

DIRECTORS' REPORT 2015-16

Dear Members

Your Directors have pleasure in presenting the 32nd Operational Annual Report of the Company along with the Audited Financial Statements of the company for the year ended 31st March, 2016.

OPERATIONS

The revenue from operations continued to grow at a healthy rate and has now touched a figure of Rs.372 crores which on year-to-year basis has increased by 20% and comparing to the performance of orders book, the growth is nearly 50%. This growth is better than the average growth in the business sector. The gist of financial performance is enumerated as hereunder :

Turnover

Financial year	2011-12	2012-13	2013-14	2014-15	2015-16
Amount (Rs. In lakhs)	24,433.11	25,722.21	25,398.53	30,852.05	37,226.97

Results

(Rs. In Lakhs)

Particulars	Year ended 31st March	
	2016	2015
Profit before finance cost, depreciation, exceptional items and tax	3,780.90	2,755.08
Less: Finance Cost	3,460.00	2,371.84
Profit/Loss before deprecation, exceptional items and tax	320.90	383.24
Less: Depreciation	208.68	180.30
Profit/ Loss before exceptional items and tax	112.22	202.94
Add: Amount transferred from Profit & Loss A/c	5,477.21	-
Less: Exceptional items	5,477.21	1,621.05
Profit/ (Loss) before tax	112.22	(1,418.11)
Less: Tax expenses/ (income)	25.76	(445.03)
Profit/ (Loss) after taxation	86.46	(973.08)

Your Company has earned a profit though insignificant, yet same is an indicator that the progress of the Company is in the right direction and the coming years should be better.

As on 31st March, 2016, your Company has an executable order backlog of Rs. 1500 crores with an identified order pipeline of another Rs. 500 crores. This will ensure better revenue generation which in turn will improve

the profitability of the operations. The Company has significant orders extending almost entire country covering all facets of railway constructions.

MANAGEMENT DISCUSSION AND ANALYSIS

The year 2015-16 will be considered a watershed in the history of Kalindee due to award of single largest signaling and telecommunication contract in Indian railway sector. The contract awarded to a consortium of Hitachi, Mitsui and Texmaco has Kalindee as a specialized sub-contractor for the erection & commissioning activity. The execution of this contract will propel Kalindee into the front-line of major EPC players in the railway sector. This is also likely to open further growth opportunities not only in India but also in other global markets.

The Management Discussion and Analysis Report and Report on Corporate Governance, as required under the Listing Regulations, forms part of the Annual Report.

OPPORTUNITIES

Your Company has started pursuing overseas opportunities. Specific business opportunities have been identified in countries like Saudi Arabia, Kuwait, Qatar, Bangladesh, Sri Lanka and Thailand. The proposed investment by Indian Government in Chabahar Port, Iran will also present significant business opportunities.

Technology tie-ups with various world leaders will further strengthen the Company's position in both existing as well as emerging markets.

IT INITIATIVE

Your Company is successfully running operations on a company - wide ERP system which is ensuring process of efficient and timely data management which in turn has enabled effective decision making.

IT based systems covering HR & Administrative functions have also improved employee management. The company is now intending to set up own IT infrastructure to host various IT functions.

BUSINESS SCENARIO

Indian economy has now become the fastest growing economy in the world and the railway systems are at the fore - front of all these growth. This reflects that the GDP will continue to grow @ 8+%. Significant initiatives in speeding up various railway projects is creating a new paradigm in award of contracts. It is expected that Zonal Railways will look for awarding large value contract on a turn-key EPC basis rather than the present system of small to medium range item based contracts. Such a system will substantially increase the customer base for your Company and thus afford more opportunities

Additional investment envisaged in port - connectivity, Konkan Railway, Metro Projects in both B & C tier Cities will also present significant business opportunities.

HUMAN RELATIONS

We have been constantly adding quality man-power in line with various contractual requirements. A performance based reward system was implemented in the previous year. Brief training programme on developing soft skills was provided to 150 executives over the financial year. Selected candidates were also

sponsored for various knowledge and skill based development programmes.

DIVIDEND

Your Board is not in a position to recommend dividend for the financial year under review in view of non-availability of suitable profits from current years operations. The move will help your Company to consolidate the financial position of the Company.

FUTURE OUTLOOK

As envisaged in the Business Scenario and implementation of the initiative which are underway, the company expect higher orders in domestic market and significant orders in international market.

HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY

Texmaco Rail & Engineering Limited, is the holding company of your Company. Your Company do not have any Subsidiary and /or Associate Company.

DEPOSIT

During the year, the Company has not accepted any Deposits under the Companies Act, 2013. There are no unclaimed deposits as on March 31, 2016.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, your Company has not given any guarantee, loans or provided any security, hence there is nothing required to be furnished on this count.

AUDIT COMMITTEE AND AUDITORS

Audit Committee

The composition and other nuances of the Audit Committee is provided in the Report on Corporate Governance as attached to the Directors' Report and should be read as integral part of the Annual Report.

Statutory Auditors:

The Company's Statutory Auditors M/s.S S Kothari Mehta and Co., Chartered Accountants (ICAI Firm Registration No. 000756N), New Delhi requires resolution for ratification of appointment in view of their appointment being carried out by members at the AGM for year ended 31.03.2014, which was effected for a period of 5 years as required pursuant to applicable provisions.

The said firm being eligible and expressing willingness for continuing as such their appointment by way of ratification is proposed for consideration and approval as such by members in ensuing AGM.

Your Board is in receipt of certificate from the Statutory Auditors to the effect that they are eligible for continuing as Statutory Auditors under the applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended, time to time.

Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Board had appointed M/s. Jatin Gupta & Associates, New Delhi a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the year ended 31st March, 2016. The Secretarial Audit Report is attached as **Annexure A**.

The Statutory Auditors' Report and the Secretarial Auditor' Report for the financial year ended 31st March, 2016 do not contain any qualification, reservation, adverse remark or disclaimer. Your Board will decide for Secretarial Audit for ensuing year in time to come including name of Secretarial Auditors.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors, including audit of the internal financial controls over financial reporting by the Statutory Auditors, and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, your Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2015-16.

Pursuant to the requirements under Section 134 (3) (c) and 134 (5) of the Companies Act, 2013, your Board hereby confirm that:

- (i) in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013, have been followed and there are no material departures from the same;
- (ii) the Directors have 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 as at 31st March, 2016 and of the Profit of the Company for the year ended as on that date;
- (iii) the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts of the Company on a "going concern" basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company and the such internal financial controls are considered adequate and are operating effectively; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that systems are considered adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has ended the last FY in losses, hence the only criteria applicable to Company is constitution of CSR Committee and CSR Policy, spending is not supported by the financials of your Company. Despite this, your company understands its responsibility and has indulged in various CSR initiatives performed at

'Adventz' level. Keeping in view of the fact that 80% of its employees are located in remote project sites, individual project teams are engaged in implementing various CSR projects like –

- a) Water conservations
- b) Solar energy utilization
- c) Using LED lights
- d) Training local resources in relevant skill developments

The company thus endeavors to add significant value to the society and the environment at its work places.

The Committee has formulated the CSR policy pursuant to Section 135 and Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and your Board has adopted same as its CSR policy.

Your Board has strived hard each time to support the locals and environment including flora and fauna in its endeavor. The other relevant disclosures required in terms of applicable provisions are enumerated as hereunder:

Composition

The CSR and Sustainability Committee presently comprises of three directors, one of whom Mr. Shanti Narain, Independent Director is Chairman of the Committee.

The names of the members of the CSR and Sustainability Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of CSR Committee Meetings during the financial year

Despite no allocable surplus, one meeting of CSR Committee was convened on 4th February, 2016. The CSR policy stands uploaded on the company's website: www.kalindee.net & Annual Report on CSR is enclosed as **Annexure B**.

RELATED PARTY TRANSACTION:

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature. A statement of all Related Party Transactions is placed before the Audit Committee for its review specifying the nature, value and terms and conditions of the transactions.

Your Company has adopted a Related Party Transactions Policy. The Policy, as approved by the Board, is uploaded on the Company's website

Details of the transactions with Related Parties are provided in the accompanying financial statements.

INTERNAL FINANCIAL CONTROLS AND RISK MANAGEMENT

Your Company has proper and adequate system of internal controls. This ensures that all transactions are authorised, recorded and reported correctly, and assets are safeguarded and protected against loss from

unauthorized use or disposition. In addition there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls. The system is commensurate with the size and nature of operations of the Company.

Your Company also has in place a Risk Management Policy, pursuant to Section 134 of the Act. This Risk Management framework enables identification and evaluation of business risks and opportunities, seeks to create transparency, minimize adverse impact on business objectives and enhance the Company's competitive advantage. It also describes the risk management approach across the enterprise at various levels.

Major risks identified by business and functions are systematically addressed through mitigation actions on a periodic basis. Existing control measures are evaluated against the relevant Key Performance Indicators.

The Company has laid down procedures to inform the Audit Committee as well as the Board about risk assessment and management procedures and status. These procedures are periodically reviewed to ensure that the executive management monitors and controls risks. The Internal Audit team is responsible for coordinating with various heads of Departments with respect to risk identification, assessment, analysis and mitigation. The major risks forming part of the Enterprise Risk Management process are linked to the audit universe and are also covered as part of the annual risk based audit plan.

Your Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

DIRECTORS

The Board of Directors (the Board), an apex body formed by the shareholders, serve and protect the overall interests of stakeholders; provides and evaluates the strategic directions of the Company; formulates and reviews management policies and ensure their effectiveness.

The Board represents an optimum mix of professionalism, knowledge and experience. As on 31st March, 2016, the total strength of the Board was 11 (Eleven) directors. No directors are member of more than ten committees or chairman of more than five committee across in all companies in which they are directors. The Company has benefited from the professional expertise of the Independent Directors.

Your Board confirms that company has Nomination and Remuneration Committee (N & R Committee) in its place, yet considering no director on Board of your Company drawing any remuneration, there was no need to hold a separate meeting of said committee, except when Mr. Mohan Kumar Mysore Subbanna was appointed as Executive Director as on 4th February, 2016 whereupon said Committee duly met, considered and approved said appointment by way of recommendation to Board. The policy on directors' appointment and remuneration exists which include entire gamut of coverage as prescribed pursuant to Section 178 of the Companies Act, 2013 i.e. criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178.

Appointment, Resignation and Retirement of Directors

Furthermore Mr. Sandeep Fuller and Mr. Varun Bharthuar, Directors are liable to retire by rotation at the Annual General Meeting and being eligible, offer themselves for re - appointment. Your directors recommend their re - appointment at the ensuing Annual General Meeting in the overall interest of the Company.

Also, Mr. Mohan Kumar Mysore Subbanna, COO of the Company was appointed as Additional Director on 04.02.2016 consequent upon intent of Texmaco Rail & Engineering Limited to appoint him as Director on the Board. On account of applicability of provisions of Section 160 & 161 of the Companies Act, 2013 the tenure of person acting as additional director shall come to an end on the date of ensuing AGM. Accordingly his candidature has been considered as Special Business in notice convening AGM for FY ended 31.03.2016.

The brief resume of Directors retiring by rotation and seeking re - appointment along with director whose candidature is been considered in ensuing AGM is appended in the notice for calling Annual General Meeting.

Your directors recommend their re - appointment and candidature at ensuing Annual General Meeting in the overall interest of the Company.

During the year, Mr. Vikram Singhal resigned as a Non - Executive and Non - Independent Director of the Company. The Board would like to place on record its appreciation for the contribution made by Mr. Singhal while he was on the Board.

Mr. Prakash Chandra Kejriwal was appointed as CFO of the Company in view of resignation by erstwhile CFO i.e. Mr. Vikas Jain. There has been no other change in key managerial personal during the year.

Declaration by Independent Directors

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Act and Regulation 16 (1) (b) of the Listing Regulations. In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the Rules made there under and are independent of the management.

Governance Guidelines:

The Company has adopted Governance Guidelines on Board Effectiveness. The Governance Guidelines cover aspects related to composition and role of the Board, Directors, Board diversity, and definition of independence, Director's term, retirement age and Committees of the Board. It also covers aspects relating to nomination, appointment, induction and development of Directors, Directors remuneration, Code of Conduct, Board Effectiveness, Review and Mandates of Board Committees.

Annual Evaluation of Board Performance and Performance of its Committees and Directors:

Pursuant to the applicable provisions of the Act and the Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the performance Evaluation process for the Board, its Committees and Directors. The Board's functioning was evaluated on various aspects, including inter alia degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

Directors were evaluated on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/support to the management outside Board / Committee Meetings. Areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Non Independent Directors was carried out by Independent Directors, who also reviewed the performance of the Board as a whole. The Nomination and Remuneration Committee also reviewed the performance of the Board, its Committees and of the Directors.

REMUNERATION POLICY

The Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel and other employees, pursuant to the provisions of the Act and the Listing Regulations. The Remuneration Policy is attached as **Annexure C**.

DISCLOSURES:

Significant & Material Orders Passed by the Regulators

During the year no significant and material orders has been passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future. Hence there is nothing to be stated on this count.

Particulars of Employees and related disclosures

The information required under Section 197 (12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached as **Annexure D**.

The information required under Rule 5 (2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of the Report.

None of the employees listed in the said Annexure is related to any Director of the Company.

Policy on Prevention, Prohibition and Reddressal of Sexual Harassment at Workplace

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Reddressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Reddressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee, known as the Prevention of Sexual Harassment (POSH) Committee, to inquire into complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaint of sexual harassment during the financial year 2015-16.

Other items

No disclosure or reporting is required in respect of the following items as there were no transaction on these items during the year under review:

1. Details relating to deposit and unclaimed deposits or interest thereon.
2. Issue of equity shares with differential rights as to dividend or voting.
3. Issue of shares (including sweat equity shares) and Employee Stock Option Scheme of the Company under any scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern and Company's operation in future.

Vigil Mechanism

The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the chairperson of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The Policy on Vigil Mechanism and Whistle Blower Policy may be accessed on the Company's website at www.kalindee.net

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, required to be made pursuant to section 134(3) (m) of the Companies Act 2013 read with rule 8 of the Companies (Accounts) Rules, 2014 is given in **Annexure E** and forms part of this report.

ABSTRACT OF ANNUAL RETURN:

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in Form MGT-9 is annexed here with as **Annexure F**.

CHANGES IN SHARE CAPITAL

The Company has not issued any Equity Shares during the year under review. During the year under review the Company has neither issued shares in general and nor with differential voting rights or granted stock options or sweat equity and does not have any scheme to fund its employees to purchase the shares of the Company. As on 31st March, 2016, none of the Directors of the Company hold convertible instruments.

TAKE NOTE OF CORPORATE GOVERNANCE REPORT

The Corporate Governance report as certified by M/s. S.S. Kothari Mehta & Co., Chartered Accountants, New Delhi being the Statutory Auditors of the Company is also enclosed and should be read as part and parcel of present Annual Report including management report on Corporate Governance, Management Discussion and Analysis Report.

A separate section on Corporate Governance is attached as a separate Annexure and forms a part of this report.

A certificate from Chartered Accountants regarding compliance of the conditions of Corporate Governance as stipulated under LODR with stock exchanges is attached as a separate Annexure and forms a part of this report.

A certificate from the Managing Director that all board members and senior management personnel have affirmed compliance with the code of conduct for the year ended March 31, 2016 is attached as a separate Annexure and forms a part of this report.

CEO / CFO certificate is attached as a separate Annexure and forms a part of this report.

EMPHASIS OF MATTER

Statutory auditors had drawn attention of Board to note no. 3 of their report that the Company has withdrawn Rs. 5477.21 lacs from balance of statement of profit & loss. There is no specific accounting treatment prescribed in the Accounting Standards and the Companies Act, 2013 but the Company has transferred the amount based on an expert opinion obtained. However, the Statutory Auditors report is not qualified in respect of this matter.

Accordingly, the Board approved the below stated reply for the Emphasis of matter given by the auditors :

Post the takeover of Company by Texmaco, it has brought in Standard and prudent accounting and business practices in the system to have better control over the financials of the Company. As a part of such standard and prudent process, the Company has initiated the process of balance confirmations and account reconciliation of all trade receivables even without insistence of auditors in the regard.

The Company has reconciled majority of its trade receivables / loans and advances. Pursuant to such reconciliation, the company has made a provision for doubtful debts of Rs. 5477.21 lacs in statement of profit & loss for the year ended 31st March, 2016. Considering these trade receivables / loans and advances as past due, an equivalent amount has been transferred from surplus in statement of profit & loss of the earlier years. This transfer to the statement of profit and loss is based on an expert opinion obtained by the Company. As the aforesaid accounting adjustments pertain to past due, it has been disclosed as an exceptional item.

GREEN INITIATIVES

In commitment to keep in line with the Green Initiative and going beyond it to create new green initiatives, electronic copies of the notice of the AGM are sent to all members whose email addresses are registered with the Company/Depository Participant(s). For members who have not registered their e-mail addresses, physical copies are sent through the permitted mode.

FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services:
Continued drive is being made to develop new export markets in the field of Railway EPC.
- b) Total foreign exchange used and earned:
Used: Rs. 1.66 Lacs
Earned: Rs. NIL Lacs

MAJOREVENT

Scheme of Amalgamation

Your company is undergoing amalgamation process which entails your Company to get merged with Texmaco Rail & Engineering Limited (Texmaco). The merger scheme of Kalindee with Texmaco has been approved by the Hon'ble High Court, Calcutta vide its order dated 26th February 2016. The approval of the Hon'ble High Court, Delhi, where the Kalindee's Registered Office is located, is still awaited.

Cash Flow Analysis

As stipulated, the financial statements were prepared by the Company in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the same together with the Auditors Report thereof form part of the Annual Report.

Dematerialisation of Equity Shares

Your company is in agreement with CDSL & NSDL for dematerialization and Company's ISIN Number is INE178D01010. The company has already appointed M/s MCS Share Transfer Agent Ltd. as its Registrar and Share Transfer Agent, for handling requests related to demat as well as for physical transfer of equity shares and other related issues of the Company.

ACKNOWLEDGMENTS

Your directors wish to place on record their appreciation for the continued support of the customers, financial institutions and suppliers. Your directors also wish to record the appreciation for the valuable contribution made by employees at all levels and the continued support of your collaborators.

On behalf of the Board of Directors, We would like to convey to our Hon'ble members that over the years your deep and abiding trust and invaluable support has enabled us to continuously improve our performance despite extremely challenging time in the recent past where in sourcing raw materials / components at competitive prices have become an arduous task and further hope they will continue to give their support in full spirit in the year to come.

For and on behalf of the Board

Date: 23.07.2016
Place: Gurgoan

Sd/-
Hemant Kumar
Director

Sd/-
Sandeep Fuller
Managing Director