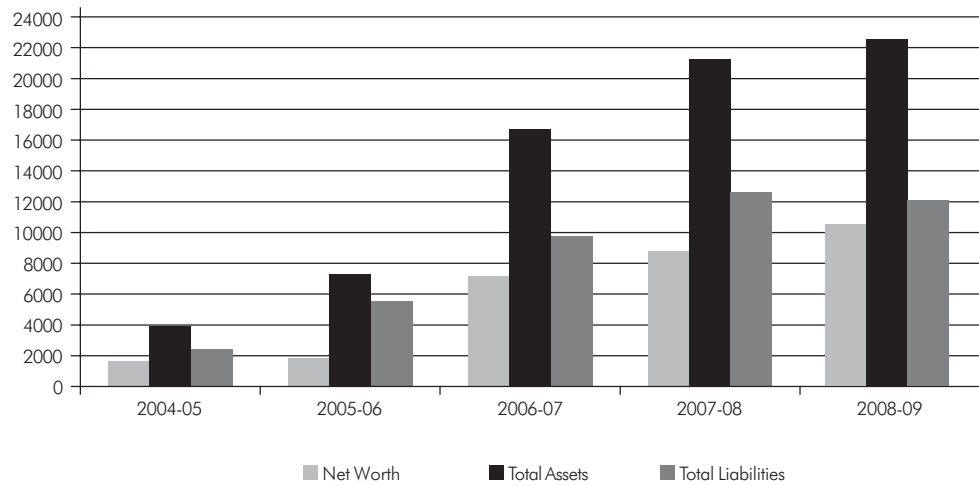
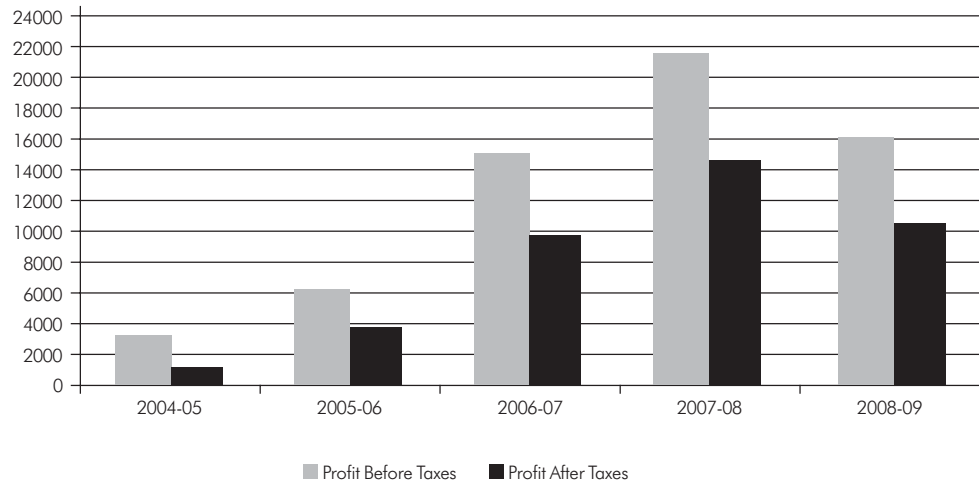
Our Performance at a Glance

(Rs. In Lacs)

	2004-05	2005-06	2006-07	2007-08	2008-09
Annual Turnover	5408.36	9013.24	18812.01	24603.44	28122.36
Profit Before Taxes	310.93	604.57	1460.21	2116.10	1604.57
Profit After Taxes	107.15	360.92	944.16	1421.60	1043.92
Net Worth	1446.36	1764.69	6956.16	8580.68	10295.53
Total Assets	3769.14	7048.47	16471.54	21011.97	22329.48
Total Liabilities	2322.78	5283.38	9515.37	12431.29	12033.94
Current Assets	3274.63	6490.87	15790.05	19312.36	20611.28
Current Liabilities	1100.97	1088.20	4082.74	4756.83	3704.87

Annual Turnover







Report on Corporate Governance

The Securities and Exchange Board of India (SEBI) regulate corporate governance practices of companies listed on Indian Stock Exchanges. These regulations are notified under Clause 49 of the Listing Agreements of all Stock Exchanges in the country. They specify the standards that Indian companies have to meet and the disclosures that they have to make with regard to corporate governance practices. Kalindee Rail Nirman (Engineers) Ltd (“Kalindee” or “the Company”) has established systems and procedures and practices to strictly follow and comply with the provisions of Clause 49 of Listing Agreement. This chapter along with the chapters on Additional Shareholders Information and Management Discussion and Analysis Reports reflect Kalindee's compliance in this regard.

Company's Philosophy

We at Kalindee are committed to achieve and maintain the highest standards of Corporate Governance. The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees, lenders and the Government and also it aims to achieve high standards of Corporate Governance in all its activities and processes. This philosophy has been further strengthened with the implementation of the requirements stipulated in Clause 49 of the Listing Agreement. The Company has adopted the Code of Internal procedures and Conduct for prevention of Insider Trading in pursuance of the SEBI (Prohibition of Insider Trading) Regulations. The Company believes that all its actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time. We further strongly believe that good Corporate Governance practices can stem only from management's mindset and not through legislation alone. Company has also adopted and follows such practices, conventions and codes as would provide its financial stakeholders a high level of assurance on the quality of Corporate Governance.

Board of Directors

The Board comprises of two Executive - Non Independent Directors and four non Executive- Independent Directors. The Board normally meets once in a quarter and additional meetings are held as and when the exigencies of the circumstances so demand. During the financial year ended 31st March, 2009, Board meetings were held on 30th April, 2008, 31st July, 2008, 19th September, 2008, 22nd October, 2008, 30th January, 2009 and 10th February, 2009.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year, as also the number of Directorships held by them in other companies are given below.





Sr No.	Name of Director	Category	No. of Directorship in other public limited companies	No. of Board meetings attended	Whether attended Last AGM
1	Mr. R. D. Sharma	Chairman & Managing Director	3	6	Yes
2	Mr. Arvind Gemini	Executive/Whole Time Director	3	4	Yes
3	Mr. N. K. Singh	Non - Executive/Whole Time Director	5	6	No
4	Mr. S. K. Khanna	Non - Executive/Whole Time Director	Nil	4	No
5	Mr. Shanti Narain	Non - Executive/Whole Time Director	2	4	No
6	Mr. K. K. Agarwal	Non - Executive/Whole Time Director	Nil	-	-

The Last Annual General Meeting was held on 26th September 2008.

Audit Committee/Remuneration Committee/Shareholders Committee:

Audit Committee:

COMPOSITION

The Audit Committee comprises of 3 (Three) Directors, all of them being Non-Executive/Independent Directors. The names of the members of the Committee including its Chairman as on date are as under :

Mr. N. K. Singh	-	Chairman
Mr. S. K. Khanna	-	Member
Mr. Shanti Narain	-	Member

Company Secretary acts as the Secretary for such meeting. The Head of Finance/ Accounts, Internal Audit and such other executives as considered appropriate and Statutory Auditors also attend the meetings on invitation.

REFERENCE

Clause 49 of the Listing Agreement lists the role of the Audit Committee. The gist of the terms of reference is as hereunder:

Reviewing major accounting entries based on exercise of judgement by management and reviewing significant adjustments arising out of audit:

Compliance with listing and other legal requirements relating to financial statements:

Overseeing the Company's financial reporting process and the disclosure of its financial informations;

Reviewing changes, if any, in accounting policies and practices and the reasons for the same:

Reviewing the Company's financial and risk management policies:

Review of the Company's financial reporting process, the financial statements and financial/risk management policies:

Review of the adequacy of the internal control systems and functioning of the internal audit team:

Discussions with the internal and external auditors, the audit plan for the financial year and a joint post-audit review of the same:

Reviewing with management the Quarterly/Annual financial statements before submission to the Board:

Reviewing any Qualifications in the draft Audit Report:

Reviewing the statement of significant related party.

Meetings and Attendance of Audit Committee

During the year the details of meetings held during the year 2008 - 09 and the attendance are as follows :

Date of Meetings : 30.04.2008, 31.07.2008, 22.10.2008, 31.01.2009

Name of the Member	Designation	Status	Meetings attended
Mr. N. K. Singh	Chairman	Non-Executive Independent Director	1
Mr. S. K. Khanna	Member	Non-Executive Independent Director	2
Mr. Shanti Narain	Member	Non-Executive Independent Director	3

The Members and attendance of Committee Members are given below:

Remuneration Committee :

COMPOSITION

The Remuneration Committee comprises of 3 (Three) Directors, all of them being Non-Executive/Independent Directors. The names of the members of the Committee including its Chairman as on date are as follows :

Mr. K. K. Agarwal	-	Chairman	Non-Executive Independent Director
Mr. N. K. Singh	-	Member	Non-Executive Independent Director
Mr. S. K. Khanna	-	Member	Non-Executive Independent Director

Company Secretary of the Company acts as the Secretary for such meeting.

REFERENCE

Clause 49 of the Listing Agreement lists the role of the Remuneration Committee to recommend/review the remuneration package of the Managing/Whole Time Directors. It broadly involves determination on the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment. It

also includes recommendation on revision of remuneration of top executives below the Board of Directors, granting and administration of Employees Stock Options, etc.

Meetings and Attendance

The details of meetings held during the year 2008-09 and the attendance is as follows:

No meeting has been held during the year under report.

The Remuneration policy of the Company is:

For Managing/Whole - Time Directors, the total remuneration consists of salary, perquisites & commission within the limits approved by the shareholders.

Non - Executive Directors do not draw any remuneration from the Company except the sitting fees as permitted under the Companies Act, 1956 for attending the meetings of the Board/Committee thereof.

Details of Remuneration to all the Directors for the year:

The aggregate value of salary, perquisites, commission and sitting fee paid for the year 2008 - 09 to the Directors are as follows:

Sr. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1	Mr. R. D. Sharma	25,20,000	16,80,000	-	42,00,000
2	Mr. S. D. Sharma (resigned on 10.02.2009)	18,64,286	12,52,857	-	31,17,143
3	Mr. Arvind Gemini	21,60,000	14,40,000	-	36,00,000
4	Mr. N. K. Singh			32,500	32,500
5	Mr. S. K. Khanna			22,500	22,500
6	Mr. S. P. Mehta (resigned on 10.02.2009)			15,000	15,000
7	Mr. Shanti Narain			22,500	22,500

Share Transfer & Shareholders / Investors Grievance Committee:

COMPOSITION

The Share Transfer & Shareholders' / Investors Grievance Committee comprises of 2 (Two) Directors, all of them being Executive and Non Independent Directors. The names of the members of the Committee including its Chairman as on date are as follows :

Mr. R. D. Sharma	-	Chairman
Mr. Arvind Gemini	-	Member

Company Secretary of the Company acts as the Secretary for such meetings. The Head of Secretarial Department also attends the meeting on certain intervals.

REFERENCE

Clause 49 of the Listing Agreement lists the role of the Shareholders Grievance Committee to look into redressal of grievances of the investors namely shareholders and fixed deposit holders, if any,. The Committee deals with grievances pertaining to transfer of shares, non-receipt of annual report, non-receipt of dividend, dematerialisation of shares, complaint letters received from Stock Exchanges, SEBI etc. The Board of Directors have delegated the power of approving transfer/transmission of shares to a Share Transfer Committee.

Meetings and Attendance

The details of meetings held during the year 2008-09 and the attendance are as follows:

Date of Meetings : - 30.04.2008, 31.07.2008, 22.10.2008, 31.01.2009

The Members and attendance of Committee Members are given below :

Name of the Member	Designation	Status	Meetings attended
Mr. R. D. Sharma	Chairman	Executive Non - Independent Director	4
Mr. Arvind Gemini	Member	Executive Non - Independent Director	2

The total number of complaints received and replied to the satisfaction of the shareholders during the year under review is as under

Sr. No.	Subject	Received (Nos.)	Cleared (Nos.)	Pending
1	Non Receipt of Share Certificates	50	46	4
2	Non Receipt of Interest/Dividend Warrant	Nil	Nil	Nil
3	Non receipt of Annual Report/ Change of Address	18	18	-
4	Non receipt of demat/remat certificate	10	10	-
5	Non receipt of Bonus Certificate	Nil	Nil	Nil
6	Miscellaneous	11	11	-
	Total	89	85	4

Number of Share Transfers/Transmissions/issue of Duplicate share certificates pending as on date was 600. These will be approved/dealt with by the Company after completion of their respective documentation.

Company Secretary has been designated as the Compliance Officer of the Company.

The Securities and Exchange Board of India vide notification dated 20th February, 2002 has amended the SEBI (Insider Trading) Regulations, 1992. As required by the above regulations, the Company has adopted a Code of Conduct for prevention of insider trading. All the Directors on the Board as well as designated employees are governed by this Code.

Reappointment/appointment of Directors:

The list of persons who are liable to retire by rotation is as under:

Mr. Arvind Gemini

Mr. N. K. Singh

Details of Annual General Body Meeting

Financial Year	Time & Date of AGM	Venue
2005-06	10.00 A.M: 12.08.2006	D-616, Chittaranjan Park, Hotel Royal Castle Ground, New Delhi 110 019
2006-07	4.00 PM: 26.09.2007	Pyare Lal Bhawan (Gandhi Memorial Hall), 2 Bahadur Shah Zafar Marg, New Delhi 110 002
2007-08	11.00 AM: 26.09.2008	Pyare Lal Bhawan (Gandhi Memorial Hall), 2 Bahadur Shah Zafar Marg, New Delhi 110 002
2008-09	11.00 AM :30.09.2009	Royal Garden, G T Karnal Road, Mukhmel Pur Bandh, Near Hanuman Mandir, Alipur, Delhi 110 036

No special Resolution was put through Postal Ballot last year.

Disclosures

Besides the transactions reported elsewhere in the Annual Report, there were no materially significant related party transactions with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

There were no such details of non-compliance by the Company, penalties, structures imposed on the Company by Stock Exchanges or SEBI, or any Statutory Authority, on any matter related to Capital Markets, during the last 3 years.

Means of Communication

Quarterly results are published in prominent national daily newspaper Business Standard (English) and Veer Arjun (Hindi). Further as per the requirements of Clause 51 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern, etc are provided in the web-site www.sebiedifar.nic.in within the time prescribed in this regard.



Shareholder Information

1. Annual General Meeting

Date and Time : 30.09.2009 at 11.00 am

Venue : Royal Garden, G T Karnal Road, Mukhmel Pur Bandh,
Near Hanuman Mandir, Alipur, Delhi 110 036

2. Financial Calender : (Tentative and subject to change) Un-audited Results for : Held on 22nd July, 2009 Quarter ended on 30th June, 2009

Un-audited Results for : Last week of October, 2009
Quarter ending on
30th September, 2009

Un-audited Results for : Last week of January, 2010
Quarter ending on
31st December, 2009

Un-audited Results for : Last week of April, 2010
Quarter ending on
31st March, 2010

3. Date of Book Closure : 28.09.2009 to 30.09.2009 (both days inclusive)

4. Dividend payment date : Dividend, if approved by shareholders, will be paid to shareholders whose names appear in the register of members on 26.09.2009

5. Registered Office : F - 5, Gautam Nagar, Gulmohar Park Road, New Delhi 110 049

6. Corporate Office : 2nd Floor, Building no. 9A, Cyber City, DLF Phase III, Gurgaon 122 002, Haryana

7. Listing on Stock Exchanges : The Stock Exchange, Mumbai The National Stock Exchange, Mumbai

Listing fees up to the year ended 31-03-2009 have been paid to all the above mentioned stock exchanges.

8. Stock Code/Symbol: Bombay Stock Exchange (Code) : 522259 National Stock Exchange (Symbol) : KALINDEE



9. Address of R & T Agent : MCS Limited
F-65, 1st Floor, Okhla Industrial Area Phase - I,
New Delhi 110 020
E mail : admin@mcs.del.com
10. E-mail ID for Investor Grievances: investorgrievance@kalindee.net
11. Market Price Data:

Month	BSE	
	High	Low
April, 2008	309.30	264.20
May, 2008	277.50	203.00
June, 2008	235.00	185.00
July, 2008	210.00	168.35
August, 2008	225.00	185.00
September, 2008	206.00	126.00
October, 2008	138.00	85.00
November, 2008	169.00	93.40
December, 2008	161.00	129.00
January, 2009	166.15	112.95
February, 2009	174.55	87.20
March, 2009	103.00	82.20

Source: bseindia.com

12. **Dematerialisation of Shares**
Up to 30th June, 2009, 93.77% Equity Shares of the Company have been dematerialised.
13. **Share Transfer System**
The average time taken for processing and registration of share Transfer requests received is less than 15 days. All dematerialisation requests are processed within 15 days.

14. Distribution of Shareholding (as at year end i.e. 31st March, 2009)

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of shareholding
Upto 500	16133	95.25	1448416	12.90
501 - 1000	397	2.34	320227	2.85
1001 - 2000	182	1.08	270269	2.41
2001 - 3000	53	0.31	132644	1.18
3001 - 4000	33	0.20	118337	1.05
4001 - 5000	25	0.15	113877	1.02
5001 - 10000	45	0.27	351974	3.14
10001 - 50000	43	0.25	1047208	9.33
50001 - 100000	5	0.03	368570	3.28
And above	21	0.12	7053319	62.84
Total	16937	100.00	11224841	100.00

15. Category of Shareholders (as at year end i.e. 31st March, 2009)

Category	No. of Shares held	% of shareholding
Promoter	1932195	17.21
Mutual Funds	1021945	9.10
Banks, Financial Institutions, Insurance Companies	8400	0.07
Private Corporate Bodies	2596166	23.13
FII's	1644645	14.65
Indian Public	3995497	35.61
NRI/OCBs	25993	0.23
Others (including employees)		
Total	11224841	100.00

Declaration Regarding Compliance of Code of Conduct

The Company has adopted "Code of Conduct for Prevention of Insider Trading" pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 and Company Secretary has been appointed as the 'Compliance Officer' for this purpose. The code of Conduct is applicable to all such employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company as well as Directors.

I, R. D. Sharma, Chairman cum Managing Director of Kalindee Rail Nirman (Engineers) Limited do hereby declare and confirm that the Board Members and Senior Management Personnel of the Company have confirmed compliance with the said code.

Place : Gurgaon

Date : September 3, 2009

For and on behalf of Board

sd/-

R. D. Sharma

Chairman cum Managing Director



I General Information

Nature of Industry:

The Company's activities can be classified as Construction Industry (EPC Contractors) specialized in Railway sector involving areas of Railway Signalling, Telecommunication and Track including gauge conversion and laying of new rail lines.

The financial performance for the year ended March 31, 2009:

	(Rs. in lac)
Gross sales and income	: 28149.77
Operating profit	: 2653.89
Net profit	: 1043.92
EPS	: 9.50 (Basic)
	8.98 (Diluted)

II Other Information

The profit of the Company during the financial year 2008-09 was satisfactory and it is expected that the Company will perform better in the ensuing years. However, there could be events or external factors beyond the control of the Company which might influence Company's profitability.

For and on behalf of Board

sd/-

R. D. Sharma

Chairman cum Managing Director

Place : Gurgaon

Date : September 3, 2009





Management Discussion and Analysis Report

Established in the year 1984, your Company is completing 25 years during current financial year. The stakeholders are aware that basic business model of the Company is construction, installation and commissioning in Railway infrastructure in the field of Rail track laying, Signalling and Telecommunication and allied activities.

In the below stated section, the performance and impact of the global and regional economies are discussed:

Global Economy

The financial and economic markets in the last 12 months have witnessed the worst of its slowdown which was initially triggered by subprime mortgage crisis in US followed by declaring Bankruptcy by some of the giants in their respective sectors. This has adversely affected the liquidity and risk perception of the international capital markets. Inflation though now very much under control and at a low end, but has no control on manifestation of increase in prices of food items and commodities of daily use.

The real effective exchange rate for the US dollar has declined as foreign investment in US bonds and equity has been dampened by reduced confidence in both the liquidity of and the returns on such assets, weakening of US growth prospects and interest rate cuts. Earlier the main counter part to the decline of the dollar has been appreciation of Euro, Yen and other floating currencies such as Canadian dollar and some emerging economy currencies.

Indian Economy

The economy of India, measured in USD terms, is the fourth largest in the World. Despite all odds Indian economy surprised the world by continuing the high rate of growth for a couple of years in succession. Though the growth not impressive as was evident in previous years, yet keeping in view the global economic meltdown it could be assimilated that in a way India stayed untouched and unaffected out of global meltdown upto a good extent .

The per capita income of India has more than doubled from USD 460 in 2000 to USD 1089 in 2007. The primary contributor for increase in GDP has been the service sector led by communications, with constructions and transport following closely behind. The interest rates which achieved a peak in previous years has cooled off significantly . The Indian foreign exchange rate exhibited two - way movements during last year.

The stakeholders are abreast of the fact that the business model of the Company is construction of Railway Infrastructure and allied field. The Management Discussion and Analysis given below discussed the key issues for various sectors of the business.

The major area of operation of your Company is governed mostly by the growth projections/apportions of Infrastructure and majorly of Indian Railways and Metro Rail Transport System and also by heavy industries sector. The performance of your Company has been affected but not considerably in comparison with its peers and the reason behind that was global economic slowdown which was reflected in Stock prices as well across the globe and your Company was no exception to that. The industry experts say that worst would get over in a phased manner and latest by end of this financial year.



As evident recently a stable Government in Centre has come in office with clear majority and as expected it would leave no stone unturned when it comes to spending on Construction and Infrastructure related projects to kick off the economy.

The investment in infrastructure and construction activities across every hook and corner of country had and would contribute to the overwhelming success of your Company and shall pave the way for future as well.

With the turnaround of Indian Railways, Railways had earned a cash surplus before dividend close to Rs. 90,000 crores in five years.

The Government's emphasis on heavy investments towards technical upgradation and advancement in technology would definitely enable your Company to find out something as its pie from the whole plan. The Government's further initiative to invest Rs. 2,30,000 crores so as to increase its productivity which broadly covers the following areas:

Gauge Conversion approx. 4900 kms.

Doubling and laying of new lines approx. 1100 kms

It leaves further tremendous opportunities at your Company's disposal.

Today, Indian Railways (IR) acts as the backbone of India's transport infrastructure, and as such contributes significantly to macroeconomic growth and global competitiveness. The Indian rail network is the fourth largest in the world after the US, China and Russia. IR is the largest passenger carrier in the world.

IR's network of 63,332 route km spans 8,000 stations and is operated by the world's largest workforce of 1.4 million employees. At present, 28% of the network is electrified.

IR comprises two basic customer segments - freight and passenger. The freight segment accounts for about 70% of revenues. It carries approx. 40% of national freight traffic and 20% of total passenger traffic

In 2007-08, IR carried 794.21 million tones (MT) of freight traffic, a growth of 9.13% over the previous fiscal year. During April-February 2008-09, it carried 751.3 MT., an increase of 5.03 per cent over the corresponding period of 2007-08. It is expected that IR will carry 850 MT of freight traffic during 2008-09.

Though the global financial crisis and its ramifications make investment in Infrastructure a challenging task, according to India Infrastructure Research, the impact on proposed investments in the Railways will be comparatively less. Although manufacturing might remain unaffected, infrastructure and real estate projects of IR such as modernization of terminals are likely to be affected by the slowdown in the foreseeable future.

As far as project funding is concerned, the impact will be restricted to the share of internal resources, which may be affected by future slowdowns in freight traffic. Indian Railways' projects related to gauge conversion, construction of new lines and doubling will be less impacted since these are funded by the Government. Further, the rail-port connectivity projects implemented by RVNL will not be impacted.



The Rs. 372.18 billion dedicated freight corridor (DFC) project is not likely to be impacted since it is funded by multilateral agencies like the Japan International Cooperation Agency (JICA), Asian Development Bank (ADB) and World Bank.

IR will invest Rs. 2,300 billion under the Eleventh Five Year Plan (2007-12) to increase rail capacity and to reduce the unit cost of operations. In the wake of the global slowdown, IR drew up plans for the upgradation of Infrastructure and procurement of new rolling stock during 2008-09 at an estimated expenditure of Rs. 375 billion.

In the past year, IR undertook several initiatives for modernization of infrastructure as well as improving efficiency and safety. It has launched the much-awaited DFC project in February, 2009. The Public-Private Partnership (PPP) model is also becoming popular. Development of world-class stations on PPP is also underway. All these initiatives will go a long way in boosting the Indian economy.

In order to make IR the world's leading railway network, the committee on Infrastructure approved a proposal to develop the New Delhi Railway station as a world-class station. The Ministry of Railways has decided to constitute a core group for monitoring Public-Private Partnership (PPP) projects related to development of 26 railway stations including New Delhi. The tender process is under way for upgradation of four railway stations.

The MOR has launched its flagship project - the dedicated freight corridor (DFC) - entailing construction of around 3,300 kms. The construction work of the eastern corridor started in February, 2009 while work on the western corridor is expected to start soon. Once completed, this ambitious project will meet the transport requirements of two busy routes.

Adding to this, Authorities are also working for extension of Kolkata Metro from Dum Dum to Dakshineswar for which survey has been completed

The MOR has decided to conduct pre-feasibility studies for construction of high speed passenger corridors equipped with modern signaling and train control system for four corridors: Delhi-Chandigarh-Amritsar, Pune-Mumbai-Ahmedabad, Hyderabad-Dornakal-Vijaywada-Chennai and Chennai-Bangalore-Coimbatore-Ernakulam. The proposed sections will have dedicated tracks for running trains at speeds of 300-350 kms per hour. Till October 2008, global tenders for engaging a consultant for the Delhi-Chandigarh-Amritsar and Pune-Mumbai-Ahmedabad sections have been invited by the Ministry.

It is widely known fact that the infrastructure and construction sector had registered a remarkable growth and so has your Company which your Management strongly feels to improve stupendously in the years to come.

Industry reports reveal that the world steel capacity is going to grow over 20% in comparison to previous year despite all odds meaning thereby that prices might rise since it is only China which is going to add on to approx. 60 million tones of total capacity required. These data have forced your Board to think that there would be rise in the prices of steel which is the main input cost. Last year had not witnessed any spurt in prices of steel but this year since infrastructure spending would be increased, we expect the steel prices to go north and still your Board would try to maintain the profitability so as to maintain its operating margin.



Research & Development

Research & Development were carried out in the areas of technology and process improvement etc. Several thrust area projects were taken up:

Strategy

In terms of value creation, Kalindee strategy is two fold:

1. To increase the quality of earnings of its existing assets, Company would pursue the optimization of its assets and further restructure assets that are of low profitability and further continue to derive benefits through continuous improvement & synergies.
2. To generate strategic growth. This would be pursued through capacity expansions and securing access to raw materials.

At Kalindee we share a vision to become a world benchmark for value creation and corporate citizenship. The latter benchmark means providing a safe working place, respecting the environment, caring for its communities and demonstrating high ethical standards.

The Engineering market is entering a pivotal period of change and is driven by increasing incomes, improving infrastructure and a strong penetration of existing behemoth foraying into new areas not germane to its existing area of operation.

Way Forward

Infrastructure sector has grown at a fast speed in last 5 years and is expected to grow further at a considerably faster speed over ensuing 5 years. This growth will be spurred primarily by India's expected spending on Infrastructure in a couple of years from now.

India's competitive advantage include low-cost skill base, high quality compliant manufacturing, strong financial position with ability to scale up manufacturing capacity, access to new technologies, cost efficiency, track record and product recognition.

Dedicated Freight Corridor

The details of scheme have already been discussed in Directors Report.

Benefits:

The project was conceived mainly due to capacity constraints faced by the existing railway network. The Golden Quadrilateral (GQ) and its diagonals, which constitute only 16% of the total railway network, carry 55% of the passenger traffic and 65% of the freight traffic. The existing trunk routes of Howrah-Delhi on the eastern corridor and Mumbai-Delhi on the Western corridor are saturated, with line capacity utilization carrying from 115 to 150%. Further, both passenger and freight trains are moving on the same tracks, leading to additional costs and delays.

Once commissioned, the DFC along with the feeder routes will ensure the availability of sufficient capacity in the face of rising demand. It will increase average speeds to over 50 kmph, reduce transit time by half and also reduce



cost of operations. It is also likely that timetabled trains and guaranteed transit will be offered on this route. The corridor will also witness increase in axle loads, speed and train load.

Issues and Challenges

Some Issues dog the speedy implementation of the DFC. First, land compensation continues to be paid at two to three multiples over the funding available under the official development assistance at the rates set by the National Resettlement and Rehabilitation Policy, 2007. This has critical importance, as the land acquisition for the project is substantial and is spread over seven states, 51 districts and 1,500 villages.

Besides, non-availability of Indian firms to execute large packages of the specialized work of the project is a serious concern. These works comprise mechanized track laying, electrification and signaling works. In addition, shortage of trained engineers and vendors for supply of materials, fittings specific to railway construction also require immediate attention.

It is hoped that after these issues are addressed, the project will gain momentum. Once commissioned, the DFC will add around 10,000 km to the existing network. This is significant considering that only 9,625 km has been added since 1950-51

Opportunities

The infrastructure sector has traditionally pursued the development of niche technology and henceforth it has created new opportunities for growth for engineering sector companies.

The major opportunities that exist for Infrastructure companies to expand their base are in the emerging geographical market of India. Successful companies would be only those that can accurately identify the opportunities in identified/unidentified form. Close collaboration between Infrastructure Company will ensure that resources are used on the products that have the best chance of success in the market and return on investment is maximized.

In physical terms, during January - November 2008, modern signaling systems were installed at 421 stations. These systems are equipped with route relay/panel/electronic interlocking along with multi-aspect colour light signaling. Further, 588 stations have been provided with light emitting diode (LED) signals. These signals will help improve reliability and visibility of signals. Also, auto signaling to increase line capacity was provided on 236 route km during aforesaid period. It has also been decided to provide auto signaling on all saturated high density suburban routes. This is expected to reduce dependence on manpower as well as enhance safety. In the railway budget for 2009-10, it is proposed to introduce automatic signaling systems on the Ghaziabad-Kanpur and Nagpur-Gondia sections in order to increase traffic. Further, in an effort to increase line capacity by splitting the longer block sections, intermediate block signaling (IBS) has been provided on 53 block stations.

Special Railway Safety Fund (SRSF): IR has undertaken most replacement works of overaged assets such as tracks, bridges, rolling stock and signaling gears using funds drawn from the SRSF.



Integrated Security System : The Railway Board has approved the implementation of the integrated security system at important railway stations and at all suburban stations in the metro cities of Chennai, Delhi, Kolkata and Mumbai under the build-own-operate-transfer (BOOT) model.

All the aforesaid areas leave tremendous opportunities at your Company's doorstep.

Risks Challenges and Threats

Despite a substantial increase in rail-borne traffic, the safety record of IR has improved. Certain issues remain to be addressed like there are conflicting views on the requirements of investment for railway safety. In addition, diversion of scarce resources into unproductive projects at the cost of critical projects related to safety poses another concern.

Risks, Challenges and Threats are inherent in any type of industry and needs to be mitigated through well planned strategies. There are a few risk factors that are relevant to the Company's operations and business. While the Company takes effective measures to minimize or eliminate the impact of these risks on its business performance, they nonetheless exist. Some such risks, challenges and threats are outlined below :

The Company operates in a highly regulated industry and must comply with a broad range of dynamic regulatory controls.

In an industry where R&D is of critical importance, the Company faces a risk of all R & D initiatives not leading to commercially viable and successful products.

The Company faces competition from other players in the industry.

Apart from these, other risks faced by the Company include rise in input costs, rise in interest rates, loss of key personnel, exchange rate fluctuations, environment liabilities, tax laws, regulations, litigation, labour relations and significant changes in global political and economic environment.

Discussion and Analysis

Kalindee's particular strength is its ability to leverage its intellectual capital and experience to offer a suite of products and services to its customers especially at various stages of the infrastructure sector life cycles. Its goal is to offer a compelling value proposition to its clients while also delivering the benefits of diversified revenue stream to shareholders through a combination of balance sheet intensive and non-intensive businesses.

Performance of Your Company

The sales turnover of the Company during the year has registered a growth of Rs. 35.19 crores from Rs. 246.03 crores in 2007-08 to Rs. 281.22 crores in 2008-09. The Profit before Tax during the year under review amounted to Rs. 16.04 crores as against Rs. 21.16 crores in the previous year. After provision of tax, the net profit for the year stood at Rs. 10.43 crores as compared to Rs. 14.21 crores in the previous year.

Human Resources

Company's ability to attract and retain good quality, appropriately qualified and experienced staff is important to the achievement of its objectives. Kalindee has in place an effective benefits structure including long-term incentives and a talent management programme to optimize development of employees. There is also regular communication with employees through various means.

The development of human resources is a key strategic challenge in order to prepare people for future responsibilities in terms of professional skills as well as business skills. All the units and offices of the Company maintained cordial and harmonious relations throughout the year. Further, Company has not experienced any industrial relations problem.

For a Technology based Company like Kalindee, employees are the strength. Talent and knowledge have always been respected at Kalindee, where Managers are nurtured and cultivated to grow and leaders are encouraged to reach new heights.

Internal and external training programmes for knowledge, skill and behaviour continued during the year, which improved productivity of the employees at all levels. During the year the total number of employees on the rolls of the Company as on 31st July, 2009 was 407.

Market Research team carries out primary research studies to understand the behaviour of customers, products & competitors so as to enable the marketing and technical team in evaluating strategic options and decision making. The information as gathered is provided to field force on a regular basis so as to enable the marketing and technical team to evolve local as well as corporate marketing strategies to achieve corporate objectives.

Quality Assurance

Quality is among the most important reason to persuade a customer to stick to a particular provider of service/product as the case may be. Total quality management has always been the cornerstone of the Company which has resulted in achieving greater milestones in the past couple of years. Kalindee is committed to adhere to the highest quality standards for products/services it delivers and is ensuring this through a highly qualified, techno-innovative & dedicated team.

Core Strength at a Glance

Kalindee is well positioned and recognized as a leading Infrastructure solutions Company with a clear objective to discover, develop and successfully market innovative products to provide quality output to its clients.

Internal Control System and their Adequacy

The Company has an elaborate system commensurate with the size and nature of business for ensuring internal controls and procedures and also to ensure that all assets are safeguarded and transactions are authorized, recorded and reported properly. The effectiveness of the internal control is continuously monitored by the Corporate



Audit Division of the Company Periodic Internal Audit process ensures the internal control operates properly. The internal control systems are supplemented through an extensive internal audit programme and periodic review by Audit Committee.

The Company provides, among other things, a reasonable assurance that transactions are executed with Management Authorisation and they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets of your Company are adequately safeguarded against significant misuse or loss.

The Company's system provides the requisite assurance to the senior management of the Company as well as to the Audit Committee on quarterly basis. All significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee's observations are acted upon by the management.

M/s Prem Arun Jain & Co., Chartered Accountants, Gurgaon continue to act as the Statutory Auditors of the Company and Board had also appointed M/s Prakash Sachin & Co., Chartered Accountants, Delhi to act as Internal Auditors of the Company. The Internal Auditors are entrusted with independent evaluation of adequacy of internal control and further to audit the majority of the transactions in value terms. Post audit reviews are carried out to ensure that audit recommendations have been implemented.

The Audit committee of the Board of Directors comprising of 3 (three) Non executive Independent Directors viz. Mr. N. K. Singh, Mr. S. K. Khanna and Mr. Shanti Narain, reviews Internal Audit reports and adequacy of the Internal Controls.

Discussion on Financial Performance with respect to Operational Performance

Sales	:	281.22 crores
Other Income	:	0.27 crores
Total Income	:	281.49 crores
Profit before tax, depreciation and interest and Foreign Currency Amortization	:	26.53 crores
Profit before taxation	:	16.04 crores
Provision for taxation	:	5.61 crores
Net Profit	:	10.43 crores

Conclusion

Kalindee is clearly positioned to be a premier knowledge based construction Company focussed on nation building and creating long term value for various stakeholders by contributing meaningfully to the development of Infrastructure.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward - looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statement. Important factors that could influence or make a difference to the Company's operations include reduction in number of viable infrastructure projects, unavailability of finance at competitive rates, global or domestic or both, economic conditions affecting global and domestic supply and demand conditions affecting selling price of finished goods in the domestic and overseas market, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations including statutes and incidental factors.





CEO/CFO Certification

We, R. D. Sharma and Arvind Gemini in our respective capacities as Chairman cum Managing Director and Whole Time Director cum Chief Finance Officer do hereby confirm and certify that :

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief, we state that:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) During the year under reference:
 - i) There were no significant changes in internal control over financial reporting;
 - ii) No significant changes in accounting policies were made that require disclosure in the notes to the financial statements; and
 - iii) No instances of significant fraud and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting, has come to our notice

sd/-

R. D. Sharma
Chairman cum Managing Director

sd/-

Arvind Gemini
Whole Time Director & CFO



PREM ARUN JAIN & CO.

Chartered Accountants

'PREM VILLA'

B-3/19 , DLF QUTAB ENCLAVE PHASE - I ,
GURGAON- 122002

Ph. - 95 - 124 - 2357 600

Fax - 95 - 124- 2357 500

E-mail :-paj_ca@rediffmail.com

Auditors' Certificate

To,

The Members of

Kalindee Rail Nirman (Engineers) Ltd.,

New Delhi - 110 049

We have examined the compliance of conditions of Corporate Governance by Kalindee Rail Nirman (Engineers) Ltd., for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2009, no investors grievances against the Company are pending action as per the records maintained by the Company and presented to the Shareholders/ Investors Grievance Committee of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

sd/-

ARUN JAIN

B.Com. (Hons), FCA, ACS

Proprietor

PREM ARUN JAIN & CO.

Chartered Accountants

Membership no. 81455

Place: Gurgaon

Date : September 3, 2009

PREM ARUN JAIN & CO.

Chartered Accountants

'PREM VILLA'B-3/19 , DLF QUTAB ENCLAVE PHASE - I ,
GURGAON- 122002

Ph. - 95 - 124 - 2357 600


Fax - 95 - 124- 2357 500

E-mail :-paj_ca@rediffmail.com

Auditors' Report

To,
The Members of
Kalindee Rail Nirman (Engineers) Limited,
New Delhi - 110 049

1. We have audited the attached Balance Sheet of M/s KALINDEE RAIL NIRMAN (ENGINEERS) LTD, NEW DELHI as at 31st March, 2009, the Profit & Loss Account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also included assessing the accounting principles used and significant estimates made by management; as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for purpose of our audit;
 - (b) In our opinion, proper Books of Accounts as required by Law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the Balance Sheet ,Profit & Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- 
- (e) On the basis of written representations received from the Directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009, from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required and a true and fair view in conformity with the accounting principles generally accepted in India;
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- (ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date;
- (iii) In the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.

Place : Gurgaon
Date : September 3, 2009


sd/-
ARUN JAIN
B.Com. (Hons), FCA, ACS
Proprietor
PREM ARUN JAIN & CO.
Chartered Accountants
Membership no. 81455



Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

1. In respect of Fixed Assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) The Company has not disposed off any major part of fixed assets during the year.
2. In respect of its inventories:
 - a) Inventory including stocks with subcontractors in certain locations, has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) On the basis of our examination of the inventory records, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed, between the book records and physical stocks, on verification as at March 31, 2009 were not material.
3. The Company has neither granted nor accepted any loans, secured or unsecured to / from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to the work executed. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
 - a) According to the information and explanations given to us, the transactions that needed to be entered in register have been so entered.
 - b) In our opinion and according to the information and explanations given to us, transactions in excess of Rs. 5 lakhs in respect of any party during the year, have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public during the year.

- 
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
 8. We are informed that the Central government has not prescribed the maintenance of cost records for any of the Company's products under Section 209 (1) (d) of the Companies Act, 1956
 9. According to the information and explanations given to us in respect of statutory dues :
 - a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Cess and other material statutory dues applicable to it.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Cess were in arrears, as at 31st March, 2009 for period of more than six months from the date they become payable.
 - c) According to the information and explanations given to us, there are no dues of Income tax, Wealth Tax, Sales tax and cess which have not been deposited on account of any dispute.
 10. The Company has accumulated reserves (surplus) and has not incurred any cash losses either during the current financial year or in the immediately preceding financial year.
 11. The Company has not defaulted in repayment of dues to the Financial Institutions or Banks.
 12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The Company is not a chit fund or nidhi mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
 14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities and debentures and other investments. Accordingly the provisions of clauses 4 (xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
 15. The Company has not given any guarantee for loans taken by others from Financial Institutions.
 16. The Company has availed term loan and has specifically used for the purpose for which loan was taken.
 17. According to the information and explanation made available to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short terms basis have been used for long-term investments by the Company.
 18. The Company has made preferential allotment of Shares and warrants to parties and Companies in accordance with the provisions of Sec 81 (1A) of The Companies Act, 1956
 19. The Company has not issued any Bonds during the year under review.



20. The Company has not raised any money by way of Public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

sd/-

ARUN JAIN
B.Com. (Hons), FCA, ACS
Proprietor
PREM ARUN JAIN & CO.
Chartered Accountants
Membership no. 81455

Place : Gurgaon
Date : September 3, 2009

Kalindee Rail Nirman (Engineers) Limited
Balance Sheet as at 31st March, 2009

Particulars	Schedule	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
1. SOURCE OF FUNDS:			
Share Holders' Funds			
Share Capital	1	112,248,410	107,274,790
Reserve & Surplus	2	917,304,948	750,793,524
Loan Funds			
Secured Loans	3	564,978,009	481,315,268
Unsecured Loans	4	257,639,255	280,139,737
Deferred Tax Liabilities		10,289,890	5,990,925
		1,862,460,512	1,625,514,244
2. APPLICATION OF FUNDS			
Fixed Assets	5	168,819,276	166,961,053
Investment	6	3,000,000	3,000,000
Current Assets, Loans And Advances	7	2,061,128,239	1,931,236,280
Less: Current Liabilities & Provisions	8	370,487,003	475,683,089
Net Current Assets		1,690,641,236	1,455,553,191
		1,862,460,512	1,625,514,244

As per our report attached

For & on behalf of the Board

Sd/-
Arun Jain
B.Com. (Hons), FCA, ACS
Proprietor
Prem Arun Jain & Co.
Chartered Accountants

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

Sd/-
Arvind Gemini
Director

Sd/-
Anil Sharma
Company Secretary

Place: Gurgaon
Date : September 3, 2009

Kalindee Rail Nirman (Engineers) Limited
Profit & Loss Account for the Year Ended 31.03.2009

Particulars	Schedule	31.03.2009 (Rs.)	31.03.2008 (Rs.)
INCOME			
Turnover		2,812,236,205	2,460,344,242
Other Income	14	2,740,965	19,923,629
Total		2,814,977,170	2,480,267,871
EXPENDITURE			
Work Cost	9	2,273,757,670	2,009,242,807
Administrative & Other Expenses	11	180,751,473	149,152,386
Payment to Employees	12	95,078,936	69,821,107
Interest (Net)	13	81,377,117	31,647,412
Depreciation	5	13,947,273	8,793,359
Foreign Currency Monetary Item			
Transaction Difference Amortisation		9,607,750	
Total		2,654,520,219	2,268,657,071
Profit Before Tax		160,456,951	211,610,800
Less: Provision for:			
Current Tax		50,018,265	63,578,559
Deferred Tax		4,298,965	3,585,509
Fringe Benefit Tax		1,747,666	1,755,003
Prior Period Taxes (net)			530,947
Net Profit After Tax		104,392,055	142,160,782
Add: Balance as per last year		325,151,646	196,541,478
Profit available for appropriation		429,543,701	338,702,260
Appropriation			
General Reserve		1,000,000	1,000,000
Proposed Dividend			10,727,479
Dividend Tax			1,823,135
Balance carried over to Balance Sheet		428,543,701	325,151,646
		429,543,701	338,702,260
Basic Earning per Share		9.50	13.59
Diluted Earning per share		8.98	11.56

As per our report attached

For & on behalf of the Board

Sd/-

Arun Jain
B.Com. (Hons), FCA, ACS
Proprietor
Prem Arun Jain & Co.
Chartered Accountants

Sd/-

R.D. Sharma
Chairman cum Managing Director

Sd/-

Arvind Gemini
Director

Sd/-

Anil Sharma
Company Secretary

Place: Gurgaon
Date : September 3, 2009



Schedule-1 Share Capital

Particulars	Schedule	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
AUTHORISED CAPITAL :			
6,50,00,000 Equity Shares of Rs. 10/- each		650,000,000	650,000,000
Total		650,000,000	650,000,000
ISSUED, SUBSCRIBED AND PAID -UP CAPITAL:			
Fully Paid-up :			
94,99,012 Equity Shares of Rs. 10/- each (87,71,650 Equity Shares of Rs. 10/- each previous year)		94,990,120	87,716,500
17,25,829 Equity Shares of Rs. 10/- each on preferential basis at a premium of Rs. 146.50 each		17,258,290	17,258,290
2,30,000 Equity Share of Rs. 10/- each at a premium of Rs. 146.50 each, fully paid up,			2,300,000
Total		112,248,410	107,274,790

Schedule-2 Reserve & Surplus

	As at 31.03.08 (Rs.)	Addition (Rs.)	Deduction (Rs.)	As at 31.03.2009 (Rs.)
Capital Reserve	6,751,500	-	-	6,751,500
Share Premium	400,542,372	74,604,800	-	475,147,172
General Reserve:				
- Balance as per last year	18,348,008	1,092,242	12,577,672	6,862,578
Profit & Loss A/C	325,151,643	103,392,055		428,543,698
Total	750,793,524	179,089,097	12,577,672	917,304,948

Schedule-3

Secured Loans:

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
TERM LOANS: (Secured by hypothecation of Vehicles and Plant & Machinery)		
ICICI Bank Ltd.	5,407,920	5,629,125
Kotak Mahindra Bank Ltd	-	384,660
HDFC Bank Ltd	-	2,653,911
SREI Finance Ltd	-	295,712
TML Financial Services Ltd	130,132	243,316
CASH CREDIT: (Secured by hypothecation of stocks & Book Debts)		
State Bank of India, Delhi	262,723,599	226,325,947
State Bank of Patiala, Delhi	149,147,199	128,291,030
Yes Bank Ltd, Delhi	64,183,691	114,959,518
Axis Bank Ltd, Delhi	44,285,093	2,532,049
ABN AMRO Bank, Delhi	39,100,375	
Total	564,978,009	481,315,268

Schedule-4

Unsecured Loan

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
UNSECURED LOAN		
USD 5,200,000 unsecured 0.5% Foreign Currency Convertible Bonds due 2012	257,308,080	279,790,000
Interest accrued but not due thereon	331,175	349,737
Total	257,639,255	280,139,737



**Schedule-5
Fixed Assets**

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 01.04-08	Addition /Adjustment During the Year	Sale / Adjustment During the Year	As at 31.03.09	Upto 31.03.2008	During the Year	Sale / Adjustments	Total Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
1	Land	160,423	2	3	4 = (1 + 2 - 3)	5	6	7	8 = (5 + 6 - 7)	9	10
2	Building	12,654,223	-	-	160,423	-	-	-	-	160,423	160,423
3	Electric & Fitting	730,304	-	-	12,654,223	6,351,475	422,651	-	6,774,126	5,880,097	6,302,748
4	Plant & Machinery	136,270,051	10,097,336	-	730,304	701,326	28,978	-	730,304	-	28,978
5	Furniture & Fixtures	15,558,333	82,371	350,947	146,016,440	17,567,394	6,773,040	93,124	24,247,310	121,769,130	118,702,657
6	Office Equipment	4,461,822	86,320	-	15,640,704	2,609,194	984,856	-	3,594,050	12,046,654	12,949,140
7	Computers	6,986,860	1,020,682	-	4,548,142	2,559,221	286,354	-	2,845,575	1,702,567	1,902,601
8	Vehicles	38,279,531	9,079,919	5,633,722	8,007,542	4,665,505	1,231,421	-	5,896,926	2,110,617	2,321,356
	TOTAL	215,101,547	20,366,628	5,984,669	41,725,728	13,686,381	4,219,973	1,330,412	16,575,942	25,149,786	24,593,150
	Previous Year	108,832,838	126,357,212	20,088,503	229,483,506	48,140,496	13,947,273	1,423,535	60,664,234	168,819,276	166,961,053
					215,101,547	40,684,553	8,793,359	1,337,415	48,140,496	166,961,053	68,148,287

Schedule-6
Investment

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
Listed Securities SBI INFRASTRUCTURE FUND (300000 Units @ Rs. 10/- per unit, NAV as on 31.03.09 Rs. 5.65 per unit)	3,000,000	3,000,000
Total	3,000,000	3,000,000

Schedule-7
Current Assets, Loans And Advances

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
INVENTORIES & WORK IN PROGRESS (As Certified by Management)	837,351,802	895,384,581
SUNDRY DEBTORS: (Considered good)		
- Debt outstanding for a period exceeding six months	41,274,551	41,274,551
- Less than six months	441,173,129	299,967,323
	482,447,680	341,241,874
CASH & BANK BALANCES:		
i In Hand (As certified by Management)	386,733	397,620
ii With Scheduled Banks	1,118,300	7,496,736
iii In Fixed deposits	292,963,582	248,407,391
OTHER CURRENT ASSETS:		
i Interest accrued on Fixed deposit	16,523,733	16,244,465
ii Security Deposits	259,005,151	227,042,225
iii I.T. deducted at source & Advance Tax	57,585,466	68,393,592
iv Prepaid expenditure	13,746,952	18,916,543
v Foreign Currency Monetary Item Translation Difference A/c	19,215,501	-
LOANS & ADVANCES: (Considered good)		
Against material	19,655,553	43,074,204
(For which Company holds no security other than personal security of payees)		
Other Advances	61,127,786	64,637,049
Total	2,061,128,239	1,931,236,280



Schedule-8 Current Liabilities and Provisions

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
CURRENT LIABILITIES:		
Sundry Creditors:		
- For Goods	88,108,849	116,022,464
- For Expenses	77,487,940	65,802,833
Mobilisation advance from Customers	129,784,081	199,036,060
Other Liabilities	23,890,201	16,937,556
PROVISIONS:		
- For Income Tax	50,018,265	63,578,559
- For Fringe Benefit Tax	1,197,666	1,755,003
- For Dividend		10,727,479
- For Dividend Tax		1,823,135
Total	370,487,003	475,683,089

Schedule-9 Work Cost

	31.03.2009 (Rs.)	31.03.2008 (Rs.)
Opening Stock of Material & Work in Progress	895,384,581	427,052,993
Add: Construction & Operating Exp	2,215,724,891	2,477,574,395
	3,111,109,472	2,904,627,388
Less: Closing Stock of Material & Work in Progress	837,351,802	895,384,581
Total Work Cost	2,273,757,670	2,009,242,807



Schedule-10

Construction and Operating Expenses

	31.03.2009 (Rs.)	31.03.2008 (Rs.)
Materials	1,054,641,243	1,692,540,019
Sub-Contract & Services	1,064,418,701	733,265,719
Job work	3,866,261	3,523,618
Tools & Equipment	14,268,521	2,208,232
Freight, Octroi & Cartage	25,643,482	23,262,334
Hire charges	37,036,576	9,005,145
Oil & Fuel	6,456,279	6,002,722
Drawing & Designing	617,073	866,810
Custom Duty, clearing & Forwarding charges	5,969,751	5,216,225
Inspection & Testing charges	2,807,004	1,683,571
Total	2,215,724,891	2,477,574,395



Schedule-11

Administration & Other Expenses

	31.03.2009 (Rs.)		31.03.2008 (Rs.)
Advertisement	959,954		870,618
Bank Commission	23,326,036		23,917,434
Books & Periodicals	37,033		26,106
Business Promotion	-		517,049
Charity & Donation	156,610		278,208
Conveyance	1,141,021		797,920
Insurance	3,873,582		4,460,586
Legal & Professional Exp	4,863,380		9,588,516
Loss on sale of fixed assets	1,046,773		-
Meeting fee	92,500		110,000
Membership fee	233,352		209,306
Miscellaneous	268,701		270,994
Office Expenses	1,568,531		1,302,344
Postage & courier	611,472		621,048
Printing & stationary	2,568,350		2,713,296
Rates & Taxes	1,233,429		117,295
Rent, Water & Electricity	12,351,304		7,552,443
Repair & Maintenance	4,182,642		1,964,933
Recruitment & Training	61,913		-
Technical Consultancy	673,952		39,835,738
Telephone & Telex	3,385,492		3,071,315
Tender Document Fee	1,086,323		650,205
Vehicle Running & Maintenance	11,837,561		8,432,726
Vehicle tax & Insurance	1,194,882		969,110
Works Contract Tax (Net)	97,834,566		34,202,812
Auditors' Remuneration			
- Audit Fee	250,000	250,000	
- Tax Audit Fee	50,000	50,000	300,000
Travelling Expenses:			
- Directors' Travelling Exp	1,607,281		1,629,623
- Foreign Travelling Exp	887,546		1,121,072
- Other Travelling Exp	3,367,287		3,621,689
Total	180,751,473		149,152,386

Schedule-12 Payment to Employees

	31.03.2009 (Rs.)	31.03.2008 (Rs.)
Salary, Wages, Bonus & other Allowances	87,384,869	61,918,738
Contribution to PF, FPF & ESI	2,632,407	2,439,582
Employee & Labour Welfare	3,775,201	3,069,440
Gratuity	1,286,459	2,393,347
Total	95,078,936	69,821,107

Schedule-13 Interest

	31.03.2009 (Rs.)	31.03.2008 (Rs.)
On Working Capital (Net of receipt)	71,524,428	22,227,237
On Mobilisation advance from Customers	7,717,284	7,007,944
On Term Loan	888,747	1,041,708
Interest on FCCB	1,246,658	1,370,523
Total	81,377,117	31,647,412

Schedule-14 Other Income

	31.03.2009 (Rs.)	31.03.2008 (Rs.)
Rent received	2,700,000	4,473,045
Profit on Foreign Exchange Rate Difference	40,965	12,577,672
Profit on Sale of Fixed Assets	-	2,872,912
Total	2,740,965	19,923,629



Schedule 15

Accounting Policies:

1. Method of Accounting:

The financial statements have been prepared under the historical cost of convention and on the basis of on-going concern and the system of accounting followed is mercantile system in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

2. Revenue Recognition:

a. Construction Contracts:

Bills are raised on technical evaluation of work executed based on joint inspection with customers including Railways. The income on account of claims / extra item works are recognised to the extent Company expects reasonable certainty about receipts or acceptance from the client.

b. Joint Venture Contracts:

Contracts executed in joint ventures under Work Sharing Arrangement (Consortium) are accounted in accordance with the accounting policy followed by the Company as that of an independent contract to the extent work is executed. In case where the contracts are executed independently by the Joint Venture, the share of Profit / Loss is recognised as a income / Loss in the books of accounts of the Company.

3. Land:

Lease hold land is valued at cost.

4. Depreciation:

Company provides for depreciation on Fixed Assets (including plant & machinery & computers) individually at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 on straight line method.

5. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date. If there is any indication of impairment of the carrying amount of the Company's assets and if any indication exists, the recoverable amount of such assets is estimated. An impairment Loss is recognised wherever the carrying amount of the assets exceeds its recoverable amount.

6. Written off:

Tools, implements and instruments are charged off 100% on issue.

7. Investments:

Long term investments are stated at cost.

8. Valuation:

Closing Stock of Raw Materials, Work in progress, Stores and Spare parts are valued on average cost. The transportation charges are directly charged to revenue.



9. Consumption:

Raw materials, stores and spare parts are charged to revenue on issue thereof to Railways custody / work site and also in direct purchases for particular contract, on delivery of material to work site.

10. Retirement Benefits:

The retirement benefits in the form of Provident Fund and Pension Schemes, whether in pursuance of any law or otherwise, is accounted on accrual basis and charged to the profit and loss account of the year.

11. Taxation:

Provision for Current Income Tax is determined in accordance with the provisions of Income Tax Act, 1961. Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between Taxable Income and Accounting Income that originate in one period and are capable of reversal in one or more subsequent periods in accordance with Accounting Standard (AS-22) on "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India. The timing difference is mainly on account of depreciation.

12. Prepaid Expenditure:

Expenses incurred towards Bank Guarantees are being charged to Revenue on prorata basis.

NOTES ON ACCOUNTS AS ON 31ST MARCH, 2009

1. Pursuant to the terms of issue of USD 7,000,000 0.5% Unsecured Foreign Currency Convertible Bonds due 2012, the redemption premium thereon shall be accounted for at the time of redemption.
2. Additional liability (if any) for taxes, duties under direct and indirect taxes as well as deposits thereof are made under protest and income of refunds for pending assessments / appeals / revisions / reference as well as financial effect for pending court cases of claims are accounted for at the time of final settlement/decision.
3. Contingent Liabilities:

(a) Claims against Company to be acknowledged as Debts.	-Nil
(b) Uncalled liability on share partly paid.	-Nil
(c) Arrear for fixed cumulative dividend.	-Nil
(d) Contracts remaining to be executed on capital account, which are not provided for.	-Nil
(e) The contingent liabilities towards Guarantees given to Railways & other Customers for Rs. 4,398.84 lacs by State Bank of India, New Delhi; Rs. 3,416.70 lacs from State Bank of Patiala, New Delhi; Rs. 878.33 lacs by Yes Bank Ltd., New Delhi; Rs. 1,571.10 lacs by Axis Bank Ltd., New Delhi; Rs. 414.04 lacs by ABN AMRO Bank, New Delhi and Rs. 502.96 lacs by HDFC Bank Ltd., New Delhi (Previous year Rs. 4,933.42 lacs by State Bank of India, New Delhi; Rs. 4,184.48 lacs by State Bank of Patiala, New Delhi and Rs. 1,105.71 lacs by Yes Bank Ltd., New Delhi) against which Company has provided part security by way of cash margin.	
4. In the opinion of Board of Directors, value on realisation of current assets, loans and Advances in the ordinary course of business, will not be less than the value of which they are stated in the Balance Sheet.

5. Figures of previous year have been regrouped and rearranged wherever deemed necessary.
6. Pursuant to notification GSR 325 (E) dt. 31.03.2009 issued by Ministry of Corporate Affairs, New Delhi, "Foreign Currency Monetary Item Transaction Difference Account" has been created for the purpose of recognizing all Exchange differences on translation of FCCB and Foreign Currency Bank Accounts. The net difference on such Foreign Exchange Translation has been amortised over 3 years beginning Financial Year ending 31.03.2009.
7. The Company is in the process of obtaining Actuarial Valuation in respect of Gratuity pursuant to AS-15 issued by ICAI, New Delhi. However, provision for gratuity is being made in the accounts as per the provisions of the payment of Gratuity Act, 1972.
8. Information regarding Exports & Imports/Consumption:

Sl no.	Description	Current Year (Rs.)	Previous Year (Rs.)
I	Earnings in Foreign Currency	-	NIL
II	Expenditure in Foreign Currency	-	15,25,374
III	Value of Consumption:		
	a. Raw Material & Components		
	- Imported	-	24,361,159
	- Indigenous	1,029,680,560	1,548,315,568
	b. Stores & Spares		
	- Imported	-	NIL
	- Indigenous	9,184,974	5,873,632

9. **Payment to Auditors:**

	Current Year (Rs.)	Previous Year (Rs.)
Statutory Audit Fee	2,50,000	2,50,000
Tax Audit Fee	50,000	50,000

10. **Directors' Remuneration:**

	Current Year (Rs.)	Previous Year (Rs.)
Salary & Allowances	10,907,142	10,130,699
Sitting Fee	92,500	1,10,000

11. **Related Party Disclosures:- Details of transactions made with related parties are as under:**

	Nature of Transaction	Total Payment/ debits	Total Receipts / Credits
I Kalindee Heritage & Hospitality (P) Ltd	Advance	10,200 NIL	NIL (NIL)
II Ms Laxmi Gemini	Rent	84,000 (84,000)	NIL (NIL)
III Ms Brijlata Gemini	Rent	84,000 (84,000)	NIL (NIL)
IV Ms Shanti Devi Sharma	Rent	2,80,000 NIL	NIL (NIL)
V Ms Kanta Sharma	Rent	3,00,000 (50,000)	NIL (NIL)

- Amount written off or written back in respect of debts due from or to related parties is Nil.
- Figures in bracket shows amount related to previous year.

12. In its exploratory efforts to diversify business, Company has been in a position to tap certain supply contracts which is envisaged to become a business source and accordingly the Company operates in two activities viz construction and supply contracts. The segment report of the Company is in accordance with the accounting standard 17 issued by the Institute of Chartered Accountants of India. However, the capital employed in the segments are interchangeable and hence not segregated :

	Construction Contracts	Supply Contracts	Total
Segment Revenue	2,780,126,631	32,109,574	2,812,236,205
Inter Segment Revenue	-	-	-
Total Revenue	2,780,126,631	32,109,574	2,812,236,205
Segment Result	278,120,252	1,891,000	280,011,252
Unallocated Corporate Expenses (Net)	-	-	38,177,184
Operating Profit	-	-	241,834,068
Interest Expenses	-	-	81,377,117
Income Tax (Net)	-	-	56,064,896
Profit after Tax	-	-	104,392,055

13. Earning per Share (EPS) has been computed in accordance with Accounting Standard-20

Sl no.		Current Year (Rs.)	Previous Year (Rs.)
1	Profit after tax for the year for the purpose of EPS	104,392,055	142,691,726
2	No. of issued Equity Shares (fully paid up)	11,224,841	10,727,479
3	Weighted average No. of Shares (fully paid up)	10,991,830	10,499,364
4	Basic Earning Per Share (Rs.)	9.50	13.59
5	Adjustment for interest on Potential Share	1,246,658	1,370,523
6	Adjusted Profit (Loss) for the year	105,638,713	144,062,249
7	No. of Potential Equity	775,766	1,959,623
8	Weighted Average No. of Shares	11,767,596	12,458,988
9	Diluted Earning Per Share	8.98	11.56

14. As per the information available with the Company, the sundry creditors do not include any amount due to Small Scale Industries exceeding a sum of Rs. one lakh, which is outstanding for a period of more than 30 days.

for and on behalf of the Board

sd/-
ARUN JAIN
B.Com. (Hons.), FCA, ACS
Proprietor
PREM ARUN JAIN & CO.
Chartered Accountants

sd/-
R.D. Sharma
Chairman cum Managing Director

sd/-
Arvind Gemini
Director

sd/-
Anil Sharma
Company Secretary

Place : Gurgaon
Date : September 3, 2009

Balance Sheet Abstract And Company Business Profile

I. Registration Details

Registration No.	:	114336
State Code	:	55
Balance Sheet Date	:	31 st March, 2009

II. Capital Raised during the year (Amount in Rs.)

Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	4,973,620

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities		Total Assets
1,862,460,512	:	1,862,460,512
Sources of Funds:		
Paid up Capital	:	112,248,410
Reserve & Surplus	:	917,304,948
Secured Loans	:	564,978,009
Unsecured Loans	:	257,639,255
Application of Funds:		
Net Fixed Assets	:	168,819,276
Investments	:	3,000,000
Net Current Assets	:	1,690,641,236
Deferred Tax Liability	:	10,289,890
Misc. Expenses	:	Nil
Accumulated Losses	:	Nil

IV. Performance of Company (Amount in Rs.)

Turnover and other Income	:	2,814,977,170
Total Expenditure	:	2,654,520,219
Profit before Tax	:	160,456,951
Profit after Tax	:	104,392,055
Earning per Share		
Basic EPS	:	9.50
Diluted EPS	:	8.98
Dividend	:	-

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

a)	Item Code No. (ITC code)	:	As best known- No code available
	Product Description	:	Railway Signalling Installation Service
b)	Item Code No. (ITC code)	:	As best known- No code available
	Product Description	:	Railway Track Gauge Conversion Service
c)	Item Code No. (ITC code)	:	As best known- No code available
	Product Description	:	Road Work Service

As per our report attached

for and on behalf of the Board

sd/-
ARUN JAIN
B.Com. (Hons.), FCA, ACS
Proprietor
PREM ARUN JAIN & CO.
Chartered Accountants

sd/-
R.D. Sharma
Chairman cum Managing Director

sd/-
Arvind Gemini
Director

sd/-
Anil Sharma
Company Secretary

Place: Gurgaon
Date : September 3, 2009

Cash Flow Statement For The Year Ended 31.03.2009

(Rs. in Lakhs)

Particulars	Year ended March 31, 2009 (Rs.)	Year ended March 31, 2008 (Rs.)
(A) Cash flow from operating activities		
Net Profit before Tax and Extra -Ordinary items	1604.57	2116.11
ADJUSTMENT FOR		
- Depreciation	139.47	87.93
- Interest & finance charges	813.77	316.47
- Loss on sale of Fixed Assets	10.47	(28.73)
Operating Profit before Working Capital Change	2568.28	2491.78
ADJUSTMENT FOR:		
- Trade & Other receivables	(1619.64)	(1245.57)
- Inventories	580.33	(4683.31)
- Trade payable	(1008.97)	709.95
- Extraordinary items	0.00	(5.31)
Cash flow from Operation activities	520.00	(2732.46)
Income Tax including FBT	(560.65)	(689.19)
Net Cash flow from Operation activities (A)	(40.65)	(3421.65)
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
- Purchase of Fixed Assets	(203.67)	(1263.57)
- Sale of fixed assets	35.14	216.24
- Sale / (Purchase) of Investment	0.00	(30.00)
- Interest received (Net)	110.57	99.36
Net cash used in Investing activities (B)	(57.95)	(977.97)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
- Proceeds (Payment) from Issue of Capital	795.78	328.42
- Proceeds (Payment) from Long Term /Short Term Loan	611.62	2205.97
- Interest & finance charges	(927.14)	(494.02)
- Dividend including taxes thereon	0.00	(125.51)
Net cash used in financing activities (c)	480.27	1914.86
Net Increase in cash & cash Equivalents (A+B+C)	381.67	(2484.76)
Cash & Cash Equivalents – Opening	2563.02	5047.78
Cash & Cash Equivalents – Closing	2944.69	2563.02

Auditors' Report

We have examined the above cash flow statement of Kalindee Rail Nirman (Engineers) Limited, New Delhi for the year ended March 31st, 2009. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 with stock exchanges & is based on and in agreement with the corresponding Profit & Loss account and Balance Sheet of the Company by our report of 03rd September, 2009 to the members of the Company.

As per our report attached

for and on behalf of the Board

sd/-
ARUN JAIN
B.Com. (Hons.), FCA, ACS
Proprietor
PREM ARUN JAIN & CO.
Chartered Accountants

sd/-
R.D. Sharma
Chairman cum Managing Director

sd/-
Arvind Gemini
Director

sd/-
Anil Sharma
Company Secretary

Place: Gurgaon
Date : September 3, 2009



To
MCS Ltd.
F-65, 1st Floor, Okhla Industrial Area
Phase - I, New Delhi 110 020

Form for ECS Mandate/ Bank Mandate

(Not to be filled by shareholders holding in dematerialised form)

I/We, do hereby authorise Kalindee Rail Nirman (Engineers) Limited to :

Credit my dividend directly to my Bank account as per details furnished below by Electronic Clearing Service (ECS) - ECS Mandate *

Print the details of my Bank Account as furnished below, on my dividend warrant which will be mailed to me - Bank Mandate *

(* Strike out whichever is not applicable)

Folio No.

A. Bank Name	
B. Branch	
C. Bank Address	
D. Bank Account Number	
E. Account Type (Savings/Current)	
9 Digit Code number of the bank & branch as appearing on the MICR cheque (for ECS Mandate only)	
Please attach photocopy of the cheque	
STD Code & telephone number of Shareholder (optional)	

I/we shall not hold the Company responsible if the ECS mandate could not be implemented for reasons beyond the control of the Company.

Signature of shareholder (s)
(as per specimen lodged with the Company)

Note:

Kindly note that ECS Facility is currently available to shareholders located
You may contact the Company's share transfer agent

MCS Ltd.
F-65, 1st Floor, Okhla Industrial Area Phase - I, New Delhi 110 020
E mail: admin@mcsdel.com

for any clarifications you may need on the ECS/Bank Mandate.

Proxy Form

KALINDEE RAIL NIRMAN (ENGINEERS) LIMITED

Registered Office : F- 5, Gautam Nagar, Gulmohar Park Road, New Delhi 110 049

I/We ----- of ----- in the District ----- being a Member/Members of Kalindee Rail Nirman (Engineers) Limited hereby appoint ----- of ----- in the District of ----- failing him/her ----- of ----- in the district of ----- as my/our proxy to vote for me/us on my/our behalf at the 25th Annual General Meeting of the Company to be held on Wednesday the 30th day of September, 2009 at Royal Garden, G T Karnal Road, Mukhmel Pur Bandh, Near Hanuman Mandir, Alipur, Delhi 110 036 at 11.00 A.M. and at any adjournment thereof.

Signed this ----- day of September, 2009.

Signature -----

Name -----

Address -----

Folio no. -----

Client Id No. : -----

DP Id No. : -----

No. of Shares : -----

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself.
2. The Proxy form duly signed across Revenue Stamp of Rupee one should reach the Company's Registered Office at least 48 hours before the time of meeting.
3. All alterations made in the Proxy Form should be initialed.



Attendance Slip

KALINDEE RAIL NIRMAN (ENGINEERS) LIMITED

Registered Office : F-5, Gautam Nagar, Gulmohar Park Road, New Delhi 110 049

I hereby record my presence at the 25th Annual General Meeting of the above named Company being held at Royal Garden, G T Karnal Road, Mukhmel Pur Bandh, Near Hanuman Mandir, Alipur, Delhi 110 036 at 11.00 A.M on Wednesday the 30th day of September, 2009.

Signature

Full Name of the Member/Proxy (attending the meeting)
(In Block Letters)

Folio no. -----

Client Id No. : -----

DP Id No. : -----

No. of Shares : -----

Signature

(to be signed at the time of handing over this slip)