

KAUSHALYA
INFRASTRUCTURE
Development Corporation Limited
BUILDING FOUNDATIONS FOR OUR TOMORROW

Annual Report 2011-2012



**BUILDING A BETTER
TOMMORROW**

Corporate Information

BOARD OF DIRECTORS

Mr. Ramesh Kumar Mehra
Chairman

Mr. Prashant Mehra
Managing Director

Mr. Mahesh Mehra
Whole-time Director

Mr. Parag Keshar Bhattacharjee
Independent Director

Mr. Rajesh Kumar Agarwal
Independent Director

Mr. Shankar Saraf
Independent Director

Mr. Sakti Pada Banerjee
Independent Director

**COMPANY SECRETARY &
COMPLIANCE OFFICER**
Mr. Tarkeshwar Singh

REGISTRAR AND SHARE TRANSFER AGENT

C B Management Services (P) Ltd.
P-22, Bondel Road
Kolkata - 700 019
Tel : 91-33-22806692/93/94/2486
Fax : 91-33-22870263
Website : www.cbmsl.com

STATUTORY AUDITORS

M/s. Sumanta & Co.
Chartered Accountants
71, B.R.B Basu Road
5th Floor, Block-C
Kolkata - 700001

BANKERS

Indian Overseas Bank
State Bank of India

REGISTERED OFFICE

HB 170, Sector III
Salt Lake
Kolkata - 700106
Tel : 91-33-2334 4166 / 148
Fax : 91-33-2334 4148
Website :
www.kaushalyainfrastructure.com
E mail :
info@kaushalyainfrastructure.com

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Notice

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED will be held at Rabindra Okakura Bhavan, DD 27/A/1, Salt Lake, Kolkata- 700064 on Friday, the 21st day of December 2012, at 11:30 a.m. for the transaction of the following businesses :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012, the Statement of Profit & Loss for the year ended on that date and the report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Shankar Saraf, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rajesh Kumar Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Sumanta & Co., Chartered Accountants, as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION** :

Registered Office :
HB-170, Sector III, Saltlake
Kolkata - 700106
Dated : November 14, 2012

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business set out in item no- 5 is annexed hereto.
3. The instrument appointing Proxies should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from December 17, 2012 to December 21, 2012 (both days inclusive).
5. Members/Proxies are requested to bring the attendance slips duly filled in along with copy of the Annual Report at the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Corporate members are required to send to the Company

"RESOLVED THAT pursuant provisions of Sections 198, 269 and 309 of the Companies Act, 1956 (the Act) read with Schedule XIII and all other applicable provisions, if any, of the Act (any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such other consents and approval as may be necessary, Consent of the Company be and is hereby accorded to the appointment of Mr. Mahesh Mehra to hold office as a Whole-time Director of the Company for a period of five years w.e.f. 4th September, 2012 on terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the Agreement entered into between the Company and Mr. Mahesh Mehra, with an authority to the Board of Directors to alter and vary the terms and conditions of the said appointment during the continuance of the tenure on the recommendation of the Remuneration Committee and grant such further increases in remuneration from time to time as they may deem fit and agreed by Mr. Mahesh Mehra, within the limits specified in Schedule XIII of the Act, as may be amended from time to time."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take such steps and do all such other acts, deeds and things as may be necessary or desirable to give effect to this resolution."

By Order of the Board
For **Kaushalya Infrastructure Development Corporation Ltd.**

Tarkeshwar Singh
Company Secretary

a duly certified Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote on their behalf at the Meeting.

8. Members are requested to send/notify the change of name, address, bank details, nomination, power of attorney, email address etc. to :
 - (a) the Company's Registrar and Share Transfer Agent, M/s. CB Management Services Private Limited, P-22, Bondel Road, Kolkata - 700019 in case of shares held in physical form.
 - (b) their respective Depository Participants, in case of shares held in electronic form.
9. No gift will be distributed at the Annual General Meeting.
10. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least ten days before the meeting so that the same could be complied in advance.
11. Additional information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the

Notice

persons seeking appointment/re-appointment as Director under item no. 2, 3 & 5 is annexed to the notice.

12. Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is required that the members holding shares in physical form, to get their shares dematerialised at the earliest.
13. **The ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent to the shareholders in Electronic Mode. To support this green initiative of the Government in full measure, the members who have not registered their e-mail addresses, so far, are requested to register their e-mail address in respect of electronic holdings with the Depository through their concerned Depository Participants (DP). Members who hold shares in physical form are requested to submit their e-mail address to info@kaushalyainfrastructure.com. We are sure you would appreciate the "Green Initiative" taken by MCA and solicit your patronage and support to participate in such initiative.**

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956 Item No. 5

Mr. Mahesh Mehra is one of the promoter Director and is associated with the Company since inception. The expertise and knowledge of Mr. Mahesh Mehra specially in construction industry helped in the overall development of the Company. Your Directors feels that Mr. Mahesh Mehra be appointed as Whole-time Director of the Company. Accordingly subject to the approval of the members in the ensuing Annual General Meeting, the Board of Directors of your Company at its meeting held on 4th September, 2012 has appointed Mr. Mahesh Mehra as a Whole-time Director of the Company for a period of 5(five) years w.e.f. 04.09.2012 on the terms and conditions mentioned in the Agreement dated 4th September, 2012, based on the recommendation of the Remuneration Committee.

The material terms and remuneration payable in terms of Agreement dated 4th September, 2012 are here as under:

- (a) **Tenure** - 4th September, 2012 to 3rd September, 2017
- (b) **Remuneration** - Salary of 95,000 (Rupees Ninety Five Thousand only) per month with an authority to the Board to grant such further increases from time to time as they may deem fit, within the limits specified in Schedule XIII Part II of the Act, as may be amended from time to time.

Registered Office :
HB-170, Sector III, Saltlake
Kolkata - 700106
Dated : November 14, 2012

Perquisites : Perquisites applicable to the Whole-time Director are as follows :

- I. Leave : Mr. Mahesh Mehra will be entitled to leave as per applicable rule of the Company.
- II. Leave Encashment: As per applicable rule of the Company
- III. Company's contribution to Provident Fund and Gratuity which shall not be included in the computation of limits for remuneration or perquisites.

However, in case of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Mahesh Mehra shall be restricted to Part II Section II [1A] of Schedule XIII of the Act.

(c) General

- I. The Whole-time Director shall subject to the provisions of Companies Act, 1956, the Articles of Association of the Company and to the terms of Agreement with the Board of Directors shall have the whole, or substantially the whole of the management, control and superintendence for the affairs of the Company
- II. He shall not be paid any sitting fee for attending meeting of the Board or Committee(s) thereof.
- III. Subject to the provisions of the Companies Act, 1956 each party has the right of terminating the appointment upon giving two months notice in writing.
- IV. If at any time Mr. Mehra ceases to be the Director of the Company for any cause whatsoever, he shall cease to be the Executive Director of the Company.

An abstract, pursuant to Section 302 of the Companies Act, 1956 setting out the material terms of appointment and remuneration payable to Mr. Mahesh Mehra as provided in the agreement dated 04.09.2012 has already been circulated to the members in September, 2012.

The relevant agreement entered by the Board is available for inspection of the members of the Company at the Registered Office of the Company on any working day during business hours.

None of the Directors of the Company except Mr. Mahesh Mehra himself and Mr. Ramesh Kumar Mehra being his relative are concerned or interested in the resolution.

Your Directors recommend this resolution as set out in item no. 5 of the notice for your approval by way of an Ordinary Resolution.

By Order of the Board
For **Kaushalya Infrastructure Development Corporation Ltd.**

Tarkeshwar Singh
Company Secretary

Notice

Annexure

Details of Directors seeking appointment / reappointment at the Annual General Meeting as per clause 49 of the Listing Agreement with the stock exchanges.

Particulars	Mr. Shankar Saraf	Mr. Mahesh Mehra	Mr. Rajesh Kumar Agarwal
Date of Birth	March 12, 1977	November 17, 1955	April 09, 1971
Date of Appointment	May 29, 2007	June 04, 1992	May 19, 2006
Educational Qualification	FCA, ACS & Diploma in Information System Audit.	Under Graduate	B.com (Hons), FCA, DISA
Expertise in specific functional areas	He is a Practicing Chartered Accountant for last 11 years and is a member of Direct Taxes Professional Association and member of all India Federation of Tax Practitioners. He has intensive experience in corporate Finance & Accounts, Taxation, Auditing and Commercial matters.	He is Director of Company since last 20 Years and has wide experience in the field of Infrastructure development & Construction.	He is the Practicing Chartered Accountant by profession. He has wide range experience in Corporate Finance and Tax, Corporate Laws, Mergers and Acquisitions, Consultancy, etc.
Directorship in other Companies as on March 31, 2012	<ol style="list-style-type: none"> 1. Sagun Shree Buildcon Pvt. Ltd. 2. Omkar Infracon Pvt. Ltd. 3. Shree Shyam Infranirmaan Pvt. Ltd. 4. Salasar Infranirmaan Pvt. Ltd. 5. Jai Mata Infracon Pvt. Ltd. 6. Omkar Infranirmaan Pvt. Ltd. 7. Subhshree Grihnrman Pvt. Ltd. 8. Smart Money Financial Consultants Pvt. Ltd. 9. Omkar Movers Pvt. Ltd. 	<ol style="list-style-type: none"> 1. Keleenworth Marketing Pvt. Ltd. 2. Trimurti Components Pvt. Ltd. 	<ol style="list-style-type: none"> 1. Isotech Tie-up Pvt. Ltd. 2. RGF Fincon Pvt. Ltd. 3. Nagancheji Credit Pvt. Ltd. 4. Sumeru Vanijya Pvt. Ltd. 5. Heera Commodities & Derivatives Pvt. Ltd. 6. Hanumanji Housing Pvt. Ltd. 7. Everest Commerce Pvt. Ltd. 8. Royal Dealers Pvt. Ltd. 9. Bajrang Conclave Pvt. Ltd. 10. Roopkala Abasan Pvt. Ltd. 11. Aayush Motar Finance Pvt. Ltd. 12. Ridhiraj Dealers Pvt. Ltd. 13. Remind Commercial Pvt. Ltd. 14. Paramdham Dealers Pvt. Ltd.
Membership/Chairmanship in other Public Companies (only in Audit and Shareholders/Investor Grievance Committee) as on March 31,2012	NIL	NIL	NIL
Number of shares held as on March 31, 2012	NIL	48110	NIL

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 20th Annual Report and the Audited Accounts for the financial year ended March 31, 2012.

FINANCIAL PERFORMANCE

The Financial performance of the Company, for the year ended March 31, 2012 is summarized below : (₹ In Lacs)

	STANDALONE				CONSOLIDATED			
		31.03.12		31.03.11		31.03.12		31.03.11
Contract Revenue & Other Income		10407.94		9255.07		10407.94		9255.07
Profit before Depreciation, Interest & Tax		1187.85		1000.39		1183.00		995.45
Less : Depreciation	41.34		45.21		42.54		47.60	
Interest	684.75	726.09	462.85	508.06	685.51	728.05	462.85	510.45
Profit before Tax		461.76		492.33		454.95		485.00
Less : Provision for Tax								
Current Tax	116.68		128.30		114.86		128.30	
Deferred Tax	33.05		33.78		33.05		33.78	
Fringe Benefit Tax	—		—		—		—	
Income Tax for Earlier Year	—	149.73	43.93	206.01	—	147.91	43.93	206.01
Net Profit After Tax		312.03		286.32		307.04		278.99
Less : Minority Interest		N.A		N.A		(1.29)		(2.12)
Net Profit After Minority Interest		N.A		N.A		308.33		281.11
Balance b/f from previous year		1783.57		1497.25		1765.21		1484.10
Balance available for appropriations		2095.60		1783.57		2073.54		1765.21
APPROPRIATIONS								
Transfer to General Reserve		0.00		0.00		0.00		0.00
Balance Carried to Balance Sheet		2095.60		1783.57		2073.54		1765.21

OPERATIONS REVIEW

During the year under review on a Stand alone basis your Company has achieved total income from operation of ₹ 10407.94 Lacs as against ₹ 9255.07 Lacs in the previous year. The profit before depreciation, interest and tax for the year stood to ₹ 1187.85 Lacs as compared to ₹ 1000.39 Lacs in previous year registering a growth of 18.74%.

On Consolidated basis, during the year under review the Total Income of the Company stood to ₹ 10407.94 Lacs as against ₹ 9255.07 Lacs in the previous year. The profit before tax increased to ₹ 1183.00 Lacs from ₹ 995.45 Lacs registering a growth of 18.84%.

DIVIDEND

The Directors of your Company do not recommend any dividend on the Equity Shares for the year under review.

PUBLIC DEPOSIT

During the year under review, your Company has not accepted any deposits from the public.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS :

As stipulated in Clause 41 of the Listing Agreement entered into with the stock exchanges, your Company has prepared Consolidated Financial Statements in accordance with the relevant Accounting Standards (AS-21) issued by the Institute of Chartered Accountants of India (ICAI). The Audited Consolidated Financial Statements along with the Auditors Report thereon form part of the Annual Report.

The Ministry of Company Affairs has granted a general exemption to Companies, by General Circular No-2/2011 dated 08.02.2011 under section 212(8) of the Companies Act, 1956, from attaching individual accounts of the subsidiaries with their annual report.

Directors' Report

Accordingly the Board of Directors of the Company has, by resolution, given consent for not attaching the accounts of its subsidiary in the annual report of the Company for the financial year ended 31st March, 2012. The financial data of the subsidiary forms part of the Annual Report.

The Company will make available documents/details of the subsidiary Company upon request by any member or investor of the Company/subsidiary Company. The Annual accounts of the subsidiary Company will be kept open for inspection by any investor at the corporate office of the Company and also that of the subsidiary Company.

DIRECTORS

Mr. Shankar Saraf and Mr. Rajesh Kumar Agarwal retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Pradip Agarwal has resigned from the Directorship of the Company with effect from 23rd January, 2012. Your Board of directors recorded its appreciation for the valuable services rendered by Mr. Pradip Agarwal to the Company.

Mr. Sidh Nath Mehra, Whole-time Director of Company ceased to be the Director of Company due to sad demise on 1st July, 2012. The Board of Directors, Management and staff of the Company express their heartfelt condolence for the sad demise and the Directors of your Company recorded their appreciation for the valuable contribution made by him to the Company during his tenure as a Whole-time Director of Company.

Based on the recommendation of the Remuneration Committee and subject to the approval of the members in the ensuing Annual General Meeting, Mr. Mahesh Mehra, Non Executive Director of Company has been appointed as a Whole-time Director of Company for a period of 5 (five) years w.e.f 4th September, 2012.

None of the Directors of the Company are disqualified for being appointed as Directors, as specified in Section 274(1) (g) of the Companies Act, 1956. As required under Clause 49 of the Listing Agreement the additional information on the Directors seeking appointment/re-appointment is annexed to the notice.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby confirms that:

- i. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material departure have been made from the same;
- ii. the directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company

as at 31st March, 2012 and of the profit of the Company for the financial year ended on that date;

- iii. the directors have taken proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

AUDITORS & AUDITOR'S REPORT

The Auditor M/s. Sumanta & Co., Chartered Accountants, retires at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have confirmed that if reappointed, their appointment will be within the limits under section 224(1B) of the Companies Act, 1956 .

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/explanation. The Notes to accounts referred to in the Auditors' Report are self-explanatory, and therefore, do not call for any further comments/explanation.

PARTICULARS OF EMPLOYEES

During the year under review, no employee of your Company was in receipt of remuneration in excess of the limits specified under the provision of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT

As per Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Corporate Governance along with the certificate from the Auditor of the Company and the Management Discussion & Analysis forms part of this Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Presently, the Company is not engaged in any activity relating to conservation of energy or technology absorption. During the year under review, the Company has no foreign exchange earnings and outgoes.

ACKNOWLEDGEMENT

Your Directors would like to record its appreciation for the cooperation and support received from Government Agencies, Central Government and State Government, Banks, Shareholders, Employees, and all who have directly or indirectly contributed in success of your Company.

Place : Kolkata

Date : November 14, 2012

For and on behalf of the Board
Ramesh Kumar Mehra
Chairman

Report on Corporate Governance

1. COMPANY 'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company has always believed in good Corporate Governance which involves transparency, accountability, integrity and fairness in all facts of its operations and in all its transactions with the shareholders, employees, lenders and the Government.

2. BOARD OF DIRECTORS

As on March 31, 2012, the Board of the Directors comprised of 8 (Eight) Directors of which 2 (Two) were Non-Executive Directors, 4 (Four) were Non-Executive / Independent Directors, One was Executive Director, and One was Managing Director & CEO of the Company.

As mentioned in the Annual Report for the year 2009-10, your Company appointed Mr. Pradip Kumar Agarwal as a Non-Executive Independent Director on the Board with effect from May 13, 2010, In January 2012 he gave his resignation letter due to personal reason to resigned form the above post and Board of Director in its Meeting held on 23rd January, 2012 accept his resignation with effect from 23.01.2012 from the post of Independent Director.

Post 31st March, 2012 the following changes took place in the composition of the Board of the Company:

- Mr. Sidh Nath Mehra ceased to be Director of Company due to sad demise on 1st July, 2012.
- Mr. Mahesh Mehra has been appointed as Whole-time Director w.e.f. 4th September, 2012 subject to approval in Annual General Meeting.

After the aforesaid changes as on the date of this report the Board comprises of 7 (Seven) Directors, out of which Chairman is a Non Executive-Promoter-Director. The Board has 5 (Five) Non Executive Director including Chairman (of which 4 are Independent Directors) and 2 (Two) are Executive Director. The composition of the Board during the financial year was in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges as on the date of the report.

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the Public Companies in which he is a Director. The necessary disclosures regarding other directorships and committee memberships have been made by all the Directors.

3. NUMBER OF BOARD MEETINGS

During the year ended March 31, 2012, 7 (Seven) meetings of the Board of Directors were held on the following days and the maximum time gap between 2 (Two) meetings did not exceed 4 (Four) months:

Sl. No.	Date on which Board meetings were held	Sl. No.	Date on which Board meetings were held
1	May 13, 2011	5	November 21, 2011
2	August 11, 2011	6	January 23, 2012
3	August 31, 2011	7	February 14, 2012
4	November 14, 2011		

Board Meetings are held at the registered office of the Company. The Agenda along with explanatory notes, wherever necessary are sent in advance to the Directors to get their input in the discussion. The information as required under Annexure IA of Clause 49 is being made available to the Board. The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify the instances of non-compliance, if any.

The details composition of Board of Directors, their attendance at the Board Meetings held during the year and at last Annual General Meeting and also number of directorships and Chairmanships/Memberships of Committees of each director held in other Public companies as at March 31, 2012 are as follows :

Report on Corporate Governance

Name of Director	Category of Directorship	Board Meetings attended during 2011-12	Attendance in last AGM	No. of Directorships held in other Companies#	No. of Committee positions held in other Public Companies as ##	
					Chairman	Member
*Mr. Ramesh Kumar Mehra	Non-Executive Chairman/Director	6	Yes	3	-	-
*Mr. Prashant Mehra	Managing Director	7	No	3	-	-
*Mr. Sidhnath Mehra §	Whole-time Director	7	Yes	1	-	-
*Mr. Mahesh Mehra %	Non-Executive Director	7	Yes	0	-	-
Mr. Rajesh Kumar Agarwal	Independent and Non-Executive Director	4	Yes	0	-	-
Mr. Parag Keshar Bhattacharjee	Independent and Non-Executive Director	2	No	13	2	3
Mr. Shankar Saraf	Independent and Non-Executive Director	5	No	0	-	-
Mr. Sakti Pada Banerjee	Independent and Non-Executive Director	5	No	1	-	-
Mr. Pradip Kumar Agarwal @	Independent and Non-Executive Director	0	Yes	0	-	-

NOTES :

Other Directorship does not include alternate directorship, directorship of private companies, Section 25 companies and of other companies incorporated outside India.

Includes the Membership/Chairmanship of only Audit Committee and Shareholders' Grievance Committee.

@ Mr. Pradip Kumar Agarwal has resigned from the Directorship of Company w.e.f. 23rd January, 2012.

* In terms of clause 49(IV)(G)(ia), it is hereby disclosed that Mr. Ramesh Kumar Mehra is the father of Mr. Prashant Mehra and brother of Mr. Sidhnath Mehra and Mr. Mahesh Mehra. Other than this, none of the other Directors are in any way related to any other Director as per Section 6 of the Companies Act, 1956.

§ Mr. Sidh Nath Mehra ceased to be Director of Company due to sad demise on 1st July, 2012.

% Mr. Mahesh Mehra has been appointed as Whole-time Director (Executive) w.e.f. 4th September, 2012

4. CODE OF CONDUCT

The Code of Conduct is available on the Company's website i.e. www.kaushalyainfrastructure.com and is applicable to all Directors and Senior Management Personnel of the Company. The Board and Senior Management Personnel have affirmed the compliances of the said Code of Conduct.

Declaration

In accordance with the Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel of the Company have affirmed compliances with the Code of Conduct of the Company for the year ended 31st March, 2012.

Kolkata, 14th November, 2012.

Prashant Mehra
Managing Director

Report on Corporate Governance

DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

There have been no materially relevant pecuniary transactions or relationship between the Company and its non-executive and / or independent Directors for the year 2011-12.

5. COMMITTEES OF THE BOARD

◆ AUDIT COMMITTEE

Pursuant to the provisions of Section 292(A) of the Companies Act, 1956 and Clause 49 of the Listing Agreement, your Company has a qualified and independent Audit Committee comprising of three Directors of which two are Independent Directors. Mr. Rajesh Kumar Agarwal, a senior member of Institute of Chartered Accountants of India, having a sound accounting and financial background, is the Chairman of the Committee who also attended last Annual General Meeting of the company to provide clarification to the members on the matters relating to accounts and finance. Other members being Mr. Shankar Saraf, also a senior member of Institute of Chartered Accountants of India and Mr. Prashant Mehra, the Managing Director of the Company. The Company Secretary of the Company acts as the Secretary of the Committee. The Head of Finance Department and the statutory auditors are usual invitees to the Audit Committee Meeting. All other Functional Managers are invited to attend the meeting, as and when necessary. The broad terms and reference of Audit Committee are to review the annual/quarterly financial statements before submission to the Board, to recommend the appointment/re-appointment and the remuneration of Statutory Auditor, approval of appointment of CFO, to ensure that the disclosure of the financial information presented to the Board is sufficient and correct, to review reports of the Statutory Auditors and other matters as set out in the Listing Agreement.

During the year under review 5 (Five) Audit Committee Meetings were held on May 13, 2011, August 11, 2011, August 31, 2011, November 14, 2011 and February 14, 2012.

The composition of Audit Committee and the attendance of members during these meetings are as follows:

Name	Designation	Status of Members	No. of meetings attended
Mr. Rajesh Kumar Agarwal	Chairman	Independent & Non-Executive	5
Mr. Prashant Mehra	Member	Executive	5
Mr. Shankar Saraf	Member	Independent & Non-Executive	5

◆ SHAREHOLDERS' GRIEVANCE COMMITTEE

The Investor Grievance Cum Share Transfer Committee was constituted to specifically look into the redressal of investors' complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividends, etc. The Investor Grievance Cum Share Transfer Committee consists of three Directors, out of which two are Non-Executive Directors and one is an Executive Director. The Chairman of the Committee is an Independent Director.

The broad terms of reference includes the following :

- Redressal of shareholder and investors' complaints including but not limited to transfer of shares and issue of duplicate share certificates, non-receipt of balance sheet and non-receipt of declared dividends, etc.
- Monitoring transfers, transmissions, dematerialisation, rematerialisation, splitting and consolidation of shares issued by the Company.

During the year under review, the Committee has met once on 18th February, 2012.

The composition of the committee and the attendance of the members in the meeting are given hereunder:

Name of the Member	Designation	Category	No. of meetings attended
Mr. P.K Bhattacharjee	Chairman	Independent/Non-Executive	1
Mr. Mahesh Mehra@	Member	Non-Executive	0
Mr. Sidh Nath Mehra#	Member	Executive	1
Mr. Ramesh Kumar Mehra*	Member	Non-Executive	0

Mr. Sidh Nath Mehra ceased to be member of the committee due to sad demise on 1st July, 2012.

@ Mr. Mahesh Mehra has been appointed as Executive Director of Company w.e.f. 4th September, 2012

* Mr. Ramesh Kumar Mehra has been appointed as member of the committee w.e.f. 4th September, 2012.

Report on Corporate Governance

The Company Secretary has been designated as secretary to the Committee and as Compliance Officer of the Company. The Committee has delegated the authority to approve the requests for transfers/transmission, split and remat/demat of shares to the Company Secretary. The Committee reviews the transfer/demat/remat approved by the Company Secretary and take note thereof in their subsequent meeting.

As per clause 47(f) of the Listing Agreement with the Stock Exchanges, the Company has designated a separate e-mail-id (info@kaushalyainfrastructure.com) exclusively for redressal of investors' complaints.

The details of the complaints during the year 2011-2012, excluding correspondences which are not in the nature of complaints are given below:

Number of complaints received from the shareholders	7
Number of complaints redressed	7
Number of complaints not solved/pending	Nil

◆ REMUNERATION COMMITTEE

The Company has Remuneration Committee comprising of Three (3) Non-Executive Independent Directors and One (1) Non-Executive Director. The committee, on behalf of the Board and the shareholders, determines, with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors and senior management people. This Committee also acts as a Remuneration Committee under Schedule XIII and as Selection Committee under Section 314 of the Companies Act, 1956. One meeting of Remuneration Committee was held on May 11, 2011 during the year. All members attended the meeting.

Name of Director	Designation	Category	No. of meetings attended
Mr. Parag Keshar Bhattacharjee	Chairman	Independent/Non- Executive	1
Mr. Rajesh Kumar Agarwal	Member	Independent/Non- Executive	1
Mr. Shankar Saraf	Member	Independent/Non- Executive	1
Mr. Ramesh Kumar Mehra	Member	Non-Executive	1

Your Company pays remuneration by way of salary to its Managing and Whole Time Director. The remuneration paid is within the limit specified under the Companies Act, 1956 and approved by the Board as well as by the shareholders of the Company. Your Company does not have any policy for payment of remuneration to Non-Executive Directors except by way of sitting fees @ ₹ 4500/- for attending each meeting of the Board and ₹ 3000/- for attending each Committee meeting. No severance fees is payable to the Directors on termination of the employment. The Company has not yet introduced any stock option to its Directors/ Employees.

Remuneration/Sitting Fees paid to Executive and Non-Executive Directors of the Company during the Financial Year ended March 31, 2012 are detailed as under:

Executive Directors :

Name of Director	Salary & Perquisites (₹)	Period of Contract		Notice Period	No. of Shares held as on 31.03.2012
		From	To		
Mr. Prashant Mehra	13,80,000/-	18.04.2010	30.09.2014	2 Months	97760
Mr. Sidhnath Mehra@	11,40,000/-	01.10.2009	30.09.2014	2 Months	373510

@ ceased to be Director of Company due to sad demise on 1st July, 2012.

Report on Corporate Governance

Non Executive Director :

Name of Director	Sitting fees (₹)		No. of Shares held as on 31.03.2012
	Board Meeting	Committee Meeting	
Mr. Ramesh Kumar Mehra	27,000/-	3,000/-	30010
Mr. Mahesh Mehra##	31,500/-	NIL	48110
Mr. Rajesh Kumar Agarwal	18,000/-	18,000/-	NIL
Mr. Parag Keshar Bhattacharjee	9,000/-	6,000/-	NIL
Mr. Shankar Saraf	22,500/-	18,000/-	NIL
Mr. Sakti Pada Banerjee	22,500/-	NIL	NIL
Mr. Pradip Kumar Agarwal###	NIL	NIL	NIL

appointed as Whole-time Director w.e.f. 4th September, 2012.

resigned from the Directorship w.e.f. 23rd January, 2012.

◆ EXECUTIVE COMMITTEE

The Executive Committee as at March 31, 2012 comprised are given hereunder :

Name of Director	Designation	Status of Members
Mr. Prashant Mehra	Member	Executive Director
Mr. Sidh Nath Mehra#	Member	Executive Director
Mr. Mahesh Mehra##	Member	Executive Director

Mr. Sidh Nath Mehra ceased to be member of committee due to sad demise on 1st July, 2012.

Mr. Mahesh Mehra has been appointed as member on 4th September, 2012.

The Company Secretary acts as the Secretary to this committee. The Committee was constituted to decide matters pertaining to day to day business operations including opening of current accounts with various banks and changing the signatories when required, borrow funds and make investments up to a specified limit, to give necessary authorizations for various business requirements and to do all incidental acts, deeds and things. The Executive Committee meets as and when necessary to attend to important businesses. The minutes of the Executive Committee meetings are reviewed and noted by the Board.

6. DETAILS OF GENERAL MEETING

The last Three Annual General Meetings of the Company were held as under :

Financial Year	Date	Time	Venue	Special Resolution Passed, if any
2010-2011	30th September, 2011	10.30 A. M	"Rabindra Okakura Bhavan", DD 27/A/1, Salt Lake, Kolkata -700 064	YES
2009-2010	29th September, 2010	10.30 A. M	"Rabindra Okakura Bhavan", DD 27/A/1, Salt Lake, Kolkata -700 064	YES
2008-2009	24th September, 2009	11.00 A. M	"Rabindra Okakura Bhavan", DD 27/A/1, Salt Lake, Kolkata -700 064	YES

6.1 **Extraordinary General Meeting** : During the Financial Year 2011-2012 no Extraordinary General Meeting of the members of the company was held.

6.2 **Postal Ballot** : No Special /Ordinary Resolution requiring a postal ballot was proposed last year. No Special /Ordinary Resolution requiring a postal ballot is being proposed in the forthcoming Annual General Meeting of the Company.

Report on Corporate Governance

7. DISCLOSURES

- a) There are no materially significant related party transactions which have potential conflict with the interest of the Company at large. The Directors periodically disclosed their interest in different Companies which are noted by the Board. A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee. The pricing of all the transactions with the related parties were on an arm's length basis. The related party transactions are given in the Notes No. 28 to the Annual Accounts for the year 2011-2012. There was no other material pecuniary transaction with any Non-Executive Director of the Company that requires a separate disclosure.
- b) There have been no major instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty / strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.
- c) There was no pecuniary relationship or transactions with Non-executive Independent Directors.
- d) The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in an Accounting Standard.
- e) The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have an independent director of the Company on the Board of such subsidiary company. The minutes of the proceedings of meetings of the Board of Directors of subsidiary companies are periodically placed before the Board of Directors of the Company and the attention of the directors is drawn to significant transactions and arrangements entered into by the subsidiary companies.
- f) **Subsidiary Companies :**
As at March 31, 2012 the Company had following Subsidiaries:
 - Bengal KDC Housing Development Limited
 - Kaushalya Township Private Limited
 - Kaushalya Nirman Private Limited
 - Orion Abasaan Private Limited
 - Bengal Kaushalya Nirman Limited
 - Kaushalya Energy Private Limited
 - Azur Solar KDC Private Limited (Kaushalya Solar Power Private Limited)

The Audit Committee reviews the financial statements of all the subsidiary companies including the investment made by the Company. The Minutes/Resolutions of the Board Meetings of all the subsidiary companies (including the step down Subsidiary Companies) are placed before the Board periodically. The management periodically reviews a statement of all significant transactions, if any, entered into by all the subsidiary companies.

- g) During the year the Company has raised proceeds from Promoter and Non Promoter group by issue of warrants. Funds raised are duly deployed as per the object of the issue. The warrants are not yet converted. Details of proceeds includes in Balance Sheet and Notes 25.1 & 25.5 Part of this Annual Report.
- h) The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of properly defined framework.
- i) The CEO/CFO certificate has been placed before the board at their meeting held on November 14, 2012, in compliance with Clause V of the Listing Agreement with the stock exchanges duly signed by the Managing Director and the Chief Financial Officer.
- j) The company has fully complied with all the mandatory requirements of the Listing Agreement with the stock exchanges. Besides mandatory requirements, the Company has complied with the non-mandatory requirements with the constitution of a Remuneration Committee as prescribed in Clause 49 of the Listing Agreement with the Stock Exchanges.
- k) Details of Directors seeking Appointment/Re-appointment at the ensuing Annual General Meeting as required under Clause 49 of the Listing Agreement is annexed to the Notice convening the Annual General Meeting.
- l) A Management Discussion and Analysis Report is given separately and forms a part of this Report.

8. MEANS OF COMMUNICATION

The quarterly results are being published in English Newspapers like Business Standard and/or Financial Express having all India circulation and one in vernacular language i.e. in Bengali. The annual reports are posted to every member of the Company. Quarterly Shareholding distribution and Quarterly/Half Yearly/Yearly results submitted to the Stock Exchanges are posted on the website of the Company www.kaushalyainfrastructure.com. The Company has created an email id : info@kaushalyainfrastructure.com to facilitate redressal of investors' grievances.

9. CODE OF INSIDER TRADING

In pursuance of the SEBI (Prohibition of Insider Trading)

Report on Corporate Governance

Regulations, 1992, the Board has laid down "Code of Conduct for Prevention of Insider Trading" with objective of preventing purchase and or sale of shares of the company by an insider on the basis of unpublished price sensitive information. A copy of the Code of Conduct for Insider Trading is available at the website of the Company.

10. DETAILS OF DIRECTORS APPOINTED/RE-APPOINTED

Brief resume of the Directors whose appointment/re-appointment is being considered at the ensuing Annual General Meeting; along with their expertise in specific functional areas and names of the companies in which they hold directorships and chairmanships/membership of Committees of the Board are provided in the notice of the ensuing Annual General Meeting.

11. GENERAL SHAREHOLDERS INFORMATION

- Date, Time and Venue of the 20th AGM** - 21st day of December, 2012 at 11.30 A.M. at Rabindra Okakura Bhavan, DD 27/A/1, Salt Lake, Kolkata - 700064.
- Book Closure Date** - The Register of Members and Share Transfer Books of the Company will be closed from December 17, 2012 to December 21, 2012 (both days inclusive) for the purpose of 20th Annual General Meeting.
- Financial Calendar** - Financial year of the Company is 1st April to 31st March. The tentative calendar for consideration of financial results for the financial year 2012-13 is given below :

Particulars	Tentative Schedule
Results for quarter ending June 30, 2012	Disclosed on 14th August, 2012
Results for quarter/half year ending September 30, 2012	Disclosed on 14th November, 2012
Results for quarter ending December 31, 2012	Within 45 days from the end of the quarter.
Results for quarter/year ending March 31, 2013 (Unaudited)	As soon as it is approved by the Board of Directors of the Company.
Results for year ending March 31, 2013 (Audited)	
Annual General Meeting for the year 2012-2013	In accordance with Section 166 of Companies Act, 1956.

d) Listing on Stock Exchanges

Your Company's Shares are listed on the following Stock Exchanges with effect from December 14, 2007.

Name	Address	Scrip Code
The National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051	KAUSHALYA
The Bombay Stock Exchange Limited (BSE)	P.J. Towers, Dalal Street Mumbai -400 001	532925

Your Company has paid the listing fees payable to the Bombay Stock Exchange and the National Stock Exchange of India for the financial year 2012-13. The Company has also paid Annual Custodial Fees for the year 2012-13 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

e) Corporate Identity Number (CIN)

CIN of the Company, allotted by Ministry of Corporate Affairs, Government of India is L51216WB1992PLC055629 and our Company is registered within the jurisdiction of the Registrar of Companies, West Bengal, Kolkata.

f) ISIN No. for the Company

ISIN No. for the Company's Equity Share in De mat Form: INE234I01010.

g) Demat Suspense Account & Unclaimed Shares

During the year none shareholders claimed for their shares which remain unclaimed at the time of Initial Public Offer and was credited to the demat suspense account. The balance of unclaimed shares as on March 31, 2012 was 2220.

h) Registrar and Share Transfer Agent

The Company has changed its Registrar and Share Transfer Agent from Link Intime India Private Limited to CB Management Services Private Limited with effect from July 1, 2011. The Address of the new registrar is :

CB Management Services Private Limited
P-22, Bondel Road, Kolkata-700019
Ph : 033 22806692/93/94/2486; Fax : 033 22870263
Email : rta@cbmsl.com, Website : www.cbmsl.com

Report on Corporate Governance

i) Share Transfer System

The share transfer requests are processed on behalf of the Company by Registrar & Transfer Agent, M/s. C B Management Pvt. Ltd. and are placed before the Company Secretary who has been delegated by Investor Grievance cum Share Transfer Committee to approve transfers. The Company Secretary addresses all the requests fort nightly.

j) Dematerialisation of shares and liquidity as on March 31, 2012

As on 31st March, 2012, 99.9987% of the total shares of the Company have been dematerialized as under :

Particulars of Shares (Equity Shares of ₹ 10/- each)	Dematerialised Form	
	Number	% of Total
NSDL	16341343	83.35
CDSL	3264023	16.65
Sub-total	19605366	99.9987
Physical Form	264	0.0013
Total	19605630	100

k) Distribution of Shareholding

The distribution of shareholding of the Company as on March 31, 2012 is noted below:

Slab of Shareholding	No of Shareholders	%	No of Shares	%
UPTO 500	20653	86.52	3209120	16.37
501 TO 1000	1736	7.27	1433214	7.31
1001 TO 2000	782	3.28	1204523	6.14
2001 TO 3000	271	1.13	684256	3.49
3001 TO 4000	100	0.42	361099	1.84
4001 TO 5000	110	0.46	522430	2.67
5001 TO 10000	140	0.59	1021348	5.21
10001 TO 50000	65	0.27	1187824	6.06
50001 TO 100000	8	0.03	600446	3.06
100001 AND ABOVE	7	0.03	9381370	47.85
TOTAL	23872	100.00	19605630	100.00

Shareholding pattern by ownership as on March 31, 2012

Category	No of Shares Held	% of shareholding
Promoters & Promoter Group	10105630	51.54
Institutional Investors	Nil	Nil
Bodies Corporate	948608	4.84
Indian Public	8301041	42.34
NRIs /OCB/Others	152881	0.78
Clearing Members	97470	0.50
Total	19605630	100.00

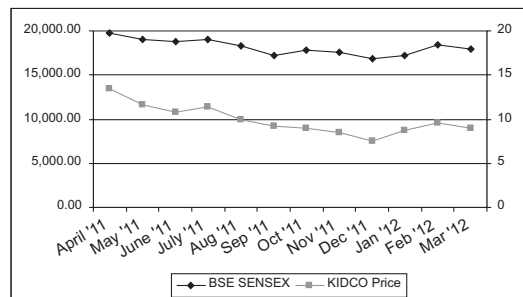
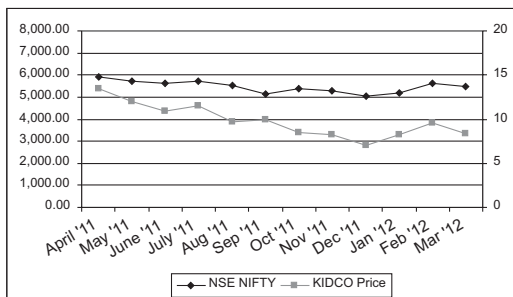
l) Market price data

Monthly high, low quotations and trading volumes of the Company's equity shares during the financial year 2011-12 at NSE and BSE are noted below :

Report on Corporate Governance

Months	Bombay Stock Exchange Ltd			National Stock Exchange of India Ltd.		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2011	13.45	10.90	165,689	13.45	10.60	321,457
May, 2011	11.65	9.50	94,524	11.95	9.65	158,189
June, 2011	10.75	8.61	50,600	10.85	9.10	223,113
July, 2011	11.39	9.12	82,163	11.50	9.25	169,829
August, 2011	9.99	7.31	106,711	9.75	7.40	225,781
September, 2011	9.25	7.91	50,907	9.95	7.90	86,768
October, 2011	9.00	7.42	39,746	8.50	7.35	89,993
November, 2011	8.44	5.80	72,447	8.30	6.15	98,486
December, 2011	7.50	5.02	94,550	7.00	5.05	138,072
January, 2012	8.73	5.25	93,327	8.20	5.45	384,557
February, 2012	9.60	7.25	144,238	9.60	7.25	303,561
March, 2012	8.95	6.57	74,348	8.40	6.80	130,473

Performance of the Company in comparison with broad based indices



m) Investors for Correspondence

Registered Office :

Kaushalya Infrastructure Development Corporation Ltd.

HB- 170, Sector - III, Salt Lake, Kolkata - 700 106

Tel : + 91 33 2334 4166/91 33 2334 4148, Fax : + 91 33 2334 4148

E -mail : info@kaushalyainfrastructure.com

Compliance Officer :

Mr. Tarkeshwar Singh

Company Secretary & Compliance Officer

(Appointed w.e.f. 14th November, 2012)

HB- 170, Sector - III, Salt Lake, Kolkata - 700 106

Tel : + 91 33 2334 4148, Fax : + 91 33 2334 4148

E mail : info@kaushalyainfrastructure.com

For and on behalf of the Board

Ramesh Kumar Mehra

Chairman

Place : Kolkata

Date : November 14, 2012

Management Discussion and Analysis

ECONOMIC OVERVIEW

The Indian economy in the year 2011-12 faced a very challenging environment. The year witnessed turmoil as the GDP growth rate came down to 6.5%, the lowest in the last 5 years. This was a result of the various macro-economic factors, global economy being at the brink of a recession, financial turmoil in the Euro zone and slows down in the economic decisions by the Government and the 13 consecutive rates hikes announced by Reserve Bank of India. The year was characterized by sustained rise in inflation, as a result of a sharp increase in the prices of commodities. This was further exacerbated by the supply side constraints and increased borrowing costs. The Reserve Bank of India took a cautious monetary stance resulting in sacrificing growth as it tried to control inflation. With demand and affordability getting impacted, the economic growth engine witnessed signs of a significant slowdown.

Over the near term, unless the Government initiates a series of reforms and bold economic measures. The macro economic scenario is expected to remain similar to the past year.

INDUSTRY STRUCTURE & DEVELOPMENT

The Economies across the World witnessed numerous events like USA's raising debt and unemployment, Euro zone crisis impacting sovereign debt overall growth. However, a developing nation like India on the other hand showed the sign of resilience and emerged as a ray of hope to the rest of the world despite slow down in growth. The year has been a challenging one for the Indian Economy too. The Economy faced challenges like high inflation, tightening monetary policy, weakening industrial growth and investment, depreciating Rupee and high crude oil prices, which led to slowdown of overall growth. The real estate sector has been playing an integral role in the Indian economy. The sector had demonstrated unparalleled growth over the years and accounts for almost 5% of the country's GDP. However the current year severe stagnation in this sector as global housing market struggled for sustainance.

The construction sector is characterized by mix of both organized and unorganized entities. More than half of construction activity is generated from infrastructure sectors, followed by industrial, commercial and residential sectors.

OVERALL OUTLOOK

Looking at your Company as a whole the management feels that there are several areas requiring focus. Investment of time and resources in key areas in the infrastructure trade can yield sustained long term growth at reasonable rates. The Company's focus is primarily on incubating and developing such growth initiatives that impact overall strength of the organization and set it on firm ground for growth in the future.

The real estate sector witnessed a sharp decline in the absorption rate in the FY 2011-12. The sentiment of buyers during the year was cautious. New launches moderated during the year due to lower demand and regulatory hurdles. In the coming year the sector is expected to execute projects and foresees increase in sales across the market due to expected lowering of interest rates, improving affordability resulting in uptick in this sector.

RISKS AND CONCERN

The construction industry everywhere faces problems and challenges. However, in developing countries like India, these difficulties and challenges are present along side a general situation of socio-economic stress, chronic resource shortages and institutional weaknesses. Compared with many other industries, the construction industry is subject to more risks due to the unique features of construction activities such as long gestation period, delays due to external factors, complicated approval and supervision processes, uncertain environment, extended working capital, design variations, coordination delays between project participants, shortage of unskilled/semi-skilled & skilled labour, land acquisition problem, occurrence of disputes, local political agitation and price inflation of construction inputs. These risks pertain to contractors, clients, even government bodies, subcontractors, suppliers and external issues. We endeavor to work from the feasibility phase onwards to address potential risks in time and also deploy people with construction and management knowledge from the inception to make sound preparation for carrying out safe, efficient and quality construction activities. To minimize risk, your Company chooses its projects prudently, diversifies in various sectors, expands in geographies and strategically deploys men, machinery and capital. Your Company is also undertaking fast-track short duration projects to avoid the risk associated with long gestation projects. It has put in place risk management policies, which is periodically reviewed and revamped by the Audit Committees as well as Board of Directors.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRY RELATIONS

Human Resource in your Company continues to be core strength and it always strives to align the Company's objectives towards optimum utilization of the manpower, continuous training of the employees and increase in employee aspirations by rewarding them for their talent and ensuring their developments.

DISCUSSION ON FINANCIAL PERFORMANCE

Income

For the financial year ended March 31, 2012, Income from contracts stood at ₹ 105 Crores, up 14.27% YOY. Growth rate was higher than previous years due to uptick in infrastructure

Management Discussion and Analysis

spending and execution of projects on hand. Contract bids, however, were slower than normal to materialise as bidding procedures became more complex, competitive and lengthy as well as successful bids saw delays in award procedures. Hotel income for the year was down 6.58% as tourism related activity slowed down to a near halt for a period in the area due to political turmoil in the district where the hotel is located. Net Total Income for the year stood at ₹ 104 Crores.

PBT/PAT/EPS

Profit Before Tax stood at ₹ 461.76 Lacs down 6.21% YOY due to higher cost of debt and slower realization cycles as client payments got extended substantially due to overall liquidity issues in the industry. Profit After Tax for the year stood at ₹ 312.03 Lacs up 8.97% YOY as prior year included prior period

tax payments. Weighted Average EPS for the year stood at ₹ 1.59 per share compared to ₹ 1.46 per share in the prior year.

CAUTIONARY STATEMENT

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry - global or domestic or both, significant changes in political and economic environment in India, Government regulations, tax regimes applicable statutes, litigations, labour relations and interest costs.

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of
Kaushalya Infrastructure Development Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Kaushalya Infrastructure Development Corporation Limited (the company) for the year ended 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of the Corporate Governance is the responsibility of the company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in clause 49 of the listing agreement) issued by the Institute of Chartered Accountants of India and 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 opinion on the financial statements 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 abovementioned listing Agreement.

We 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.

Place : Kolkata
Date: The 14th day of November, 2012

For **Sumanta & Co.**
Firm Registration No. 322554E
Chartered Accountants
Pradeep Kumar Agarwal
Partner
Membership No. 056521

Auditors' Report

To the Members of
Kaushalya Infrastructure Development Corporation Limited
Report of the Financial Statements

We have audited the accompanying financial statements of Kaushalya Infrastructure Development Corporation Limited (the company), which comprise the balance sheet as at 31 March 2012, and the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according

Place : Kolkata
Date : The 14th day of November, 2012

to explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give 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, 2012;
- ii. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. As required by Section 227(3) of the Act, we report that
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper records adequate for the purposes of our audit have been received from the branches not visited by us;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and returns;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as director in terms of clause (f) of sub-section (1) of section of the Companies Act, 1956.

For Sumanta & Co.
Firm Registration No. 322554E
Chartered Accountants

Pradeep Kumar Agarwal
Partner

ICAI Membership No. 056521

Annexure to the Auditors' Report

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT TO THE MEMBERS OF KAUSHALYA TOWNSHIP PRIVATE LIMITED OF EVEN DATE

- (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situations of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, the company has not been disposed off any substantial part of fixed assets during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion, 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 inventory records, in our opinion, the company is maintaining proper records of inventory and no material discrepancies were noticed on verification between the physical stocks with the book records.
- (iii) As informed to us, the company has not granted/taken 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 and accordingly the provisions of Clause 4 (iii) (a) to 4 (iii) (g) of the order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us and based on our verification, we are of the opinion that the particulars of contracts and arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, and based on our verification, we report that the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakh in respect of any party during the year has been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed cost records u/s 209(1)(d) of the Companies Act, 1956 for any of the activities of the company and accordingly the provisions of Clause 4 (viii) of the order is not applicable to the company.
- (ix) (a) Accordingly to the information and explanations given to us and the records of the company examined by us, in our opinion, the company, on various instances has delayed the deposit of the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, cess and other statutory dues applicable to it.
- (b) According to information and explanations given to us, undisputed amounts payable in respect of Service Tax ₹ 39,10,390/-, and VAT ₹ 5,08,544/- were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following dues of Sales tax, Income tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess (as applicable) have not been deposited by the Company on account of disputes.

Annexure to the Auditors' Report

Name of the Statute	Nature of Dues	Amount (in ₹ Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Income Tax	37.72	Assessment Year 2004-2005	Income Tax Appellate Tribunal
Income Tax Act	Income Tax	0.72	Assessment Year 2005-2006	Commissioner of Income Tax (Appeals)
Income Tax Act	Income Tax	9.24	Assessment Year 2006-2007	Commissioner of Income Tax (Appeals)
Income Tax Act	Income Tax	40.99	Assessment Year 2007-2008	Income Tax Appellate Tribunal

- (x) The company has no accumulated losses as at 31st March, 2012 and it has not incurred cash loss in the current and immediately preceding Financial Year.
- (xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank. The company has no dues to any debenture holders.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the company is not a dealer or trade in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loan have been taken, from SBI (FCNR-B) for meeting the working capital requirements but not utilized for any purpose, during the entire tenure of the loan and it has been consequently repaid during the year.
- (xvii) On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- (xviii) During the year, the company has made preferential allotment of shares warrants to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956. In our opinion, the prices at which the same are issued are prima facie not prejudicial to the interests of the company.
- (xix) During the year, the company has not issued any debentures and accordingly the provisions of Clause 4(xix) of the order are not applicable to the company.
- (xx) The company has not raised any money by public issues during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

Place : Kolkata
Date : The 14th day of November, 2012

For **Sumanta & Co.**
Firm Registration No. 32254E
Chartered Accountants
Pradeep Kumar Agarwal
Partner
ICAI Membership No. 056521

Balance Sheet as at 31st March, 2012

(Amount in ₹)

PARTICULARS	Note	As at 31st March 2012	As at 31st March 2011
EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	196,056,300	196,056,300
(b) Reserve & Surplus	4	722,407,236	691,204,073
(c) Money Received against Share Warrants		96,043,750	-
		1,014,507,286	887,260,373
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	30	7,453,026	4,147,856
(b) Other Long Term Liabilities	5	9,805,306	9,830,306
(c) Long Term Provisions	6	826,411	786,411
		18,084,743	14,764,573
(3) Current Liabilities			
(a) Short Term Borrowings	7	428,850,136	394,878,338
(b) Trade Payables	8	287,194,175	406,981,132
(c) Other Current Liabilities	9	66,485,689	58,686,187
(d) Short Term Provisions	10	64,049,355	52,381,967
		846,579,355	912,927,625
TOTAL		1,879,171,384	1,814,952,571
ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	56,127,321	59,498,197
(b) Non-Current Investments	12	47,673,115	47,673,115
(c) Long-Term Loans and Advances	13	613,172,417	492,166,485
		716,972,853	593,337,797
(2) Current Assets			
(a) Inventories	14	19,622,694	38,534,339
(b) Trade Receivables	15	725,382,316	777,687,104
(c) Cash & Cash Equivalents	16	33,069,595	113,562,628
(d) Short Term Loans and Advances	17	379,977,127	282,722,144
(e) Other Current Assets	18	4,146,800	3,108,559
		1,162,198,531	1,215,614,774
TOTAL		1,879,171,384	1,814,952,571

See accompanying notes forming part of the financial statements 1-33

In terms of our report attached.

For **Sumanta & Co.**
Firm Regn. No. 322554E
Chartered Accountants

Pradeep Kumar Agarwal
Partner
Membership No. 056521

Place : Kolkata
Date : 14th November, 2012

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

Statement of Profit and Loss for the year ended 31 March, 2012

		(Amount in ₹)	
PARTICULARS	Note	For the year ended 31st March, 2012	For the year ended 31st March, 2011
1	Revenue from operations (gross)	1,051,854,319	920,488,531
	Less : Service Tax	<u>14,706,828</u>	<u>5,444,980</u>
	Revenue from operations (net)	1,037,147,491	915,043,551
2	Other income	<u>3,646,800</u>	<u>4,878,175</u>
3	Total revenue (1+2)	<u>1,040,794,291</u>	<u>919,921,726</u>
4	Expenses		
	Cost of Material Consumed	70,008,767	123,164,016
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	(167,568)	(139,907)
	Employee benefits expense	11,095,487	13,703,093
	Finance costs	68,475,470	51,831,411
	Depreciation and amortisation expense	4,133,546	4,520,666
	Other expenses	<u>841,072,869</u>	<u>677,608,533</u>
	Total expenses	<u>994,618,571</u>	<u>870,687,811</u>
5	Profit / (Loss) before tax (3 - 4)	46,175,720	49,233,914
6	Tax expense:		
	Current tax expense for current year	11,667,387	12,830,083
	Current tax expense relating to prior years	-	4,393,086
	Deferred tax	<u>3,305,170</u>	<u>3,377,845</u>
		<u>14,972,557</u>	<u>20,601,014</u>
7	Profit / (Loss) for the year (5 - 6)	<u>31,203,163</u>	<u>28,632,900</u>
8.1	Earnings per share (of ₹ 10/- each):	29	
	(a) Basic	1.59	1.46
	(b) Diluted	1.37	1.46
	See accompanying notes forming part of the financial statements	1-33	

In terms of our report attached.

For **Sumanta & Co.**
Firm Regn. No. 322554E
Chartered Accountants

Pradeep Kumar Agarwal
Partner

Membership No. 056521

Place : Kolkata
Date : 14th November, 2012

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

For and on behalf of the Board of Directors

Cash Flow Statement for the year ended 31 March, 2012

(Amount in ₹)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	46,175,720	49,233,914
Adjustments for :		
Depreciation and amortisation	4,133,546	4,520,666
Loss/(gains) on Sale of Fixed Assets	-	97,448
Finance costs	68,475,470	51,831,411
Interest income	(3,461,210)	(4,542,160)
Operating profit / (loss) before working capital changes	<u>115,323,526</u>	<u>101,141,279</u>
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	18,911,645	(2,144,639)
Trade receivables	52,304,788	(197,239,740)
Short-term loans and advances	(75,005,852)	(43,889,686)
Long-term loans and advances	(15,285,091)	37,754,788
Other current assets	(1,038,243)	(3,108,557)
Adjustments for increase/(decrease) in operating liabilities:		
Other long term liabilities	-	-
Long term provisions	40,000	80,000
Trade payables	(119,786,957)	180,002,923
Other current liabilities	7,799,502	(28,481,483)
Short-term provisions	-	-
Cash flow from extraordinary items	-	-
Cash generated from operations	(16,736,680)	44,114,885
Net income tax (paid) / refunds	(22,249,131)	(20,104,201)
Net cash flow from / (used in) operating activities (A)	<u>(38,985,811)</u>	<u>24,010,684</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(762,670)	(1,728,351)
Proceeds from sale of Fixed Assets	-	224,049
Bank balances not considered as Cash and cash equivalents		
- Placed	-	(33,922,785)
- Matured	55,996,963	-
Purchase of long-term investments		
- Others	-	-
Loans & Advances given		
- Subsidiaries & Step down subsidiaries	(105,720,843)	(58,565,821)
- Joint Ventures	(25,000)	9,830,306
Interest received		
- Others	3,461,210	4,542,160
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) investing activities (B)	<u>(47,050,340)</u>	<u>(79,620,442)</u>

Cash Flow Statement for the year ended 31 March, 2012

(Amount in ₹)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
C. Cash flow from financing activities		
Proceeds from issue of share warrants	96,043,750	-
Share Application Money received/(refunded)	-	-
Repayment of Long Term Borrowings	-	(3,748,720)
Net increase / (decrease) in working capital borrowings	33,971,798	114,527,056
Finance cost	(68,475,470)	(51,831,411)
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) financing activities (C)	61,540,078	58,946,925
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(24,496,072)	3,337,167
Cash and cash equivalents at the beginning of the year	31,672,370	28,335,203
Cash and cash equivalents at the end of the year	<u>7,176,298</u>	<u>31,672,370</u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	33,069,593	113,562,628
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		
Deposit pledged with bank as security against borrowings	25,729,615	81,726,578
IPO refund account	<u>163,680</u>	<u>163,680</u>
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16	7,176,298	31,672,370
Add : Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	-	-
Cash and cash equivalents at the end of the year *	<u>7,176,298</u>	<u>31,672,370</u>
* Comprises:		
(a) Cash on hand	4,231,535	6,336,969
(c) Balances with banks		
(i) In current accounts	2,944,763	25,335,401
(ii) In deposit accounts with original maturity of less than 3 months	-	-
	<u>7,176,298</u>	<u>31,672,370</u>

Notes :

- The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.
- These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **Sumanta & Co.**
Firm Regn. No. 322554E
Chartered Accountants

Pradeep Kumar Agarwal
Partner
Membership No. 056521

Place : Kolkata
Date : 14th November, 2012

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

For and on behalf of the Board of Directors

Notes forming part of the financial statements

Note 1: CORPORATE INFORMATION

Kaushalya Infrastructure Development Corporation Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange and National Stock Exchange. The company is engaged in executing construction contracts relating to infrastructure developments. The company's services are limited to domestic markets only.

Note 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

2.3 Inventories

The stock of raw materials, stores and spares, other construction materials and fuel are valued at cost under FIFO method or net realizable value whichever is lower.

Work-in-progress is valued at cost.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash

nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation

Depreciation is charged on Straight Line Method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

2.7 Revenue recognition

Income from services

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Contract Income

- a. The company follows the policy of recognizing the revenue as soon as the work is completed, irrespective of the certification. However, whenever the work gets certified, the company takes the certified portion of the previously uncertified revenue in the turnover and deducts the same amount from the uncertified portion of the revenue of the respective financial year.
- b. An amount of ₹ 10,35,55,161/- as disclosed by the company, as the revenue of the prior periods and considered to be doubtful, during the limited review for the quarter ending 31st March'2012, has now been revalued to ₹ 37,71,475/- only, which has been written off as Unrecoverable Contract expenses, during the current financial year.
- c. An amount of ₹ 53,19,36,351/- is included in the contract revenue, on which TDS is not reflected in FORM 26AS.

2.8 Other income

Interest income is accounted on accrual basis.

2.9 Tangible Fixed Assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable

Notes forming part of the financial statements

fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

*Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

2.10 Investments

*Long-term investments (excluding investment properties),

	Construction		Hotel		Total	
	₹ in Lacs	% of Total	₹ in Lacs	% of Total	₹ in Lacs	%
Revenue	10515.31	99.91	9.06	0.09	10,524.37	100.00
Expenses	10015.46	99.94	5.82	0.06	10021.28	100.00
Profit before Depreciation	499.85	99.36	3.24	0.64	503.09	100.00

As such there are no separately identifiable primary segments.

In so far as geographical segment is concerned, the company is carrying out its business only in domestic markets. Therefore, there are no separately identifiable geographical segments.

2.14 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend,

are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

2.11 Employee Benefits

Employee benefits include provident fund, ESI and gratuity. Contribution to Provident fund, ESI, Medical reimbursement etc. is charged to the Profit and Loss account as incurred.

The provision for gratuity has been made, but not paid to any gratuity fund.

2.12 Borrowing Costs

AS-16: Borrowing Costs is not applicable to the company during the current year.

2.13 Segment reporting

The Company is solely engaged in construction contracts for infrastructure development. The other business i.e. hotel is insignificant in terms of risk as well as rewards since it does not constitute even 1% in terms of revenue, expenses and profit as given in table below :

interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares

Notes forming part of the financial statements

are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.15 Taxes on income

"Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences.

Current and deferred tax relating to items directly recognized in equity is recognized in equity and not in the Statement of Profit and Loss.

2.16 Joint Venture Operations

The accounts of the Company reflect its share of the Assets, Liabilities, Income and Expenditure of the Joint Venture Operations which are accounted on the basis of the audited accounts of the Joint Ventures on line-by-line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture Agreements.

In respect of contracts executed in Integrated Joint Ventures under profit sharing arrangement (assessed as AOP under Income tax laws), the services rendered to the Joint Ventures are accounted as income on accrual basis. The profit / loss is accounted for, as and when it is determined by the Joint Venture and the net investment in the Joint Venture is reflected as investments, loans & advances or current liabilities.

2.17 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.18 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.19 Service Tax Input Credits

Service tax input credit is accounted for in the books in the period in which the underlying service received.

2.20 Sundry Debtors

Sundry Debtors, to the tune of ₹ 37,71,475/- , are considered to be doubtful, the recovery of which has ceased to be probable. Hence, the management has decided to write off the same as "Unrecoverable Contract Expenses", in accordance with the Paragraph 27 of the Accounting Standard 7.

Notes forming part of the financial statements

(Amount in ₹)

Note 3 : SHARE CAPITAL

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹ 10/- each with voting rights	35,000,000	350,000,000	25,000,000	250,000,000
	<u>35,000,000</u>	<u>350,000,000</u>	<u>25,000,000</u>	<u>250,000,000</u>
(b) Issued				
Equity shares of ₹ 10/- each with voting rights	19,605,630	196,056,300	19,605,630	196,056,300
	<u>19,605,630</u>	<u>196,056,300</u>	<u>19,605,630</u>	<u>196,056,300</u>
(c) Subscribed and fully paid up				
Equity shares of ₹ 10/- each with voting rights	19,605,630	196,056,300	19,605,630	196,056,300
Total	<u>19,605,630</u>	<u>196,056,300</u>	<u>19,605,630</u>	<u>196,056,300</u>

Refer Notes (i) to (ii) below

Notes :

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh Issue	Other Changes	Closing Balance
Issued, Subscribed and Fully Paid-up				
<i>Equity shares with voting rights</i>				
Year ended 31 March, 2012				
- Number of shares	19,605,630	-	-	19,605,630
- Amount (₹)	<u>196,056,300</u>	-	-	<u>196,056,300</u>
Year ended 31 March, 2011				
- Number of shares	19,605,630	-	-	19,605,630
- Amount (₹)	<u>196,056,300</u>	-	-	<u>196,056,300</u>

(ii) Details of shares held by each shareholder holding more than 5% shares :

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahanti Engineers Pvt. Ltd.	3,307,600	16.87	3,307,600	16.87
Sunkissed Merchandise Pvt. Ltd.	2,962,900	15.11	2,962,900	15.11
Keleenworth Marketing Pvt. Ltd.	2,336,350	11.92	2,336,350	11.92
Total	<u>8,606,850</u>	<u>43.90</u>	<u>8,606,850</u>	<u>43.90</u>

Notes forming part of the financial statements

(Amount in ₹)

Note 4 : RESERVES & SURPLUS

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Securities premium account		
Opening balance	464,359,836	464,359,836
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year for :	-	-
Closing balance	464,359,836	464,359,836
(b) Revaluation Reserve		
Opening balance	23,987,021	23,987,021
Add: Addition on revaluations during the year	-	-
Less: Utilised for set off against depreciation	-	-
Closing balance	23,987,021	23,987,021
(c) General Reserve		
Opening balance	24,500,000	24,500,000
Add : Transferred from surplus in Statement of Profit and Loss	-	-
Less : Utilised / transferred during the year for:	-	-
Closing balance	24,500,000	24,500,000
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	178,357,216	149,724,316
Add: Profit / (Loss) for the year	31,203,163	28,632,900
Closing balance	209,560,379	178,357,216
Total	722,407,236	691,204,073

Note 5 : OTHER LONG TERM LIABILITIES

Particulars	As at 31 March, 2012	As at 31 March, 2011
Advances from Related Parties		
Joint Venture & Associates	9,805,306	9,830,306
Total	9,805,306	9,830,306

Note 6 : LONG TERM PROVISIONS

Particulars	As at 31 March, 2012	As at 31 March, 2011
Provision for Employee Benefits - Gratuity	826,411	786,411
Total	826,411	786,411

Notes forming part of the financial statements

(Amount in ₹)

Note 7 : SHORT TERM BORROWINGS

Particulars	As at 31 March, 2012	As at 31 March, 2011
Loans repayable on demand		
(a) Cash Credit From banks		
Secured		
(i) State Bank of India	194,721,663	134,076,668
(Secured by way of hypothecation of stock of raw material, work-in-progress, book debts and personal guarantee of directors and their relatives, collateral security of property of the company and group companies.)		
(ii) Indian Overseas Bank	234,128,473	214,226,670
(Secured by way of hypothecation of stock of raw material, work-in-progress, book debts and personal guarantee of directors and their relatives, collateral security of property of the company and group companies.)		
(ii) Other Loans & Advances	-	46,575,000
(Secured by way of hypothecation of stock of raw material, work-in-progress, book debts and personal guarantee of directors and their relatives, collateral security of property of the company and group companies.)		
Total	428,850,136	394,878,338

Note 8 : TRADE PAYABLES

Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade Payables		
Acceptances	-	-
Other than Acceptances	287,194,175	406,981,132
Total	287,194,175	406,981,132

Note 9 : OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2012	As at 31 March, 2011
Statutory Remittances	16,995,820	1,262,078
Advances from customers/ contractors	49,326,189	57,260,429
Share Application Money Due for refund	163,680	163,680
Total	66,485,689	58,686,187

Note 10 : SHORT TERM PROVISIONS

Particulars	As at 31 March, 2012	As at 31 March, 2011
Provision for Income-tax	63,614,019	51,946,631
Provision for FBT	435,336	435,336
Total	64,049,355	52,381,967

Notes forming part of the financial statements

Note 11 : FIXED ASSETS

(Amount in ₹)

Particulars	SLM Rate of Dep	Gross Block				Depreciation				Net Block	
		As at 01.04.2011	Additions	Deductions	Total	Upto 31.03.2011	For the Year	Sales/ Adjustments	Total	As at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS											
(a) Buildings											
Owned		9,993,919	-	-	9,993,919	1,352,712	161,152	-	1,513,864	8,480,055	8,641,207
Construction	1.63%	107,298	-	-	107,298	107,298	-	-	107,298	-	-
Hotel	1.63%	9,886,621	-	-	9,886,621	1,245,414	161,152	-	1,406,566	8,480,055	8,641,207
(b) Plant and Equipment											
Owned		64,777,977	689,483	-	65,467,460	17,208,598	2,943,670	-	20,152,268	45,315,192	47,569,379
Construction		63,981,859	689,483	-	64,671,342	16,897,809	2,905,854	-	19,803,663	44,867,679	47,084,050
- Plant & Machinery	4.75%	60,914,763	689,483	-	61,604,246	13,830,713	2,905,854	-	16,736,567	44,867,679	47,084,050
- JCB Excavator	11.31%	3,067,096	-	-	3,067,096	3,067,096	-	-	3,067,096	-	-
Hotel	4.75%	796,118	-	-	796,118	310,789	37,816	-	348,605	447,513	485,329
(c) Furniture and Fixtures											
Owned		4,742,753	-	-	4,742,753	2,962,160	387,614	-	3,349,774	1,392,979	1,780,593
Construction	6.33%	1,985,707	-	-	1,985,707	705,188	125,695	-	830,883	1,154,824	1,280,519
Hotel	9.50%	2,757,046	-	-	2,757,046	2,256,972	261,919	-	2,518,891	238,155	500,074
(d) Vehicles											
Owned		7,627,741	-	-	7,627,741	6,320,616	493,432	-	6,814,048	813,693	1,307,125
Construction		7,616,183	-	-	7,616,183	6,312,457	492,125	-	6,804,582	811,601	1,303,726
- Motor Car	9.50%	3,402,899	-	-	3,402,899	2,292,259	323,275	-	2,615,534	787,365	1,110,640
- Vehicles	11.31%	4,177,289	-	-	4,177,289	4,010,984	166,305	-	4,177,289	-	166,305
- Cycles	7.07%	35,995	-	-	35,995	9,214	2,545	-	11,759	24,236	26,781
Hotel	11.31%	11,558	-	-	11,558	8,159	1,307	-	9,466	2,092	3,399
(e) Office equipment											
Owned		907,897	73,187	-	981,084	708,004	147,678	-	855,682	125,402	199,893
Construction	16.21%	871,347	73,187	-	944,534	671,454	147,678	-	819,132	125,402	199,893
Hotel	16.21%	36,550	-	-	36,550	36,550	-	-	36,550	-	-
Total (₹)		88,050,287	762,670	-	88,812,957	28,552,090	4,133,546	-	32,685,636	56,127,321	59,498,197
Previous Year (₹)		86,722,840	1,728,351	400,904	88,050,287	24,110,831	4,520,666	79,407	28,552,090	59,498,197	

Note 12 : NON CURRENT INVESTMENTS

	FV	31st March 2012		31st March 2011	
		Nos.	₹	Nos.	₹
A. Trade Investments					
(a) Investment in Unquoted, fully paid-up Equity Shares of :					
(i) Subsidiary Companies					
- Bengal Kaushalya Nirman Ltd.	10	102,000	1,020,000	102,000	1,020,000
- Bengal KDC Housing Development Ltd.	10	102,000	1,020,000	102,000	1,020,000
- Kaushalya Energy Ltd.	10	5,500	55,000	5,500	55,000
- Kaushalya Nirman Pvt. Ltd.	10	46,000	1,940,000	46,000	1,940,000
- Kaushalya Township Pvt. Ltd.	10	317,357	15,507,850	317,357	15,507,850
- Orion Abasaan Pvt. Ltd.	10	29,000	1,090,000	29,000	1,090,000
		601,857	20,632,850	601,857	20,632,850
(b) Investment Property (Ref. Note 12.a)			26,561,000		26,561,000
			26,561,000		26,561,000
B. Other than Trade Investments					
Gold Coins [50 Gms. Each]		10	479,265	10	479,265
		10	479,265	10	479,265
Total (A + B)			47,673,115		47,673,115
Aggregate value of unquoted investments			20,632,850		20,632,850

Notes forming part of the financial statements

(Amount in ₹)

Note 13 : LONG TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unsecured and considered good		
Security Deposits & Earnest Money Deposits	118,269,064	104,099,924
Mobilization Advances	300,745	300,745
Other Advance	2,615,949	1,500,000
Advances to related parties		
Subsidiary Companies	491,891,171	386,172,528
Step Down Subsidiaries	95,488	93,288
	<u>613,172,417</u>	<u>492,166,485</u>

Note (i) Long Term Loans and Advances includes due from

Particulars	As at 31 March, 2012	As at 31 March, 2011
Directors	-	-
Other officers of the Company	-	-
Firms in which any director is a partner	-	-
Private companies in which any director is a director*	360,199,693	262,642,250
Private companies in which any director is a member*	131,786,966	123,623,566
	<u>491,986,659</u>	<u>386,265,816</u>

* The entire amount is due from subsidiaries companies.

Note 14 : INVENTORIES

Particulars	As at 31 March, 2012	As at 31 March, 2011
Raw Materials	14,698,281	33,122,692
Work in Progress		
Construction Work in Progress	4,000,305	3,832,737
Stores & Spares	924,108	1,578,910
	<u>19,622,694</u>	<u>38,534,339</u>

Note 15 : TRADE RECEIVABLES

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unsecured, considered good		
Overdue for a period exceeding six months	231,359,643	118,875,487
Other Trade receivables	494,022,673	658,811,617
	<u>725,382,316</u>	<u>777,687,104</u>

Notes forming part of the financial statements

(Amount in ₹)

Note 16 : CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Cash on hand (as certified by the management)	4,231,535	6,336,969
(b) Balances with banks		
(i) In current accounts	2,944,763	25,335,401
(iii) In earmarked accounts (Refer Note (i) below)		
Balances in Deposit Accounts held as margin money or security against borrowings, guarantees and other commitments (Refer Note (i) below)	25,729,615	81,726,578
Share application money received for allotment of securities and due for refund	163,680	163,680
	33,069,593	113,562,628
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	7,176,298	31,672,370

Notes :

- (i) Includes deposits amounting to ₹ 25,729,615/- (As at 31 March, 2011 ₹ 81,726,578/-) which have an original maturity of more than 12 months.

Note 17 : SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unsecured, considered good		
Advances to Suppliers & Subcontractors	185,866,712	188,442,338
Advances to Employees	2,124,033	1,492,865
Advance against Expenses	3,433,604	3,394,287
Other Advance	77,806,047	1,115,949
Prepaid Expenses (Unsecured, considered good)	2,743,553	2,522,658
Balances with government authorities		
Income Tax Payments	108,003,178	85,754,047
	379,977,127	282,722,144

Note 18 : OTHER CURRENT ASSETS

Particulars	As at 31 March, 2012	As at 31 March, 2011
Accruals		
Interest accrued on deposits	4,146,800	3,108,559
	4,146,800	3,108,559

Notes forming part of the financial statements

(Amount in ₹)

Note 19 : REVENUE FROM OPERATIONS

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Sale of Services (Gross)		
Contract Receipts	1,051,530,563	920,141,951
Other Operating Revenues		
Profit from Hotel (Refer Note 19A)	323,756	346,580
	1,051,854,319	920,488,531
Less : Service Tax	14,706,828	5,444,980
	1,037,147,491	915,043,551

Note 19A : PROFIT FROM HOTEL BUSINESS REVENUE FROM OPERATIONS

Food Sale	86,599	19,826
Room Rent	176,732	140,090
Service Income	1,642	2,395
Cultivation Income	641,400	639,905
Total (A)	906,373	802,216

EXPENDITURE

Raw Food Purchased	39,501	13,844
Fuel (Cooking)	11,297	4,498
Repairs & Maintenance - Buildings	8,018	2,450
Transport Expenses	-	90
Stores	2,430	1,016
Employee Benefits		
Salary	101,000	52,500
Site Allowance	23,760	10,130

Administrative & Other Expenses

Bank Charges	3,550	550
Books & Periodicals	1,343	1,609
Electricity Charges	41,606	61,327
Cultivation Expenses	263,775	235,055
General Expenses	2,835	1,200
Generator Expenses	-	189
Gardening Expenses	4,760	196
Insurance	-	1,893
Labour Charges incl. Allowances	33,300	22,450
Laundry Expenses	-	411
Postage/Fax/Courier	80	200
Printing & Stationery	470	67
Rates & Taxes	9,000	3,000
Security Expenses	31,460	40,519
Subscription	3,001	2,000
Telephone Expenses	50	-
Travelling & Conveyance	1,381	443
Total (B)	582,617	455,637
Profit/(Loss) before Depreciation (A-B)	323,756	346,580

Notes forming part of the financial statements

(Amount in ₹)

Note 20 : OTHER INCOME

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Interest Income		
Interest from Bank on Deposits	3,461,210	4,542,160
Miscellaneous Income	185,590	336,015
(Net of expenses directly attributable ₹ Nil Prev. Year ₹ Nil)		
	3,646,800	4,878,175

Note 21.a : COST OF MATERIAL CONSUMED

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Opening stock	34,701,602	32,696,870
Add: Purchases	50,929,554	125,168,748
	85,631,156	157,865,618
Less: Closing stock	15,622,389	34,701,602
Cost of material consumed	70,008,767	123,164,016

Note 21.b : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Inventories at the beginning of the year:		
Work-in-progress	3,832,737	3,692,830
	3,832,737	3,692,830
Less: Inventories at the end of the year:		
Work-in-progress	4,000,305	3,832,737
	4,000,305	3,832,737
Net (increase) / decrease	(167,568)	(139,907)

Note 22 : EMPLOYEE BENEFIT EXPENSES

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Salary, Allowances & Bonus	6,878,468	8,611,385
Directors' Remuneration	2,520,000	2,520,000
Contribution to PF, ESI & Other Funds	127,109	186,094
Staff Welfare	1,529,910	2,305,614
Employee Retirement Benefits	40,000	80,000
	11,095,487	13,703,093

Notes forming part of the financial statements

(Amount in ₹)

Note 23 : FINANCE COSTS

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
(a) Interest expense on :		
(i) Borrowings	62,528,502	45,474,916
(ii) Delayed/Deferred payment of taxes	47,605	809,795
(b) Other borrowing costs	3,954,362	5,546,700
(c) Net (gain)/loss on currency fluctuation	1,945,000	-
	68,475,470	51,831,411

Note 24 : OTHER EXPENSES

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Contract Operating Expenses		
Consumption of Stores & Spare Parts	1,381,406	5,309,920
Unrecoverable Works Contract	3,771,475	-
Subcontractor Charges	772,864,649	576,930,615
Hire Charges	6,778,718	25,708,479
Labour Charges & Allowances	29,193,252	25,166,233
Power & Fuel	8,133,486	14,098,175
Repairs & Maintenance- Machinery	820,907	4,496,385
Freight Charges	443,247	803,663
Royalty	530,905	3,701,763
Works Contract Tax	4,769,279	8,951,889
Survey Charges	37,400	246,945
	828,724,724	665,414,067
Administrative Expenses		
Rent	1,951,351	2,190,560
Rates & Taxes	495,067	369,022
Insurance	269,965	463,966
Consultancy & Professional Charges	3,460,230	2,564,326
Directors' Sitting Fee	172,500	189,000
Electricity Charges	479,144	416,327
Post, Telegraph, Telephone & Internet	690,130	814,862
Travelling & Conveyance	2,398,798	2,360,806
Printing & Stationery	628,514	1,358,410
Security Guard Expenses	406,841	351,383
Payment to Auditors		
- As Audit Fees	56,180	56,180
- As Tax Audit Fees	28,090	28,090
- For Certification	11,030	-
Miscellaneous Expenses	1,025,285	536,508
	12,073,125	11,699,440
Selling & Distribution Expenses		
Advertisement	247,620	366,361
Subscription	27,400	31,217
	275,020	397,578
Other Expenses		
Loss on Sale of Fixed Assets	-	97,448
	-	97,448
Total	841,072,869	677,608,533

Notes forming part of the financial statements

Note 25: ADDITIONAL INFORMATION OF THE FINANCIAL STATEMENTS

25.1: Moneys received against share warrants

The Board of Directors of the Company at their meeting held on 31st August, and as approved at its Annual General Meeting held on 30th September, 2011 have resolved to create, offer, issue and allot up to 15,025,000 warrants, convertible into 15,025,000 equity shares of ₹ 11/- each on a preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956, at a conversion price of ₹ 11/- per equity share of the Company, arrived at in accordance with the SEBI Guidelines in this regard and subsequently these warrants were allotted on (date) to the promoters and the 58.11% application money amounting to ₹ 96,043,750/- was received from them. The warrants may be converted into equivalent number of shares on payment of the balance amount at any time on or before 21.05.2013. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.

25.2: Contingent Liabilities and Commitments to the extent not provided for

(Amount in ₹)

Sl. No.	Particulars	As on 31.03.2012	As on 31.03.2011
1.	a. Counter guarantees given to Bankers to obtain various Bank Guarantees against which fixed deposit receipts have been pledged by the Company.	40,965,602	63,106,070
	b. Performance Guarantee given on behalf of Joint Venture Entities	29,625,050	29,625,050
	c. Share of the company in the Contingent Liability of Joint Venture Entities	Nil	Nil
	d. Capital Commitment of the company in Joint Venture Entities	Nil	Nil
	e. Share of the company in the Capital Commitment of the Joint Venture Entities	Nil	Nil
2.	Claims not acknowledged as debts		
	Income Tax Demand (Assessment Year 2004-05)	37,71,602	4,271,602
	Income Tax Demand (Assessment Year 2005-06)	72,381	616,467
	Income Tax Demand (Assessment Year 2006-07)	9,23,573	10,605,103
	Income Tax Demand (Assessment Year 2007-08)	40,98,684	7,616,064

25.3: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The Company is in the process of identifying the suppliers, who would be covered under the Micro, Small and Medium Enterprises Development Act, 2006. As confirmed by the management, the company has not yet received any information about such registration from the vendors and such information will be provided as and when confirmation is received from them. However, as regards the same, no documentary evidence has been found during the course of audit.

25.4: Disclosures as per clause 32 of the listing agreement

(Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties)

(a) Loans and advances in the nature of loans given to subsidiaries, associates and others

(Amount in ₹)

Sl. No.	Name of the Subsidiary	Balance as at 31.03.2012	Maximum Balance 2011-12	Balance as at 31.03.2011	Maximum Balance 2010-11
1	Bengal Kaushalya Nirman Ltd.	36,000	36,000	34,500	34,500
2	Bengal KDC Housing Development Ltd.	131,750,966	131,750,966	123,589,066	123,589,066
3	Kaushalya Energy (P) Ltd.	4,229,000	4,229,000	629,900	629,900
4	Kaushalya Nirman (P) Ltd.	67,712,157	67,712,157	67,484,681	67,484,681

Notes forming part of the financial statements

(Amount in ₹)

Sl. No.	Name of the Subsidiary	Balance as at 31.03.2012	Maximum Balance 2011-12	Balance as at 31.03.2011	Maximum Balance 2010-11
5	Azur Solar KDC (P) Ltd. (Kaushalya Solar Power P. Ltd.)	95,488	95,488	93,288	93,288
6	Kaushalya Township (P) Ltd.	233,490,892	234,400,892	165,242,825	165,242,825
7	Orion Abasaan (P) Ltd.	54,672,156	54,672,156	29,191,556	29,191,556

(b) Investment in shares of the Company by such subsidiaries, associates and others

Name of the subsidiary	As at 31 March, 2012	As at 31 March, 2011
	Nil	Nil

25.5: Disclosure required in terms of Clause 13.5A of Chapter XIII on Guidelines for preferential issues, SEBI

	During the year Ended 31.03.2012
Total amount received from issue of share warrants	96,043,750
Purpose for which money has been utilized	
(a) Advances to Subsidiaries	
(b) Working Capital	65,100,000
	30,943,750
Unutilized money as at 31st March, 2012	NIL

25.6: Expenditure in Foreign Currency (Gross before TDS) (on accrual basis)

(Amount in ₹)

	For the year Ended 31st March, 2012	For the Year Ended 31st March, 2011
Traveling and Conveyance	168,831	Nil
Loss in repayment of Term Loan	19,45,000	Nil

25.7: Details of consumption of imported and indigenous items

Particulars	For the year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
	Amount (₹)	%	Amount (₹)	%
Indigenous				
Raw Material	70,008,767	100	123,164,016	100
Components	Nil	Nil	Nil	Nil
Spare Parts	1,381,406	100	5,309,920	100
Imported				
Raw Material	Nil	Nil	Nil	Nil
Components	Nil	Nil	Nil	Nil
Spare Parts	Nil	Nil	Nil	Nil

Notes forming part of the financial statements

25.8: Earning in foreign exchange (net of TDS): Nil

25.9: Amount remitted in foreign currency during the year on account of dividend: Nil

25.10: Current assets

In the opinion of the Board, the current assets have value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

Note 26 : Details of borrowing cost capitalized during the year: Not Applicable

Note 27 : Segment reporting

The company has no separately identifiable primary and secondary segments. Therefore, AS 17: Segment reporting issued by the ICAI are not applicable to the company.

Note 28: Related Parties*, Related Party Transactions and Balances receivable/payable as at the end of the year

I. Parties Where Control Exists

Subsidiaries

- | | |
|--------------------------------|---------------------------------------|
| 1 Bengal Kaushalya Nirman Ltd. | 2 Bengal KDC Housing Development Ltd. |
| 3 Kaushalya Energy (P) Ltd. | 4 Kaushalya Nirman (P) Ltd. |
| 5 Kaushalya Township (P) Ltd. | 6 Orion Abasaan (P) Ltd. |

Step Down Subsidiaries

- 7 Azur Solar KDC (P) Ltd.

II. Joint Ventures

Jointly Controlled Entities

- 1 New Asian Construction Co.

III. Key Management Personnel :

- | | |
|--|--|
| 1 Mr. Prashant Mehra, Managing Director | 2 Mr. Ramesh Kumar Mehra, Director |
| 3 Mr. Mahesh Mehra, Director | 4 Mr. S.N.Mehra, Director |
| 5 Mr. Parag Keshar Bhattacharjee, Independent Director | 6 Mr. Shankar Saraf, Independent Director |
| 7 Mr. Rajesh Kumar Agarwal, Independent Director | 8 Mr. Saktipada Banerjee, Independent Director |

IV. Other Related Parties with whom the company had transactions during the year

Relatives of Key Management Personnel :

- | | |
|-------------------------------|-----------------------------------|
| 1 Mr Kartik Mehra | 2 Mr Karan Mehra |
| 3 Mrs. Neeru Mehra | 4 Keleenworth Marketing Pvt. Ltd. |
| 5 Mahanti Engineers Pvt. Ltd. | 6 Sunkissed Merchandise Pvt. Ltd. |

V. Transactions with Related Parties

(Amount in ₹)

Sl. No.	Type of Transactions	2011-12			2010-11		
		Subsidiaries JV	Key Mgt Personnel	Relatives/ Others	Subsidiaries JV	Key Mgt Personnel	Relatives of KMP
(a)	Valued of Services Received	-	2,578,500	960,000	-	2,593,500	480,000
(b)	Rent Paid	-	720,000	600,000	-	720,000	600,000
(c)	Money Recd. Agst Warrants	8,055,000	8,005,000 (Relatives) 59,815,000 (Others)	-	-	-	-
(d)	Advances Given (Net)	106,145,843	-	-	48,735,515	-	-
(e)	Balance Receivable as at 31.03.2012	491,986,659	-	-	386,265,816	-	-
(f)	Balance Payable as at 31.03.2012	(9,805,306)	-	-	9,830,306	-	-

***Note :** Related parties have been identified by the management.

Notes forming part of the financial statements

29: Earning Per Shares

(Amount in ₹)

Year Ended 31.03.2012

	Continuing Operations				Discontinuing Operations				Total Operations			
	Before Extraordinary and Exceptional Items		After Extraordinary and Exceptional Items		Before Extraordinary and Exceptional Items		After Extraordinary and Exceptional Items		Before Extraordinary and Exceptional Items		After Extraordinary and Exceptional Items	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Face Value of Shares	10	10	10	10	10	10	10	10	10	10	10	10
Profit	31,203,163	31,203,163	31,203,163	31,203,163	0	0	0	0	31,203,163	31,203,163	31,203,163	31,203,163
Weighted Average No. of Shares	19605630	22711954	19605630	22711954	19605630	22711954	19605630	22711954	19605630	22711954	19605630	22711954
EPS (₹)	1.59	1.37	1.59	1.37	-	-	-	-	1.59	1.37	1.59	1.37
Year Ended 31.03.2011												
Face Value of Shares	10	10	10	10	10	10	10	10	10	10	10	10
Profit	28,632,900	28,632,900	28,632,900	28,632,900	0	0	0	0	28,632,900	28,632,900	28,632,900	28,632,900
Weighted Average No. of Shares	19605630	19605630	19605630	19605630	19605630	19605630	19605630	19605630	19605630	19605630	19605630	19605630
EPS (₹)	1.46	1.46	1.46	1.46	-	-	-	-	1.46	1.46	1.46	1.46

Note 30 : Deferred Tax Assets/(Liability)

	31.03.2012 Timing Difference		31.03.2011 Timing Difference	
On Account of Depreciation				
- Net Block as per I T Act	58,791,876		63,314,607	
- Net Block as per Cos. Act	<u>82,688,321</u>	(23,896,445)	<u>86,059,197</u>	(22,744,590)
On Account of Share Issue Exp.		-		9,103,353
On Account of Employee Benefits		826,411		786,411
On Account of Exp. Disallowed u/s 43B		<u>98,774</u>		<u>72,529</u>
		(22,971,260)		(12,782,297)
Effective Rate of Tax		32.45%		32.45%
Deferred Tax Asset/(Liability)		(7,453,025)		(4,147,856)
Less : Deferred Tax Liability b/f		<u>(4,147,855)</u>		<u>(770,011)</u>
Deferred Tax Provision		3,305,170		3,377,845

Note 31: Interests in Joint Ventures

Name of the JV and country of origin	% of Share-holding	Amount of interest based on the accounts for the year ended 31st March, 2012					
		Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
New Asian Construction Co., India	90%	10,930,406	11,475,833	155,373	700,800	Nil	Nil
(Previous Year)		(11,486,277)	(11,486,277)	Nil	Nil	Nil	Nil

Notes forming part of the financial statements

Note 32 : Details of provisions

(Amount in ₹)

Particulars	For the year ended 31.03.2012		For the year ended 31.03.2011	
	Provision for Current Tax	Deferred Tax Liability	Provision for Current Tax	Deferred tax Liability
Balance at the beginning of the year	51,946,631	4,147,856	34,723,462	770,111
Provision made during the year	11,667,387	3,305,170	17,223,169	3,377,845
Paid/Adjusted during the year	Nil	Nil	Nil	Nil
Balance at the end of the year	63,614,018	7,453,026	51,946,631	4,147,856

Note 33 : Previous Year Figures

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached.

For **Sumanta & Co.**
Firm Regn. No. 322554E
Chartered Accountants

For and on behalf of the Board of Directors

Pradeep Kumar Agarwal
Partner
Membership No. 056521

Place : Kolkata
Date : 14th November, 2012

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

SECTION 212(8) REPORT

STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATED TO SUBSIDIARY COMPANIES

(Amount in ₹)

Name of the Subsidiary Companies	Issued and subscribed Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/Loss Before Taxation	Provision for Taxation	Profit/Loss after Taxation	Proposed Dividend
Bengal KDC Housing Development Ltd.	2,000,000	(1,017,378)	132,971,726	132,971,726	1,700,000	NIL	(201,660)	NIL	(201,660)	NIL
Bengal Kaushalya Nirman Ltd.	2,000,000	(282,215)	1,794,355	1,794,355	NIL	NIL	(65,929)	NIL	(65,929)	NIL
Kaushalya Township Pvt. Ltd.	3,548,570	13,247,823	376,423,037	376,423,037	NIL	NIL	(70,266)	NIL	(70,266)	NIL
Kaushalya Nirman Pvt. Ltd.	470,000	1,295,447	72,005,355	72,005,355	NIL	NIL	(19,495)	NIL	(19,495)	NIL
Orion Abasaan Pvt. Ltd.	300,000	608,149	78,948,040	78,948,040	NIL	NIL	(11,698)	NIL	(11,698)	NIL
Kaushalya Energy Pvt. Ltd.	100,000	(821,567)	353,5181	353,5181	99,000	NIL	(284,308)	NIL	(284,308)	NIL
Azur Solar KDC Pvt. Ltd.	100,000	(38,625)	180,202	180,202	NIL	NIL	(27,167)	NIL	(27,167)	NIL

For and on behalf of Board of Directors

Place : Kolkata
Date: November 14, 2012

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

SECTION 212 REPORT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES.

Sl. No.	Name of the Subsidiary	Kaushalya Nirman Pvt. Ltd. (KNPL)	Kaushalya Township Pvt. Ltd. (KTPL)	Orion Abasaan Pvt. Ltd. (OPAL)	Bengal KDC Housing Dev. Ltd. (BKHDH)	Bengal Kaushalya Nirman Ltd. (BKNL)	Kaushalya Energy Pvt. Ltd. (KEPL)	Azur Solar KDC Pvt. Ltd. (Subsidiary of KEPL)
1	F. Y. of the Subsidiary ended on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March, 31 2012	March, 31 2012
2	Date from which they become the Subsidiary	September 05, 2006	September 05, 2006	September 05, 2006	June 28, 2006	March 04, 2008	September 15, 2008	May 19, 2010
3	Share of the subsidiary held by the company as on March 31, 2012							
	a) Number & face Value ₹ 10/- each	46000 Equity Shares of ₹ 10/- each	317357 Equity Shares of ₹ 10/- each	29000 Equity Shares of ₹ 10/- each	102000 Equity Shares of ₹ 10/- each	102000 Equity Shares of ₹ 10/- each	5500 Equity Shares of ₹ 10/- each	KEPL holds 1000 Equity Shares ₹ 10/- each
	b) Extet of holding	97.87%	89.43%	96.67%	51%	51%	55%	100% (holding by KEPL)
4.	The net aggregate amount of the subsidiary companies Profit/(loss) so far as it concerns the member of the holding company (KIDCO)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
	a) Not dealt with in the holding company's accounts							
	i) For the Financial year ended March 31, 2012	(19,495/-)	(70,266/-)	(11,698/-)	(201,660/-)	(65,929/-)	(284,308/-)	(20,167/-)
	ii) Upto the previous financial years of the subsidiary company	(15,179/-)	(31,833/-)	(5,524/-)	(249,305/-)	(60,186/-)	(239,554/-)	(11,458/-)
	b) Dealt with in the holding company's (KIDCO) accounts							
	i) For the Financial year ended March 31, 2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ii) Upto the previous financial years of the subsidiary company	Nil	Nil	Nil	Nil	Nil	Nil	Nil

For and on behalf of Board of Directors

Place : Kolkata
Date: November 14, 2012

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

Consolidated Auditors' Report

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

Report of the Financial Statements

We have audited the accompanying consolidated financial statements of Kaushalya Infrastructure Development Corporation Limited (the company) and its subsidiaries and joint ventures (hereinafter together referred to as the consolidated entities), which comprise the consolidated balance sheet as at 31 March 2012, and the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Place : Kolkata

Date : The 14th day of November, 2012

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -

- i. in the case of the Consolidated Balance Sheet, of the state of affairs of the company and its consolidated entities as at 31st March, 2012;
- ii. in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the company and its consolidated entities for the year ended on that date; and
- iii. in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the company and its consolidated entities for the year ended on that date.

For **Sumanta & Co.**

Firm Registration No. 322554E

Chartered Accountants

Pradeep Kumar Agarwal

Partner

ICAI Membership No. 056521

Consolidated Balance Sheet as at 31st March, 2012

PARTICULARS	Note	(Amount in ₹)	
		As at 31st March 2012	As at 31st March 2011
EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	196,056,300	196,056,300
(b) Reserve & Surplus	4	720,106,651	689,272,750
(c) Money Received against Share Warrants		96,043,750	—
		1,012,206,701	885,329,050
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	31	7,453,026	4,147,856
(b) Other Long Term Liabilities	5	119,580,730	127,682,497
(c) Long Term Provisions	6	826,411	786,411
		127,860,167	132,616,764
(3) Current Liabilities			
(a) Short Term Borrowings	7	428,874,961	394,878,338
(b) Trade Payables	8	287,359,079	407,059,518
(c) Other Current Liabilities	9	66,837,552	59,626,511
(d) Short Term Provisions	10	63,903,430	52,417,971
		846,975,023	913,982,339
(4) Minority Interest			
		1,560,867	1,690,200
TOTAL		1,988,602,757	1,933,618,353
ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	538,205,067	504,689,629
(b) Non-Current Investments	12	27,040,265	27,040,265
(c) Long-Term Loans and Advances	13	252,200,960	172,453,371
(d) Other Non Current Assets	14	77,593	204,012
		817,523,885	704,387,277
(2) Current Assets			
(a) Inventories	15	19,622,694	38,534,339
(b) Trade Receivables	16	725,382,316	777,687,104
(c) Cash & Cash Equivalents	17	41,475,962	126,821,287
(d) Short Term Loans and Advances	18	380,451,102	283,079,789
(e) Other Current Assets	19	4,146,799	3,108,557
		1,171,078,872	1,229,231,076
TOTAL		1,988,602,757	1,933,618,353

See accompanying notes forming part of the financial statements 1-34

In terms of our report attached.

For **Sumanta & Co.**
Firm Regn. No. 322554E
Chartered Accountants

Pradeep Kumar Agarwal
Partner
Membership No. 056521

Place : Kolkata
Date : 14th November, 2012

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

For and on behalf of the Board of Directors

Statement of Consolidated Profit and Loss for the year ended 31 March, 2012

PARTICULARS	Note	(Amount in ₹)	
		For the year ended 31st March, 2012	For the year ended 31st March, 2011
1 Revenue from operations (gross)	20	1,051,854,319	920,488,531
Less : Service Tax		14,706,828	5,444,980
Revenue from operations (net)		1,037,147,491	915,043,551
2 Other income	21	3,646,800	4,878,175
3 Total revenue (1+2)		1,040,794,291	919,921,726
4 Expenses			
Cost of Material Consumed	22.a	70,008,767	123,164,016
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	22.b	(167,568)	(139,907)
Employee benefits expense	23	8,575,487	11,183,093
Finance costs	24	68,551,346	51,845,847
Depreciation and amortisation expense	10	4,253,335	4,640,455
Other expenses	25	844,077,727	680,727,766
Total expenses		995,299,094	871,421,269
5 Profit / (Loss) before tax (3 - 4)		45,495,197	48,500,456
6 Tax expense :			
Current tax expense for current year		11,485,459	12,830,083
Current tax expense relating to prior years		-	4,393,086
Deferred tax	31	3,305,170	3,377,845
		14,790,629	20,601,014
7 Profit After Tax (Before Minority Interest) (5-6)		30,704,568	27,899,442
8 Less : Minority Interest		(129,333)	(211,592)
9 Profit / (Loss) for the year (7 - 8)		30,833,901	28,111,034
8.1 Earnings per share (of ₹ 10/- each):	30		
(a) Basic		1.57	1.43
(b) Diluted		1.35	1.43
See accompanying notes forming part of the financial statements	1-34		

In terms of our report attached.

For **Sumanta & Co.**
Firm Regn. No. 322554E
Chartered Accountants

Pradeep Kumar Agarwal
Partner
Membership No. 056521

Place : Kolkata
Date : 14th November, 2012

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

For and on behalf of the Board of Directors

Consolidated Cash Flow Statement as at 31st March, 2012

Particulars	(Amount in ₹)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	45,495,197	48,500,456
Adjustments for :		
Depreciation and amortisation	4,253,335	4,640,455
Amortisation of Preliminary Expenses	126,419	96,251
Loss/(gains) on Sale of Fixed Assets	-	97,448
Finance costs	68,551,346	51,845,847
Interest income	(3,461,210)	(4,542,160)
Operating profit / (loss) before working capital changes	<u>114,965,087</u>	<u>100,638,297</u>
Changes in working capital :		
Adjustments for (increase) / decrease in operating assets :		
Inventories	18,911,645	(2,144,639)
Trade receivables	52,304,788	(197,239,740)
Short-term loans and advances	(75,005,852)	(42,171,629)
Long-term loans and advances	(15,217,589)	36,241,288
Other current assets	<u>(1,038,242)</u>	<u>(3,108,557)</u>
	(20,045,250)	(208,423,277)
Adjustments for increase / (decrease) in operating liabilities :		
Other long term liabilities	(8,076,767)	(12,540,809)
Long term provisions	40,000	80,000
Trade payables	(119,700,439)	179,889,186
Other current liabilities	7,211,041	(27,541,159)
Short-term provisions	<u>-</u>	<u>-</u>
	(120,526,165)	139,887,218
Cash flow from extraordinary items	-	-
Cash generated from operations	<u>(25,606,328)</u>	<u>32,102,238</u>
Net income tax (paid) / refunds	<u>(22,365,461)</u>	<u>(20,084,758)</u>
Net cash flow from / (used in) operating activities (A)	<u>(47,971,789)</u>	<u>12,017,480</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(37,768,773)	(31,161,852)
Capital Advances	(49,665,492)	23,234,000
Bank balances not considered as Cash and cash equivalents		
- Placed	-	-
- Matured	55,996,961	(33,922,786)
Purchase of long-term investments		
- Others	-	-
Loans & Advances given		
- Enterprises under significant Influence	(14,864,508)	(31,739,000)
- Joint Ventures	(25,000)	9,830,306
- Relatives of KMPs		8,407,000
Interest received		
- Others	3,461,210	4,542,160
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) investing activities (B)	<u>(42,865,602)</u>	<u>(50,810,171)</u>

Consolidated Cash Flow Statement as at 31st March, 2012

Particulars	(Amount in ₹)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
C. Cash flow from financing activities		
Proceeds from issue of share warrants	96,043,750	-
Share Application Money received/(refunded)	-	(10,700,000)
Share issued to Minority Shareholders		1,000
Repayment of Long Term Borrowings		(3,748,720)
Net increase / (decrease) in working capital borrowings	33,996,623	114,527,056
Finance cost	(68,551,346)	(51,845,847)
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) financing activities (C)	61,489,027	48,233,489
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(29,348,364)	9,440,797
Cash and cash equivalents at the beginning of the year	44,931,029	35,490,232
Cash and cash equivalents at the end of the year	15,582,665	44,931,029
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	41,475,960	126,821,287
Less : Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		
Deposit pledged with bank as security against borrowings	25,729,615	81,726,578
IPO refund account	163,680	163,680
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16	15,582,665	44,931,029
Add : Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	-	-
Cash and cash equivalents at the end of the year *	15,582,665	44,931,029
* Comprises :		
(a) Cash on hand	12,574,558	19,472,992
(c) Balances with banks		
(i) In current accounts	3,008,107	25,458,037
(ii) In deposit accounts with original maturity of less than 3 months	-	-
	15,582,665	44,931,029

Notes :

(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.

(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements.

In terms of our report attached.

For **Sumanta & Co.**
Firm Regn. No. 322554E
Chartered Accountants

Pradeep Kumar Agarwal
Partner
Membership No. 056521

Place : Kolkata
Date : 14th November, 2012

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

For and on behalf of the Board of Directors

Notes forming part of the consolidated financial statements

Note 1: Corporate Information

Kaushalya Infrastructure Development Corporation Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange and National Stock Exchange. The company is engaged in executing construction contracts relating to infrastructure developments. The company's services are limited to domestic markets only. The consolidated statements have been prepared after consolidating the subsidiaries, step down subsidiaries and Joint Venture undertakings.

Note 2: Significant Accounting Policies

2.1 Principal of Consolidation

The Consolidated Financial Statements relate to the company and have been accounted for in accordance with Accounting Standard 21- Consolidated Financial Statements, Accounting Standard 23-Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27- Financial Reporting of Interests in Joint Ventures respectively of the Companies Accounting Standards (Rules), 2006 (as amended). The Consolidated Financial Statements are prepared on the following basis:-

- i. Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra group transactions and also unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.
- ii. Interests in the assets, liabilities, income and expenses of the Joint Ventures are consolidated using proportionate consolidation method. Intra group balances, transactions and unrealized profit/loss are eliminated to the extent of the Company's proportionate share, except where cost cannot be recovered.
- iii. The difference between the cost to the Group of investment in Subsidiaries and Joint Ventures and the proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is tested for impairment annually.
- iv. Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted

against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.

- v. Investments in Associates are accounted for using the equity method, under which the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped. Where the associate prepares and presents consolidated financial statements, such consolidated financial statements of the associate are used for the purpose of equity accounting. In other cases, standalone financial statements of associates are used for the purpose of consolidation.
- vi. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. Differences in accounting policies are disclosed separately.
- vii. The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2012.
- viii. As per Accounting Standard 21- Consolidated Financial Statements notified by Companies (Accounting Standards) Rules, 2006 (as amended), only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or the parent having no bearing on the true and fair view of the consolidated financial statements is not disclosed in the consolidated financial statements.

Notes forming part of the consolidated financial statements

The subsidiary companies and joint ventures considered in the consolidated Financial Statements in each of the years are listed below:-

Name of the company	Country of Incorporation	Relationship	Percentage of Ownership Interest directly and indirectly	
			31st March, 2012	31st March, 2011
Bengal Kaushalya Nirman Ltd.	India	Subsidiary	51%	51%
Bengal KDC Housing Development Ltd.	India	Subsidiary	51%	51%
Kaushalya Energy (P) Ltd.	India	Subsidiary	55%	55%
Azur Solar KDC Pvt. Ltd. (Subsidiary of Kaushalya Energy (P) Ltd.)	India	Step down Subsidiary	55% of 99%	55% of 99%
Kaushalya Nirman (P) Ltd.	India	Subsidiary	97.87%	97.87%
Kaushalya Township (P) Ltd.	India	Subsidiary	99.01%	99.01%
Orion Abasaan (P) Ltd.	India	Subsidiary	96.67%	96.67%
KIDCO NACC - Consortium	Unicorporated	JV Entity	90%	90%

2.2 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.3 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

2.4 Inventories

The stock of raw materials, stores and spares, other construction materials and fuel are valued at cost under FIFO method or net realizable value whichever is lower.

Work-in-progress is valued at cost.

2.5 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.7 Depreciation

Depreciation is charged on Straight Line Method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

2.8 Revenue recognition

Income from services

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using

Notes forming part of the consolidated financial statements

the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Contract Income

- a. The company follows the policy of recognizing the revenue as soon as the work is completed, irrespective of the certification. However, whenever the work gets certified, the company takes the certified portion of the previously uncertified revenue in the turnover and deducts the same amount from the uncertified portion of the revenue of the respective financial year.
- b. An amount of ₹ 10,35,55,161/- as disclosed by the company, as the revenue of the prior periods and considered to be doubtful, during the limited review for the quarter ending 31st March, 2012, has now been revalued to ₹ 37,71,475/- only, which has been written off as Unrecoverable Contract expenses, during the current financial year.
- c. An amount of ₹ 53,19,36,351/- is included in the contract revenue, on which TDS is not reflected in FORM 26AS.

2.9 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.10 Tangible Fixed Assets

'Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the

project cost till commissioning of the project.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

'Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

2.11 Investments

'Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

2.12 Employee Benefits

Employee benefits include provident fund, ESI and gratuity. Contribution to Provident fund, ESI, Medical reimbursement etc. is charged to the Profit and Loss account as incurred.

The provision for gratuity has been made, but not paid to any gratuity fund.

2.13 Borrowing Costs

AS-16: Borrowing Costs is not applicable to the company during the current year.

2.14 Segment reporting

The Company is solely engaged in construction contracts for infrastructure development. The other business i.e. hotel is insignificant in terms of risk as well as rewards since it does not constitutes even 1% in terms of revenue, expenses and profit.

In so far as geographical segment is concerned, the company is carrying out its business only in domestic markets. Therefore, there are no separately identifiable geographical segments.

Notes forming part of the consolidated financial statements

2.15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Taxes on income

"Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961".

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences.

Current and deferred tax relating to items directly recognized in equity is recognized in equity and not in the Statement of Profit and Loss.

2.17 Joint Venture Operations

The accounts of the Company reflect its share of the Assets, Liabilities, Income and Expenditure of the Joint Venture Operations which are accounted on the basis of the audited accounts of the Joint Ventures on line-by-line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture Agreements.

In respect of contracts executed in Integrated Joint Ventures under profit sharing arrangement (assessed as AOP under Income tax laws), the services rendered to the Joint Ventures are accounted as income on accrual basis. The profit / loss is accounted for, as and when it is determined by the Joint Venture and the net investment in the Joint Venture is reflected as investments, loans & advances or current liabilities.

2.18 Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.19 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.20 Insurance Claims

'Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.21 Service Tax Input Credits

Service tax input credit is accounted for in the books in the period in which the underlying service received.

2.22 Sundry Debtors

Sundry Debtors, to the tune of ₹ 37,71,475/-, are considered to be doubtful, the recovery of which has ceased to be probable. Hence, the management has decided to write off the same as "Unrecoverable Contract Expenses", in accordance with the Paragraph 27 of the Accounting Standard 7.

Notes forming part of the consolidated financial statements

(Amount in ₹)

Note 3 : SHARE CAPITAL

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹ 10/- each with voting rights	35,000,000	350,000,000	25,000,000	250,000,000
	35,000,000	350,000,000	25,000,000	250,000,000
(b) Issued				
Equity shares of ₹ 10/- each with voting rights	19,605,630	196,056,300	19,605,630	196,056,300
	19,605,630	196,056,300	19,605,630	196,056,300
(c) Subscribed and fully paid up				
Equity shares of ₹ 10/- each with voting rights	19,605,630	196,056,300	19,605,630	196,056,300
Total	19,605,630	196,056,300	19,605,630	196,056,300

Refer Notes (i) to (ii) below

Notes :

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh Issue	Other Changes	Closing Balance
Issued, Subscribed and Fully Paid-up				
Equity shares with voting rights				
Year ended 31 March, 2012				
- Number of shares	19,605,630	-	-	19,605,630
- Amount (₹)	196,056,300	-	-	196,056,300
Year ended 31 March, 2011				
- Number of shares	19,605,630	-	-	19,605,630
- Amount (₹)	196,056,300	-	-	196,056,300

(ii) Details of shares held by each shareholder holding more than 5% shares :

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahanti Engineers Pvt. Ltd.	3,307,600	16.87	3,307,600	16.87
Sunkissed Merchandise Pvt. Ltd.	2,962,900	15.11	2,962,900	15.11
Keleenworth Marketing Pvt. Ltd.	2,336,350	11.92	2,336,350	11.92
Total	8,606,850	43.90	8,606,850	43.90

Notes forming part of the consolidated financial statements

(Amount in ₹)

Note 4 : RESERVES & SURPLUS

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Securities premium account		
Opening balance	464,265,625	464,265,625
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year for:	-	-
Closing balance	<u>464,265,625</u>	<u>464,265,625</u>
(b) Revaluation Reserve		
Opening balance	23,987,021	23,987,021
Add : Addition on revaluations during the year	-	-
Less : Utilised for set off against depreciation	-	-
Closing balance	<u>23,987,021</u>	<u>23,987,021</u>
(c) General Reserve		
Opening balance	24,500,000	24,500,000
Add : Transferred from surplus in Statement of Profit and Loss	-	-
Less : Utilised / transferred during the year for:	-	-
Closing balance	<u>24,500,000</u>	<u>24,500,000</u>
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	176,520,104	148,409,070
Add : Profit / (Loss) for the year	30,833,901	28,111,034
Closing balance	<u>207,354,005</u>	<u>176,520,104</u>
Total	<u>720,106,651</u>	<u>689,272,750</u>

Note 5 : OTHER LONG TERM LIABILITIES

Particulars	As at 31 March, 2012	As at 31 March, 2011
Advances from Related Parties		
Joint Venture & Associates		
Joint Venture & Associates	9,805,306	9,830,306
From Relatives of KMPs	2,607,000	8,407,000
Payable Against Land Development	-	595,191
Advance against Land	107,168,424	108,850,000
Total	<u>119,580,730</u>	<u>127,682,497</u>

Note 6 : LONG TERM PROVISIONS

Particulars	As at 31 March, 2012	As at 31 March, 2011
Provision for Employee Benefits - Gratuity	826,411	786,411
Total	<u>826,411</u>	<u>786,411</u>

Notes forming part of the consolidated financial statements

(Amount in ₹)

Note 7 : SHORT TERM BORROWINGS

Particulars	As at 31 March, 2012	As at 31 March, 2011
Loans repayable on demand		
(a) Cash Credit From banks		
Secured		
(i) State Bank of India	194,721,663	134,076,668
(Secured by way of hypothecation of stock of raw material, work-in-progress, book debts and personal guarantee of directors and their relatives, collateral security of property of the company and group companies.)		
(ii) Indian Overseas Bank	234,128,473	214,226,670
(Secured by way of hypothecation of stock of raw material, work-in-progress, book debts and personal guarantee of directors and their relatives, collateral security of property of the company and group companies.)		
(iii) Other Loans & Advances	-	46,575,000
(Secured by way of hypothecation of stock of raw material, work-in-progress, book debts and personal guarantee of directors and their relatives, collateral security of property of the company and group companies.)		
(iv) Unsecured		
Indian Overseas Bank	24,825	-
Total	<u>428,874,961</u>	<u>394,878,338</u>

Note 8 : TRADE PAYABLES

Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade Payables		
Acceptances	-	-
Other than Acceptances	287,359,079	407,059,518
Total	<u>287,359,079</u>	<u>407,059,518</u>

Note 9 : OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2012	As at 31 March, 2011
Statutory Remittances	17,007,581	1,862,300
Advances from customers/ contractors	49,326,189	57,260,429
Share Application Money Due for refund	163,680	163,680
Payable for Fixed Assets	340,102	340,102
Total	<u>66,837,552</u>	<u>59,626,511</u>

Note 10 : SHORT TERM PROVISIONS

Particulars	As at 31 March, 2012	As at 31 March, 2011
Provision for Income-tax	63,468,094	51,982,635
Provision for FBT	435,336	435,336
Total	<u>63,903,430</u>	<u>52,417,971</u>

Notes forming part of the consolidated financial statements

Note 11 : FIXED ASSETS

(Amount in ₹)

Particulars	SLM Rate of Dep	Gross Block				Depreciation				Net Block	
		As at 01.04.2011	Additions	Deductions	Total	Upto 31.03.2011	For the Year	Sales/ Adjustments	Total	As at 31.03.2012	As at 31.03.2011
(a) Land											
Freehold	0.00%	443,538,610	37,006,103	-	480,544,713	-	-	-	-	480,544,713	443,538,610
Subsidiaries		443,538,610	37,006,103	-	480,544,713	-	-	-	-	480,544,713	443,538,610
(b) Buildings											
Own use		9,993,919	-	-	9,993,919	1,352,712	161,152	-	1,513,864	8,480,055	8,641,207
Construction	1.63%	107,298	-	-	107,298	107,298	-	-	107,298	-	-
Hotel	1.63%	9,886,621	-	-	9,886,621	1,245,414	161,152	-	1,406,566	8,480,055	8,641,207
(c) Plant and Equipment											
Owned		64,777,977	689,483	-	65,467,460	17,208,598	2,943,670	-	20,152,268	45,315,192	47,569,379
Construction		63,981,859	689,483	-	64,671,342	16,897,809	2,905,854	-	19,803,663	44,867,679	47,084,050
- Plant & Machinery	4.75%	60,914,763	689,483	-	61,604,246	13,830,713	2,905,854	-	16,736,567	44,867,679	47,084,050
- JCB Excavator	11.31%	3,067,096	-	-	3,067,096	3,067,096	-	-	3,067,096	-	-
Hotel	4.75%	796,118	-	-	796,118	310,789	37,816	-	348,605	447,513	485,329
(d) Furniture and Fixtures											
Owned		6,635,153	-	-	6,635,153	3,201,738	507,403	-	3,709,141	2,926,012	3,433,415
Construction	6.33%	1,985,707	-	-	1,985,707	705,188	125,695	-	830,883	1,154,824	1,280,519
Hotel	9.50%	2,757,046	-	-	2,757,046	2,256,972	261,919	-	2,518,891	238,155	500,074
Subsidiaries	6.33%	1,892,400	-	-	1,892,400	239,578	119,789	-	359,367	1,533,033	1,652,822
(e) Vehicles											
Owned		7,627,741	-	-	7,627,741	6,320,616	493,432	-	6,814,048	813,693	1,307,125
Construction		7,616,183	-	-	7,616,183	6,312,457	492,125	-	6,804,582	811,601	1,303,726
- Motor Car	9.50%	3,402,899	-	-	3,402,899	2,292,259	323,275	-	2,615,534	787,365	1,110,640
- Vehicles	11.31%	4,177,289	-	-	4,177,289	4,010,984	166,305	-	4,177,289	-	166,305
- Cycles	7.07%	35,995	-	-	35,995	9,214	2,545	-	11,759	24,236	26,781
Hotel	11.31%	11,558	-	-	11,558	8,159	1,307	-	9,466	2,092	3,399
(f) Office equipment											
Owned		907,897	73,187	-	981,084	708,004	147,678	-	855,682	125,402	199,893
Construction	16.21%	871,347	73,187	-	944,534	671,454	147,678	-	819,132	125,402	199,893
Hotel	16.21%	36,550	-	-	36,550	36,550	-	-	36,550	-	-
Total (₹)		533,481,297	37,768,773	-	571,250,070	28,791,668	4,253,335	-	33,045,003	538,205,067	504,689,629
Previous Year (₹)		88,615,240	1,728,351	400,904	89,942,687	24,230,620	4,640,455	79,407	28,791,668	61,151,019	

Note 12 : NON CURRENT INVESTMENTS

A. Trade Investments	FV Nos.	31st March 2012		31st March 2011	
		₹		Nos.	₹
Investment Property (Ref. Note 12.a)		26,561,000		26,561,000	26,561,000
B. Other than Trade Investments					
Gold Coins [50 Gms. Each]	10	479,265		10	479,265
	10	479,265		10	479,265
Total (A + B)		27,040,265			27,040,265
Aggregate value of unquoted Investments		27,040,265			27,040,265

Notes forming part of the consolidated financial statements

Note 13 : LONG TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unsecured and considered good		
Capital Advances	84,411,694	34,746,202
Security Deposits & Earnest Money Deposits	118,269,064	104,167,424
Mobilization Advances	300,745	300,745
Other Advance	2,615,949	1,500,000
Advances to related parties		
Enterprises under significant Influence	46,603,508	31,739,000
	<u>252,200,960</u>	<u>172,453,371</u>

Note (i) Long Term Loans and Advances includes due from

Particulars	As at 31 March, 2012	As at 31 March, 2011
Directors	-	-
Other officers of the Company	-	-
Firms in which any director is a partner	-	-
Private companies in which any director is a director*	46,603,508	31,739,000
Private companies in which any director is a member*	-	-
	<u>46,603,508</u>	<u>31,739,000</u>

* The entire amount is due from subsidiaries companies.

Note 14 : OTHER NON CURRENT ASSETS

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unamortised Expenses		
Preliminary Expenses	77,593	204,012
	<u>77,593</u>	<u>204,012</u>

Note 15 : INVENTORIES

Particulars	As at 31 March, 2012	As at 31 March, 2011
Raw Materials	14,698,281	33,122,692
Work in Progress		
Construction Work in Progress	4,000,305	3,832,737
Stores & Spares	924,108	1,578,910
	<u>19,622,694</u>	<u>38,534,339</u>

Notes forming part of the consolidated financial statements

Note 16 : TRADE RECEIVABLES

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unsecured, considered good		
Overdue for a period exceeding six months	231,359,643	118,875,487
Other Trade receivables	494,022,673	658,811,617
	<u>725,382,316</u>	<u>777,687,104</u>

Note 17 : CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Cash on hand (as certified by the management)	12,574,558	19,472,992
(b) Balances with banks		
(i) In current accounts	3,008,107	25,458,037
(ii) In earmarked accounts (Refer Note (i) below)		
Balances in Deposit Accounts held as margin money or security against borrowings, guarantees and other commitments (Refer Note (i) below)	25,729,615	81,726,578
Share application money received for allotment of securities and due for refund	163,680	163,680
	<u>41,475,960</u>	<u>126,821,287</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	15,582,665	44,931,029

Notes :

- (i) Includes deposits amounting to ₹ 25,729,615/- (As at 31 March, 2011 ₹ 81,726,578/-) which have an original maturity of more than 12 months.

Note 18 : SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unsecured, considered good		
Advances to Suppliers & Subcontractors	185,866,712	188,442,338
Advances to Employees	2,124,033	1,492,865
Advance against Expenses	3,715,547	3,676,230
Other Advance	77,806,047	1,115,949
Prepaid Expenses (Unsecured, considered good)	2,743,553	2,522,658
Balances with government authorities		
Income Tax Payments	108,195,210	85,829,749
	<u>380,451,102</u>	<u>283,079,789</u>

Note 19 : OTHER CURRENT ASSETS

Particulars	As at 31 March, 2012	As at 31 March, 2011
Accruals		
Interest accrued on deposits	4,146,799	3,108,557
	<u>4,146,799</u>	<u>3,108,557</u>

Notes forming part of the consolidated financial statements

Note 19A : PROFIT FROM HOTEL BUSINESS

(Amount in ₹)

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
REVENUE FROM OPERATIONS		
Food Sale	86,599	19,826
Room Rent	176,732	140,090
Service Income	1,642	2,395
Cultivation Income	641,400	639,905
Total (A)	906,373	802,216
EXPENDITURE		
Raw Food Purchased	39,501	13,844
Fuel (Cooking)	11,297	4,498
Repairs & Maintenance - Buildings	8,018	2,450
Transport Expenses	-	90
Stores	2,430	1,016
Employee Benefits		
Salary	101,000	52,500
Site Allowance	23,760	10,130
Administrative & Other Expenses		
Bank Charges	1,000	550
Books & Periodicals	1,343	1,609
Electricity Charges	41,606	61,327
Cultivation Expenses	263,775	235,055
General Expenses	2,835	1,200
Generator Expenses	-	189
Gardening Expenses	4,760	196
Insurance	-	1,893
Labour Charges incl. Allowances	33,300	22,450
Laundry Expenses	-	411
Postage/Fax/Courier	80	200
Printing & Stationery	470	67
Rates & Taxes	9,000	3,000
Security Expenses	31,460	40,519
Subscription	3,001	2,000
Telephone Expenses	50	-
Travelling & Conveyance	1,381	443
Total (B)	580,067	455,637
Profit/(Loss) before Depreciation (A-B)	326,306	346,580

Notes forming part of the consolidated financial statements

Note 20 : REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Sale of Services (Gross)		
Contract Receipts	1,051,530,563	920,141,951
Other Operating Revenues		
Profit from Hotel (Refer Note 19A)	<u>323,756</u>	<u>346,580</u>
	1,051,854,319	920,488,531
Less : Service Tax	<u>14,706,828</u>	<u>5,444,980</u>
	1,037,147,491	915,043,551

Note 21 : OTHER INCOME

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Interest Income		
Interest from Bank on Deposits	3,461,210	4,542,160
Miscellaneous Income	185,590	336,015
(Net of expenses directly attributable ₹ Nil Prev. Year ₹ Nil)		
	<u>3,646,800</u>	<u>4,878,175</u>

Note 22.a : COST OF MATERIAL CONSUMED

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Opening stock	34,701,602	32,696,870
Add: Purchases	50,929,554	125,168,748
	<u>85,631,156</u>	<u>157,865,618</u>
Less : Closing stock	<u>15,622,389</u>	<u>34,701,602</u>
Cost of material consumed	<u>70,008,767</u>	<u>123,164,016</u>

Note 22.b : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Inventories at the beginning of the year :		
Work-in-progress	<u>3,832,737</u>	<u>3,692,830</u>
	3,832,737	3,692,830
Less : Inventories at the end of the year:		
Work-in-progress	<u>4,000,305</u>	<u>3,832,737</u>
	<u>4,000,305</u>	<u>3,832,737</u>
Net (increase) / decrease	(167,568)	(139,907)

Notes forming part of the consolidated financial statements

Note 23 : EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Salary, Allowances & Bonus	6,878,468	8,611,385
Contribution to PF, ESI & Other Funds	127,109	186,094
Staff Welfare	1,529,910	2,305,614
Employee Retirement Benefits	40,000	80,000
	8,575,487	11,183,093

Note 24 : FINANCE COSTS

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
(a) Interest expense on :		
(i) Borrowings	62,570,609	45,474,916
(ii) Delayed/Deferred payment of taxes	47,605	809,795
(b) Other borrowing costs	3,988,131	5,561,136
(c) Net (gain)/loss on currency fluctuation	1,945,000	-
	68,551,346	51,845,847

Note 25 : OTHER EXPENSES

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Contract Operating Expenses		
Consumption of Stores & Spare Parts	1,381,406	5,309,920
Unrecoverable Works Contract	3,771,475	-
Subcontractor Charges	772,864,649	576,930,615
Hire Charges	6,778,718	25,708,479
Labour Charges & Allowances	29,193,252	25,166,233
Power & Fuel	8,133,486	14,098,175
Repairs & Maintenance- Machinery	820,907	4,496,385
Freight Charges	443,247	803,663
Royalty	530,905	3,701,763
Works Contract Tax	4,769,279	8,951,889
Survey Charges	37,400	246,945
	828,724,724	665,414,067

Notes forming part of the consolidated financial statements

Note 25 : OTHER EXPENSES (Contd.)

(Amount in ₹)

Particulars	For the year Ended 31st March, 2012	For the year Ended 31st March, 2011
Administrative Expenses		
Rent	2,198,851	2,420,060
Rates & Taxes	495,067	369,022
Insurance	269,965	463,966
Consultancy & Professional Charges	3,501,447	2,576,776
Directors' Remuneration	2,520,000	2,520,000
Directors' Sitting Fee	172,500	189,000
Electricity Charges	479,144	416,327
Post, Telegraph, Telephone & Internet	690,130	814,862
Travelling & Conveyance	2,398,798	2,360,934
Printing & Stationery	630,914	1,358,500
Security Guard Expenses	406,841	351,383
Payment to Auditors		
- As Audit Fees	95,506	71,622
- As Tax Audit Fees	28,090	28,090
- For Certification	13,330	-
Miscellaneous Expenses	1,050,981	631,921
Preliminary Expenses W/off	126,419	126,421
	15,077,983	14,698,884
Selling & Distribution Expenses		
Advertisement	247,620	366,361
Subscription	27,400	31,217
	275,020	397,578
Other Expenses		
Loss on Sale of Fixed Assets	-	97,448
Prior Period Depreciation on F & F	-	119,789
	-	217,237
Total	844,077,727	680,727,766

Note 26: ADDITIONAL INFORMATION OF THE FINANCIAL STATEMENTS

26.1: Moneys received against share warrants

The Board of Directors of the Company at their meeting held on 31st August, and as approved at its Annual General Meeting held on 30th September, 2011 have resolved to create, offer, issue and allot up to 15,025,000 warrants, convertible into 15,025,000 equity shares of ₹ 11/- each on a preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956, at a conversion price of ₹ 11/- per equity share of the Company, arrived at in accordance with the SEBI Guidelines in this regard and subsequently these warrants were allotted on (date) to the promoters and the 58.11% application money amounting to ₹ 96,043,750/- was received from them. The warrants may be converted into equivalent number of shares on payment of the balance amount at any time on or before 21.05.2013. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.

Notes forming part of the consolidated financial statements

26.2: Contingent Liabilities and Commitments to the extent not provided for

(Amount in ₹)

Sl. No.	Particulars	As on 31.03.2012	As on 31.03.2011
1.	a. Counter guarantees given to Bankers to obtain various Bank Guarantees against which fixed deposit receipts have been pledged by the Company.	40,965,602	63,103,070
	b. Performance Guarantee given on behalf of Joint Venture Entities	29,625,050	29,625,050
	c. Share of the company in the Contingent Liability of Joint Venture Entities	Nil	Nil
	d. Capital Commitment of the company in Joint Venture Entities	Nil	Nil
	e. Share of the company in the Capital Commitment of the Joint Venture Entities	Nil	Nil
2.	Claims not acknowledged as debts		
	Income Tax Demand (Assessment Year 2004-05)	37,71,602	4,271,602
	Income Tax Demand (Assessment Year 2005-06)	72,381	616,467
	Income Tax Demand (Assessment Year 2006-07)	9,23,573	10,605,103
	Income Tax Demand (Assessment Year 2007-08)	40,98,684	7,616,064

26.3: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The Company is in the process of identifying the suppliers, who would be covered under the Micro, Small and Medium Enterprises Development Act, 2006. As confirmed by the management, the company has not yet received any information about such registration from the vendors and such information will be provided as and when confirmation is received from them. However, as regards the same, no documentary evidence has been found during the course of audit.

26.4: Disclosure required in terms of Clause 13.5A of Chapter XIII on Guidelines for preferential issues, SEBI

	During the year Ended 31.03.2012
Total amount received from issue of share warrants	96,043,750
Purpose for which money has been utilized	
(a) Advances to Subsidiaries	65,100,000
(b) Working Capital	30,943,750
Unutilized money as at 31st March, 2012	NIL

26.5: Expenditure in Foreign Currency (Gross before TDS) (on accrual basis)

	For the year Ended 31st March, 2012	For the Year Ended 31st March, 2011
Traveling and Conveyance	168,831	Nil
Loss in repayment of Term Loan	19,45,000	Nil

Notes forming part of the consolidated financial statements

26.6: Details of consumption of imported and indigenous items

Particulars	For the year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
	Amount (₹)	%	Amount (₹)	%
Indigenous				
Raw Material	70,008,767	100	123,164,016	100
Components	Nil	Nil	Nil	Nil
Spare Parts	1,381,406	100	5,309,920	100
Imported				
Raw Material	Nil	Nil	Nil	Nil
Components	Nil	Nil	Nil	Nil
Spare Parts	Nil	Nil	Nil	Nil

26.7: Earning in foreign exchange (net of TDS): Nil

26.8: Amount remitted in foreign currency during the year on account of dividend: Nil

26.9: Current assets

In the opinion of the Board, the current assets have value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

Note 27 : Details of borrowing cost capitalized during the year: Not Applicable

Note 28 : Segment reporting

The company has no separately identifiable primary and secondary segments. Therefore, AS 17: Segment reporting issued by the ICAI are not applicable to the company.

Note 29 : Related Parties, Related Party Transactions and Balances receivable/payable as at the end of the year

I. Parties Where Control Exists

II. Key Management Personnel :

- 1 Mr. Prashant Mehra, Managing Director
- 2 Mr. Ramesh Kumar Mehra, Director
- 3 Mr. Mahesh Mehra, Director
- 4 Mr. S.N.Mehra, Director

III. Other Related Parties with whom the company had transactions during the year

Relatives of Key Management Personnel :

- 5 Baijnath Mehra, HUF
- 6 Karan Mehra
- 7 Kartik Mehra
- 8 Rahul Mehra
- 9 Ms. Neeru Mehra
- 10 Ms. Shrishty Mehra
- 11 Magnum Infracon Pvt. Ltd.
- 12 Puspadanta Vyapaar Pvt. Ltd.
- 13 Rainyguard Polysheets Pvt. Ltd.

Notes forming part of the consolidated financial statements

IV. Transactions with Related Parties

(Amount in ₹)

Sl. No.	Type of Transactions	Current Year			Previous Year		
		KMP	Relatives of KMP	Other Parties	KMP	Relatives of KMP	Other Parties
(a)	Value of Services Received	2,578,500	960,000		2,593,500	480,000	
(b)	Rent Paid	720,000	600,000		720,000	600,000	
(c)	Share Application Money	–	–	–	–	(10,700,000)	–
(d)	Advance Received/(Paid) Net	–	–	(18,500,000)	–	(29,000)	(7,310,000)
(e)	Year End Balance: Payable/(Receivable)	–	7,000	(45,639,000)	–	7,000	(27,139,000)

*Note : Related parties have been identified by the management.

Note 30 : Earning Per Shares

Year Ended 31.03.2012

	Continuing Operations				Discontinuing Operations				Total Operations			
	Before Extraordinary and Exceptional Items		After Extraordinary and Exceptional Items		Before Extraordinary and Exceptional Items		After Extraordinary and Exceptional Items		Before Extraordinary and Exceptional Items		After Extraordinary and Exceptional Items	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Face Value of Shares	10	10	10	10	10	10	10	10	10	10	10	10
Profit	30,704,568	30,704,568	30,704,568	30,704,568	0	0	0	0	30,704,568	30,704,568	30,704,568	30,704,568
Weighted Average No. of Shares	19605630	22711954	19605630	22711954	19605630	22711954	19605630	22711954	19605630	22711954	19605630	22711954
EPS (₹)	1.57	1.35	1.57	1.35	–	–	–	–	1.57	1.35	1.57	1.35

Year Ended 31.03.2011

Face Value of Shares	10	10	10	10	10	10	10	10	10	10	10	10
Profit	27,899,443	27,899,443	27,899,443	27,899,443	0	0	0	0	27,899,443	27,899,443	27,899,443	27,899,443
Weighted Average No. of Shares	19605630	19605630	19605630	19605630	19605630	19605630	19605630	19605630	19605630	19605630	19605630	19605630
EPS (₹)	1.43	1.43	1.43	1.43	–	–	–	–	1.43	1.43	1.43	1.43

Notes forming part of the consolidated financial statements

Note 31 : Deferred Tax Assets/(Liability)

(Amount in ₹)

	31.03.2012 Timing Difference	31.03.2011 Timing Difference
On Account of Depreciation		
- Net Block as per I T Act	58,791,876	63,314,607
- Net Block as per Cos. Act	82,688,321 (23,896,445)	86,059,197 (22,744,590)
On Account of Share Issue Exp.	-	9,103,353
On Account of Employee Benefits	826,411	786,411
On Account of Exp. Disallowed u/s 43B	98,774	72,529
	(22,971,260)	(12,782,297)
Effective Rate of Tax	32.45%	32.45%
Deferred Tax Asset/(Liability)	(7,453,025)	(4,147,855)
Less : Deferred Tax Liability b/f	(4,147,855)	(770,011)
Deferred Tax Provision	3,305,170	3,377,844

Note 32 : Interests in Joint Ventures

Name of the JV and country of origin	% of Share-holding	Amount of interest based on the accounts for the year ended 31st March, 2012					
		Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
New Asian Construction Co., India	90%	10,930,406	11,475,833	155,373	700,800	Nil	Nil
(Previous Year)		(11,486,277)	(11,486,277)	Nil	Nil	Nil	Nil

Note 33 : Details of provisions

Particulars	For the year ended 31.03.2012		For the year ended 31.03.2011	
	Provision for Current Tax	Deferred Tax Liability	Provision for Current Tax	Deferred tax Liability
Balance at the beginning of the year	51,982,635	4,147,856	34,759,466	770,111
Provision made during the year	11,485,459	3,305,170	17,223,169	3,377,845
Paid/Adjusted during the year	Nil	Nil	Nil	Nil
Balance at the end of the year	63,468,094	7,453,026	51,982,635	4,147,856

Note 34 : Previous Year Figures

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached.

For **Sumanta & Co.**
Firm Regn. No. 322554E
Chartered Accountants

Pradeep Kumar Agarwal
Partner
Membership No. 056521

Place : Kolkata
Date : 14th November, 2012

For and on behalf of the Board of Directors

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

Registered Office : HB 170, Sector III, Salt Lake, Kolkata - 700106

Attendance Slip

DP ID Client ID :

Registered Folio No. No of Shares held

I/We hereby record my/our presence at the Twentieth Annual General Meeting of the Members of Company on Friday, the 21st day of December 2012 at 11.30 A.M. at Rabindra Okakura Bhavan, DD 27/A/1, Saltlake, Kolkata - 700 064.

Name of Member/Proxy (in Block Letters) :

.....

Signature of Member / Proxy

Notes :

- 1. Members attending the Meeting in person or by proxy are requested to complete the Attendance Slip and handover the same at the entrance of the Meeting Hall.
- 2. Members are also requested to bring their copies of Annual Report to the Meeting as no extra copies will be available for distribution in the Meeting.

.....Cut here.....

KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

Registered Office : HB 170, Sector III, Salt Lake, Kolkata - 700106

Proxy Form

DP ID Client ID :

Registered Folio No. No of Shares held

I/WeS/o, D/o, W/o residing at

..... being a Member/Members of the abovenamed

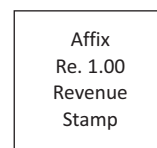
Company hereby appoint Mr./Ms. residing at or

failing him/her Mr./Ms. residing at as my/our

Proxy to attend and vote for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company on Friday, the 21st day of December 2012 at 11.30 A.M. and at any adjournment thereof.

Signed this day of 2012.

NOTE : This Proxy Form in order to be effective should be duly stamped, completed and signed and must reach the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.



Signature
(Please sign across the Stamp)



If undelivered Please Return to :
Kaushalya Infrastructure Development Corporation Ltd.
HB 170, Sector III, Salt Lake
Kolkata - 700106