

BUILDING A BETTER TOMMORROW



**Annual Report
2012-2013**

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. Shankar Saraf (upto 12-02-2012)

Independent Director

Mr. Rajesh Kumar Agarwal

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 21st Annual General Meeting of the Members of KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED will be held on **Friday, the 27th day of September 2013** at 11:30 a.m. at Rabindra Okakura Bhavan, DD 27/A/1, Salt Lake, Kolkata- 700064 to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2013, the Statement of Profit & Loss for the year ended on that date and the report of the Directors and the Auditors thereon.

Registered Office :
HB-170, Sector III, Saltlake
Kolkata - 700106
Dated : August 14, 2013

2. To appoint a Director in place of Mr. Ramesh Kumar Mehra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Parag Keshar Bhattacharjee, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Sumanta & Co., Chartered Accountants, the retiring auditor, as Statutory 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 on such remuneration as may be fixed by the Board.

By Order of the Board

For Kaushalya Infrastructure Development Corporation Ltd.

Tarkeshwar Singh
Company Secretary

NOTES

1. **Every Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and such Proxy need not be a member of the Company.**
2. Dully filled in Proxy form must be deposited at the Registered Office of the Company before 48 hours of the time fixed for holding the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and form part of the notice.
4. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the persons seeking appointment/re-appointment as Director under item no. 2 & 3 is annexed to the notice.
5. The Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2013 to September 27, 2013 (both days inclusive).
6. Members are requested to:
 - i. Note that as a measure of austerity, copies of Annual Report will not be distributed at the Annual General Meeting.
 - ii. Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue, as entry to the Auditorium will be strictly on the basis of the entry slip, available at the counters at the venue to be exchanged with the attendance slip.
 - iii. Quote the Folio / Client ID & DP ID Nos. in all their correspondences.
 - iv. Note that due to strict security reasons brief cases, eatables and other belongings are not allowed inside the auditorium.
 - v. Note that no gifts will be distributed at the Annual General Meeting.
- vi. A corporate member shall be deemed to be personally present only if it is represented in accordance with Section 187 of the Companies Act, 1956 i.e. only if the corporate member sends certified true copy of the Board resolution / power of attorney authorizing the representative to attend and vote at the Annual General Meeting.
- vii. Members are requested to notify immediately changes, if any, in their addresses, in respect of the physical shares held by them, to the Company, and to their Depository Participants (DP) in respect of shares held in the dematerialized form.
7. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Mr. Tarkeshwar Singh, Company Secretary at the Registered Office of the Company at least ten days prior to the date of the meeting, so that the information required can be made available at the meeting.
8. All documents referred to in the notice and annexures thereto along with other mandatory registers / documents are open for inspection at the registered office of the Company on all working days (except Saturdays and Sundays) between 11.00 a.m. to 1.00 p.m. prior to the date of Annual General Meeting.
9. The Ministry of Corporate Affairs has taken a corporate "Green initiative in the corporate governance" by allowing paperless compliance by companies. As per the MCA Circular, Service of documents through electronic mode i.e. e-mail by the company will be a valid compliance of Section 53 of the Companies Act, 1956. As such the members are requested to furnish/ register their e-mail id's to enable the Company to send all notices, periodical statements etc., of the company through electronic mode. You are requested to furnish/ register your email ids at rta@cbmsl.com.
10. The Securities and Exchange Board of India has notified

Notice

that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the company/RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the shareholders/ transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the company/RTA while transacting in the securities market including transfer, transmission or any other corporate action.

11. 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.

12. 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 by e-mail to its members.

All those shareholders who have not yet registered their email Ids or holding shares in physical form are requested to immediately register their e-mail Ids with NSDL/CDSL and / or our RTA at rta@cbmsl.com along with your Folio No. and No. of shares / Client Id and DP Id.

Annexure

Details of Directors seeking re-appointment at this Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Particulars	Mr. Ramesh Kumar Mehra	Mr. Parag Keshar Bhattacharjee
Date of Birth	October 31, 1953	January 18, 1939
Date of Appointment	June 4, 1992	May 19, 2006
Educational Qualification	B Com (Hons.)	Masters in Economics and CAIIB
Expertise in specific functional areas	He is the founder promoter and the chairman of the Company. He has to his credit vast experience in the field of Strategy & Business Development, Corporate Planning, Corporate Quality & Business Excellence.	Mr. Parag Keshar Bhattacharjee, have held various positions within the State Bank of India and retired in January 1999 as Deputy Managing Director & Chief Financial Officer. He is rich experience in various corporate fields.
Directorship in other Companies as on March 31, 2013	<ol style="list-style-type: none"> 1. Bengal KDC Housing Development Ltd. 2. Bengal Kaushalya Nirman Ltd. 3. Panchmool Ayurved Ltd. 	<ol style="list-style-type: none"> 1. Cheviot Company Ltd. 2. Global Investment Trust Ltd 3. Kanco Enterprises Ltd. 4. Kilburn Chemicals Ltd. 5. M.S.M.Energy Ltd. 6. Quipo Telecom Infrastructure Ltd. 7. Stesalit System Ltd. 8. Suryachakra Power Corporation Ltd. 9. Amazan Capital Ltd.
Membership/Chairmanship in other Public Companies (only in Audit and Shareholders/Investor Grievance Committee) as on March 31,2013	NIL	3
Number of shares held as on March 31, 2013	30010	NIL

Directors' Report

Dear Shareholders,

The Directors are pleased to present the 21st Annual Report and the Audited Accounts for the financial year ended March 31, 2013.

Financial Performance

The Financial performance of the Company, for the year ended March 31, 2013 is summarized below : (₹ In Lacs)

	STANDALONE				CONSOLIDATED			
		31.03.13		31.03.12		31.03.13		31.03.12
Contract Revenue & Other Income		2640.73		10407.94		2647.29		10407.94
Profit before Depreciation, Interest & Tax		526.07		1187.85		530.67		1183.00
Less : Depreciation	39.42		41.34		40.39		42.54	
Interest	687.50	726.92	684.75	726.09	688.96	729.35	685.51	728.05
Profit before Tax		(200.85)		461.76		(198.68)		454.95
Less : Provision for Tax								
Current Tax	–		116.68		–		114.86	
Deferred Tax	2.34		33.05		2.34		33.05	
Fringe Benefit Tax	–		–		–		–	
Income Tax for Earlier Year		2.34		149.73		2.34		147.91
Net Profit After Tax		(203.19)		312.03		(201.02)		307.04
Less : Minority Interest		N.A		N.A		(0.01)		(1.29)
Net Profit After Minority Interest		N.A		N.A		(201.00)		308.33
Balance b/f from previous year		2095.60		1783.57		2073.54		1765.21
Balance available for appropriations		1892.41		2095.60		1872.54		2073.54
APPROPRIATIONS								
Transfer to General Reserve		0.00		0.00		0.00		0.00
Balance Carried to Balance Sheet		1892.41		2095.60		1872.54		2073.54

Operations Review

During the year under review on a Stand alone basis the Company has achieved total income from operation of ₹ 2640.73 Lacs as against ₹ 10407.94 Lacs in the previous year. The profit before Depreciation, interest and tax for the year stood to ₹ 526.07 Lacs as compared to ₹ 1187.85 Lacs in previous year. The net loss after tax was ₹ (203.19) Lacs. Debtor realization cycles were significantly enlarged resulting in a cash crunch. This coupled with lower success rates in infrastructure projects resulted in a significantly lower top line as compared to prior year. The net loss was a result of this reduction in top line coupled with interest costs.

On Consolidated basis, during the year under review the Total Income of the Company stood to ₹ 2647.29 Lacs as against ₹ 10407.94 Lacs in the previous year. The profit before tax increased to ₹ 1183.00 Lacs from ₹ 995.45 Lacs.

Dividend

The Directors of the Company have not recommended any dividend on the Equity Shares for the year under review.

Change in Share Capital

During the year under review the Company has raised an amount of ₹ 16.52 Crores by issuing 15,025,000 Equity Shares of ₹ 10/-

each at a premium of ₹ 1/- per shares to the entities belonging to promoters group and strategic investors belonging to non-promoters group on preferential basis. To accumulate the allotment of Equity Shares, consequent to issue of Equity Shares on preferential basis, the Company has enhanced its authorised share capital from ₹ 25 Crores to 35 Crores.

Consequent to the said allotment, the paid up share capital of the Company stood increased to ₹ 346,306,300. The entire proceeds received from preferential allotment of Equity Shares has been utilized towards the object of the issue.

Public Deposit

During the year under review, the Company has neither invited nor 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

Directors' Report

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. 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, 2013. 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

In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association of the Company Mr. Ramesh Kumar Mehra and Mr. Parag Keshar Bhattacharjee, Directors of the company will retire by rotation at this meeting and being eligible, the Board recommends their re-appointment.

Mr. Shankar Saraf has resigned from the Directorship of the Company with effect from 12th February, 2013. The Board of directors recorded its appreciation for the valuable services rendered by Mr. Shankar Saraf to the Company.

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 the requirements specified under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibilities Statement, it is hereby confirmed that:

- I. in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- II. the directors had selected such accounting policies and applied them consistently and made judgments 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 March 31, 2013 and of the profit or loss of the Company for the said period;
- III. that the directors had taken proper and sufficient care 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 had prepared the annual accounts for the financial year ended March 31, 2013 on a "going concern" basis.

Place : Kolkata
Date : August 14, 2013

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. The Notes to Accounts forming part of the financial statements are self explanatory and need no further explanation.

Restructuring of Debts

The Company has applied for restructuring of its existing debt via Non CDR approach to its Bankers. The same restructuring of existing debt has been approved by the bankers and the Company is following the terms and Conditions as specified by Bankers for restructuring of existing debt of the Company.

Other Information

The Audit Committee of the Company has reviewed the audited financial statements for the year under review at its meeting held on May 29, 2013 and recommended the same for the approval of the Board of Directors.

Particulars of Employees

The particulars required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

Management Discussion & Analysis and Corporate Governance Report

The Company continues to practice the best of the Corporate Governance policies. The Company is in compliance with there commendations of the Narayana Murthy Committee on Corporate Governance constituted by the Securities and Exchange Board of India (SEBI). A certificate, from the auditor of Company, on compliance with the mandatory recommendations of the committee is provided as an annexure to the Directors' Report. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a Corporate Governance Report and management Discussion and Analysis are attached to 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

The Directors of the Company thank the Government of India, various State Governments and their concerned Department/ Agencies/ Regulatory Authorities for their continued support and cooperation. The Directors also wish to place on record the support extended by various Banks, Financial Institutions and every stakeholder of the Company.

The Directors further wish to appreciate and value the contributions made by every employee of the Kaushalya Family.

For and on behalf of the Board
Ramesh Kumar Mehra
Chairman

Report on Corporate Governance

In compliance with Clause 49 of the Listing Agreement entered into with the stock exchanges, the Company is providing below are port on the matters as mentioned in the said clause and practices followed by the Company.

1. Philosophy of the Company on the code of governance

The Company aims at achieving transparency, accountability and equity in all facets of its operations, and in all interactions with stakeholders, including shareholders, employees, government, lenders and other constituents, while fulfilling the role of a responsible corporate representative committed to good corporate practices. The Company is committed to achieve good standards of Corporate Governance on a continuous basis by laying emphasis on ethical corporate citizenship and establishment of good corporate culture which aims at true Corporate Governance.

The Company believes that all its operations and actions must result in enhancement of the overall shareholder value in terms of maximizing shareholder's benefits, over a sustained period of time.

2. Board of Directors

a) Size and composition of the Board

The policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate the Board functions of governance and management. The total strength of the Board as on March 31, 2013 was 6 (Six) Directors comprising of three Promoter Directors and three Independent Directors. Among the Directors, one was Managing Director, one was an Executive Director, one was Non-executive Directors and three were Non- executive Independent Directors as on March 31, 2013. The Board periodically evaluates the need for increasing or decreasing its size.

Mr. Shankar Saraf a Non-Executive Independent Director on the Board with effect from May , 2007, In February 2013 he gave his resignation letter due to personal reason to resigned form the above post and Board of Director in its Meeting held on 11th February, 2013 accept his resignation with effect from 12.02.2013 from the post of Independent Director.

After the aforesaid changes as on the date of this report the Board comprises of 6 (Six) Directors, out of which Chairman is a Non Executive-Promoter-Director. The Board has 4 (Four) Non Executive Director including Chairman (of which 3 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. Following is the present composition of our Board and their number of directorships in other companies as on March 31, 2013.

Name of Director	Category of Director ship	Director Identification Number	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	00086598	3	----	----
*Mr. Prashant Mehra	Managing Director	00086725	3	----	----
*Mr. Mahesh Mehra	Non-Executive Director	00086683	0	----	----
Mr. Rajesh Kumar Agarwal	Independent and Non-Executive Non-Executive Director	00431195	0	----	----
Mr. Parag Keshar Bhattacharjee	Independent and Non-Executive Director	00081899	9	2	3
Mr. Shankar Saraf @	Independent and Non-Executive Non-Executive Director	00199864	NIL	----	----
Mr. Sakti Pada Banerjee	Independent and Non-Executive Director	01629690	1	----	----

Report on Corporate Governance

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. Shankar Saraf has resigned from the Directorship of Company w.e.f. 12th February, 2013.
- * 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. 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.

b) Number of Board Meetings

During the year ended March 31, 2013, 6 (Six) 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 14, 2012	4	November 14, 2012
2	August 14, 2012	5	February 11, 2013
3	September 4, 2012	6	March 30, 2013

c) Directors Attendance

Name of Director	No. Board Meetings	No. of Meetings attended	Presence at last AGM
Mr. Ramesh Kumar Mehra	6	6	Yes
Mr. Prashant Mehra	6	6	Yes
Mr. Mahesh Mehra	6	6	Yes
Mr. Rajesh Kumar Agarwal	6	6	Yes
Mr. Parag Keshar Bhattacharjee	6	3	No
Mr. Shankar Saraf	6	2	Yes
Mr. Sakti Pada Banerjee	6	3	No

3. Committees of the Board

a) Code of Conduct

The Board of Directors of the Company has laid a code of conduct for Directors and the senior management. The code of conduct is posted on the Company's website. All Directors and designated personnel in the senior management have affirmed compliance with the code for the year under review. A declaration to this effect duly signed by Mr. Prashant Mehra Managing Director is annexed below.

DECLARATION

A Code of Conduct for the Directors and Senior Management Personnel has already been approved by the Board of Directors of the Company. As stipulated under the provisions of sub-clause I(D) (ii) of Clause 49 of the Listing Agreement with stock exchanges, all the Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with the said code for the financial year ended March 31, 2013.

Kolkata, 14th August, 2013

Prashant Mehra
Managing Director

Report on Corporate Governance

Details of Directors seeking appointment / re-appointment as required under Clause 49 of the Listing Agreement pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed / re-appointed is given as an Annexure to the notice.

b) Audit Committees

In terms of Clause 49 of the Listing Agreement, the Audit Committee constituted by the Board consists of only Non-Executive and Independent Directors. The committee had met four times on May 14, 2012, August 14, 2012, November 14, 2012 and February 11, 2013. The attendance details for the Committee meetings are as follows:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. Rajesh Kumar Agarwal	Chairman	4	4
Mr. Shankar Saraf @	Member	4	4
Mr. Prashant Mehra	Member	4	4
Mr. Parag Keshar Bhattacharjee@	Member	4	0

@ w.e.f. 12th February, Mr. Parag Keshar Bhattacharjee has been appointed as member and Mr. Shankar Saraf cease to be member of the committee.

c) The terms of reference as stipulated by the Board to the Audit Committee include

- a) Review of the Company's financial reporting process and disclosure of its financial information.
- b) Recommending the appointment and removal of external auditors, fixation of audit fee and recommending payment for any other services.
- c) Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on
 - (i) Changes in accounting policies and practices
 - (ii) Major accounting entries involving estimates based on the exercise of judgment by the management
 - (iii) Qualifications in the draft audit report
 - (iv) Significant adjustments arising out of audit
 - (v) The going concern assumption
 - (vi) Compliance with accounting standards
 - (vii) Compliance with stock exchange and legal requirements concerning financial statements
 - (viii) Disclosure of any related party transactions
- d) Reviewing with the management, the external and internal auditors the adequacy of internal control systems.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Discussion with internal auditors of any significant findings and follow up there on.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussion with statutory auditors about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

The committee is in compliance with its requirements under this charter.

d) Remuneration Committees

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

Report on Corporate Governance

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 September 4, 2012 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

@ resigned from the directorship w.e.f. 12th February, 2013.

The 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. The Company does not have any policy for payment of remuneration to Non-Executive Directors except by way of sitting fees @ ₹ 5000/- for attending each meeting of the Board and ₹ 3500/- 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, 2013 are detailed as under:

Executive Directors :

Name of Director	Salary & Perquisites (₹)	Period of Contract		Notice Period	No. of Shares held as on 31.03.2013
		From	To		
Mr. Prashant Mehra	13,80,000/-	18.04.2010	30.09.2014	2 Months	97760
Mr. Mahesh Mehra	11,40,000/-	04.09.2012	03.09.2017	2 Months	48110

Non Executive Director :

Name of Director	Sitting fees (₹)		No. of Shares held as on 31.03.2013
	Board Meeting	Committee Meeting	
Mr. Ramesh Kumar Mehra	30,000/-	7000/-	30010
Mr. Rajesh Kumar Agarwal	30,000/-	17,500/-	NIL
Mr. Parag Keshar Bhattacharjee	15,000/-	7,000/-	NIL
Mr. Shankar Saraf #	10,000/-	17,500/-	NIL
Mr. Sakti Pada Banerjee	15,000/-	Nil	NIL

#resigned from the Directorship w.e.f. 12th February, 2013.

e) 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.

Report on Corporate Governance

During the year under review, the Committee has met once on 30th November, 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	1
Mr. Ramesh Kumar Mehra	Member	Non-Executive	1

Company Secretary has been designated as secretary to the Committee and as Compliance Officer. 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 2012-2013, excluding correspondences which are not in the nature of complaints are given below:

Number of complaints received from the shareholders	3
Number of complaints redressed	3
Number of complaints not solved/pending	Nil

f) Executive Committee

The Executive Committee as at March 31, 2013 comprised are given hereunder:

Name of Director	Designation	Category
Mr. Prashant Mehra	Member	Executive Director
Mr. Mahesh Mehra	Member	Executive Director

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.

4. 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
2011-2012	21st December, 2012	11.30 A. M	"Rabindra Okakura Bhavan", DD 27/A/1, Salt Lake, Kolkata -700 064	NO
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

4.1 **Extraordinary General Meeting :** During the Financial Year 2012-2013 no Extraordinary General Meeting of the members of the company was held.

4.2 **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

5. 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. 27 to the Annual Accounts for the year 2012-2013. 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, 2013 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 issued 15025000 equity shares upon conversion of warrants to Promoters and Non-Promoter group on dated 15th May, 2013 and listed on NSE & BSE after their approval. The proceeds from warrants issue is duly deployed as per object of the issue.
- 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 August 14, 2013, 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.

Report on Corporate Governance

6. Means of Communication

The quarterly and annual financial results of the Company are generally published in National Newspapers i.e. The Financial Express/Business Standard in English and Bengal Lipi a regional newspaper in vernacular language.

7. SEBI Complaints Redressal System (SCORES)

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES and redressed the shareholders complaints well within the stipulated time.

8. NSE Electronic Application Processing System (NEAPS)

To provide diverse range of services to corporates listed on NSE, NSE has launched NSE Electronic Application Processing System (NEAPS) which is a web based application for filing corporate announcements under the portal <https://www.connect2nse.com/LISTING>. Your company is registered with NEAPS and all the filings are being done through this module developed by NSE.

9. BSE Corporate Compliance & Listing Centre

BSE has announced the launch of its online portal-BSE Corporate Compliance & Listing centre for submission of various filings by listed companies with BSE, with effect from February 8, 2013. The portal <http://listing.bseindia.com> is designed to make corporate filings easy, convenient and environment friendly for listed companies. Your company is registered with the portal and all the necessary filings are being done through this module developed by BSE

10. General Shareholders Information

a) Date, Time and Venue of the 21st AGM

27th day of September, 2013 at 11.30 a.m. at Rabindra Okakura Bhavan, DD 27/A/1, Salt Lake, Kolkata- 700064.

b) Book Closure Date

The Register of Members and Share Transfer Books of the Company will be closed from September 23, 2013 to September 27, 2013 (both days inclusive) for the purpose of 21st Annual General Meeting.

c) 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 2013-14 is given below:

Particulars	Tentative Schedule
Results for quarter ending June 30,2013	Disclosed on 14th August, 2013
Results for quarter/half year ending September 30, 2013	Within 45 days from the end of the quarter.
Results for quarter ending December 31, 2013	
Results for quarter/year ending March 31, 2013(Audited)	Within 60 days from the end of the year end.
Annual General Meeting for the year 2013-2014	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 BSE Limited (BSE)	P.J. Towers, Dalal Street Mumbai - 400 001	532925

The Company has paid the listing fees payable to the BSE and the National Stock Exchange of India for the financial year 2013-14. The Company has also paid Annual Custodial Fees for the year 2013-14 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.

Report on Corporate Governance

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, 2013 was 2220.

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 forth nightly.

h) Registrar and Share Transfer Agent

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

i) Dematerialisation of shares and liquidity as on March 31, 2013

As on 31st March, 2013, 99.998% 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	15870877	80.951
CDSL	3734339	19.047
Sub-total	19605216	99.998
Physical Form	414	0.002
Total	19605630	100.000

j) Distribution of Shareholding

The distribution of shareholding of the Company as on March 31, 2013 is noted below:

Slab of Shareholding	No of Shareholders	%	No of Shares	%
UPTO 500	19127	86.46	2958122	15.09
501 TO 1000	1603	7.24	1321419	6.74
1001 TO 2000	743	3.36	1136996	5.80
2001 TO 3000	239	1.08	606667	3.09
3001 TO 4000	108	0.49	385604	1.97
4001 TO 5000	99	0.45	470006	2.40
5001 TO 10000	121	0.55	882379	4.50
10001 TO 50000	63	0.28	1176392	6.00
50001 TO 100000	9	0.04	684213	3.49
100001 AND ABOVE	11	0.05	9983832	50.92
Total	22123	100.00	19605630	100.00

Shareholding pattern by ownership as on March 31, 2013

Category	No of Shares Held	% of shareholding
Promoters & Promoter Group	10105630	51.54
Institutional Investors	Nil	Nil
Bodies Corporate	720661	3.68
Indian Public	8546890	43.60
NRIs /OCB/Others	151599	0.77
Clearing Members	80850	0.41
Total	19605630	100.00

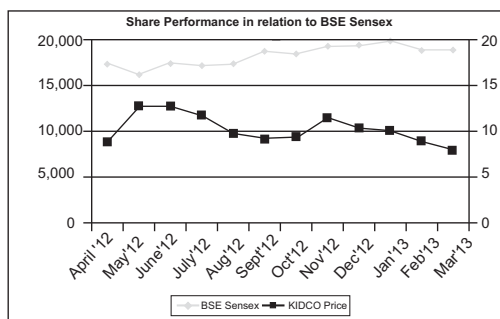
Report on Corporate Governance

k) Market price data

Monthly high, low quotations and trading volumes of the Company's equity shares during the financial year 2012-13 at NSE and BSE are noted below:

Months	Bombay Stock Exchange Ltd			National Stock Exchange of India Ltd.		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2012	8.92	6.10	195,110	8.20	6.50	121,831
May, 2012	12.74	7.25	461,729	13.40	7.45	438,340
June, 2012	12.75	8.50	252,685	12.70	8.55	185,110
July, 2012	11.84	8.46	132,218	11.60	8.60	130,533
August, 2012	9.74	8.32	65,458	10.00	8.40	43,776
September, 2012	9.20	7.70	93,898	9.25	7.20	94,517
October, 2012	9.39	7.56	257,323	9.30	7.60	218,475
November, 2012	11.45	7.65	224,421	11.90	7.60	303,006
December, 2012	10.40	8.15	211,690	11.00	8.20	222,833
January, 2013	10.10	8.10	172,814	10.00	8.10	288,036
February, 2013	8.95	7.50	104,695	8.90	7.20	91,45
March, 2013	8.00	6.05	177,490	8.00	5.75	115,051

Performance of the Company in comparison with broad based indices



l) Address 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

Company Secretary :

Mr. Tarkeshwar Singh

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 : August 14, 2013

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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 2013, 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. Statement of the company.

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

We state that such compliance is neither an assurance 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 August 2013

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

Management Discussion and Analysis

Economic and The Sectoral Growth

The Indian economy, Asia's third-largest, has significantly slowed down as compared to prior years due to a high inflation and resultant cautionary stance of the central bank with respect to interest rates, policy related delays, decline in industrial growth, slowdown and delays in infrastructure and other project execution, etc. Liquidity concerns remain at the forefront with a rippling resultant effect on other sectors. The Indian economy grew by only 5% in 2012-13 fiscal (lowest in last 10 years) as compared to 6.2% growth in previous year and 9.2% in 2010-11. Industrial output growth in 2012-13 was a mere 1%.

The infrastructure sector was one of the largest impacted sector with projects being riddled with delays in financial closure, land acquisition related problems, long pending disputes between the large government bodies and contractors, delays in project bids and general delays in execution of projects. Power sector projects continued to face delays with environmental clearances and land acquisition.

With liquidity drying up, the real estate sector was one of the hardest hit with property prices facing corrections in various parts of the country. The eastern India scenario was no different with builders finding it hard to sell units and in turn impacting the overall construction pace of real estate projects.

Overall Outlook

The central government has taken various measures to bolster the growth of the economy and support its industrial sector. The banking sector is being opened up to new players, which would in turn increase the liquidity scenario. The National Highways Authority of India has taken an innovative approach in entering into negotiated settlement via conciliation for their long pending disputes with contractors. Various regulations are also expected to be put in place including bills brining about a Real Estate Regulator which shall enhance credibility of projects and developers.

With the general parliamentary elections and various state elections knocking at the door, the financial year 2013-2014 would be a mixed bag. While various populist measures may be put in place, general industrial growth may not be exited enough to the extent required for higher growth rates. Normally, with the impending elections industrialists and businessmen become cautious if they are apprehensive of major policy changes with a change in regime. On one hand the US economy is in a recovery phase with the real estate sector seeing growth. On the other the European economy is in deep recession and its recovery is prolonged with the Euro Zone crisis and default fears looming large over our heads. The Indian Economy has slowly become more service sector reliant and hence the revival of global economy will play a large role in its own growth in the current year.

Opportunities & Threats

The construction sector currently is riddled with project delays, disputes, litigation and payment delays across the board. On the other hand the government is making an effort to push the infrastructure sector with more and more projects in the pipe line. While the opportunities are large, the threats of financial and procedural delays in projects remain.

For the real estate sector, the government has taken several efforts to bolster demand with introduction of Section 80 (EE) allowing of for additional deductions for first time home buyers, allocation of ₹ 6,000 Crores for rural housing, special incentives for low cost housing with tax incentives on capital expenditure related to the same.

The power sector, particularly solar power has seen a big push but execution of projects have not been commensurate with the increased focus due to policy uncertainties which are expected to be cleared in the current year. With net metering a strong likelihood this sector presents unprecedented opportunity for growth.

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.

Special focus is being given to mitigate risks related to payment delays and realization of funds and project bids are being made keeping this as a top priority and focus.

Human Resources

Human Resource in the Company continues to be its core strength and it always strives to align the Companies objectives. The Company periodically reviews the requirement of the employees across various projects based on the need and necessity. The optimal utilization of the human resources with multi tasking is what is being emphasized across the group.

Discussion on Financial Performance

Revenue

The Company's total income, which comprises of income in the form of operating fees, incentives, fees for technical services to ₹ 2640.73 Lacs as compared to ₹ 10407.94 Lacs of the previous year.

Expenditure

The Company's total expenditure, comprising of staff costs and other administrative expenses, ₹ 2114.66 Lacs for the year

Management Discussion and Analysis

ended March 31, 2013 from ₹ 9220.09 Lacs when compared to the previous year ended March 31, 2012.

Interest

Interest expenses stood at ₹ 687.50 Lacs (previous year figure was ₹ 684.75 Lacs)

Profit before tax (PBT)

PBT is ₹ (200.85) Lacs for the current year from ₹ 461.76 Lacs in the previous year.

Profit After Tax

The Company's profit after tax is ₹ (203.19) Lacs for the year ended March 31, 2013 from ₹ 312.03 Lacs as compared to the previous year.

EPS

The earnings per share for the current year stood at ₹ (1.04) as compared to ₹ 1.59 per equity share in the previous year.

Consolidated Financials

The current year results include the results of the companies including subsidiaries, step down subsidiaries and associates. The Consolidated Financial Statements have been drawn as per the Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India. These companies operate broadly in a) Housing Development b) Roads c) Solar Power and d) Other sectors.

Internal Control System and Their Adequacy

The internal control systems are adequate and provide, among other things, reasonable assurance of recording transactions of operations in all materials respect and of providing against misuse or losses from unauthorized use or dispositions.

Challenges, Risk and Concerns

The Company is continuously exploring new projects and other business opportunities across the country. The Company is confident to overcome the challenges of timely completion of the projects undertaken. The primary challenge facing the industry is the regulatory change. The Company is committed to comply with all regulatory norms applicable. The Management regularly reviews the control mechanism in place, so that risks can be minimized to the optimum.

Future Outlook

The company has faced a tough year in 2012-2013 with its first ever fiscal loss. Top line has dropped sharply and order booking

rate has significantly slowed down. As a part of reviving the business, the company has entered into a restructuring arrangement with their bankers to allow the company to plough back its cash flows into the business and defer the payment of interest which shall be converted into a term debt for the current year.

The board of directors has taken some hard decisions and has instituted a business model change in order to re-build the depleting pipeline with higher profit margin projects. As a matter of strategy, instead of general aggressive bidding for projects which consumes significant resources, the company has embarked on an effort to take more and more contracts from existing clients whose payment structures are regular. The company has embarked to take on more complex projects which normally have high profit margins. The total volume of these contracts would be small given your company may only qualify technically for the smaller tenders in these new avenues. However over the next couple of years, with more and more such technically challenging contracts being executed the technical qualification would increase allowing the company to bid for larger contracts. In addition, the company has decided to give a portion of its equipment on hire to generate regular cash flows.

The financial year 2013-2014 shall be similarly challenging with the rebuilding effort underway. Cash flows and liquidity shall be top priority for the company. In the following year, the company is expected to have recovered from this restructuring phase and hopefully be a leaner organization with technical abilities to take on much more complex projects with higher profit margins in the years to come.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning applicable under the securities laws and regulations. As 'forward looking statements' are based on certain assumptions and expectations of future events over which the Company exercises no control, the company cannot guarantee their accuracy nor can it warrant that the same will be realized by the Company. Actual results could differ materially from those expressed or implied. Significant factors that could make a difference to the Company's operations include domestic and international economic conditions affecting demand, supply and price conditions in the electricity industry, changes in government regulations, tax regimes and other statutes.

Independent Auditors' Report

To the Members of

Kaushalya Infrastructure Development Corporation Limited

Report on 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 2013, 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

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, 2013;
- ii. in the case of the Statement of Profit and Loss, of the loss 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, 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2013 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

Place : Kolkata

Date : The 29th day of May, 2013

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 INFRASTRUCTURE DEVELOPMENT CORPORATION 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 ₹ 54,41,873/-, VAT ₹ 5,13,124/- and PF & ESI ₹ 30,385/- were in arrears as at 31st March, 2013 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
Income Tax Act	Income Tax	37.61	Assessment Year 2010-2011	Income Tax Appellate Tribunal

- (x) The company has no accumulated losses as at 31st March, 2013 and it has incurred cash loss of ₹ 161,43,555/- in the current year and it has not incurred cash loss in the 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) The company has not taken any term loans and accordingly the provisions of clause 4(xvi) of the order are not applicable to the company.
- (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 not made any preferential allotment of shares warrants to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 but the company received the due amount of share warrant during the financial year.
- (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 29th day of May, 2013

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

Balance Sheet as at 31st March, 2013

		(Amount in ₹)	
PARTICULARS	Note	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	196,056,300	196,056,300
(b) Reserve & Surplus	4	702,088,267	722,407,236
(c) Money Received against Share Warrants		123,495,000	96,043,750
		1,021,639,567	1,014,507,286
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	29	7,686,890	7,453,026
(b) Other Long Term Liabilities	5	9,662,596	9,805,306
(c) Long Term Provisions	6	836,411	826,411
		18,185,897	18,084,743
(3) Current Liabilities			
(a) Short Term Borrowings	7	494,756,828	428,850,136
(b) Trade Payables	8	385,990,558	287,194,175
(c) Other Current Liabilities	9	61,790,589	66,485,689
(d) Short Term Provisions	10	64,049,355	64,049,355
		1,006,587,330	846,579,355
TOTAL		2,046,412,795	1,879,171,384
ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	52,185,772	56,127,321
(b) Non-Current Investments	12	171,083,115	47,673,115
(c) Long-Term Loans and Advances	13	654,288,939	613,172,417
		877,557,826	716,972,853
(2) Current Assets			
(a) Inventories	14	13,819,431	19,622,694
(b) Trade Receivables	15	950,245,551	725,382,316
(c) Cash & Cash Equivalents	16	20,064,731	33,069,595
(d) Short Term Loans and Advances	17	181,973,000	379,977,127
(e) Other Current Assets	18	2,752,256	4,146,800
		1,168,854,968	1,162,198,531
TOTAL		2,046,412,795	1,879,171,384
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 : 29th May, 2013

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

For and on behalf of the Board of Directors

Statement of Profit and Loss for the year ended 31 March, 2013

		(Amount in ₹)	
PARTICULARS	Note	For the year ended 31st March, 2013	For the year ended 31st March, 2012
1 Revenue from operations (gross)	19	264,007,296	1,051,854,319
Less : Service Tax		2,139,007	14,706,828
Revenue from operations (net)		261,868,289	1,037,147,491
2 Other income	20	2,204,225	3,646,800
3 Total revenue (1+2)		264,072,514	1,040,794,291
4 Expenses			
Cost of Material Consumed	21.a	16,456,568	70,008,767
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	21.b	(103,780)	(167,568)
Employee benefits expense	22	7,338,166	11,095,487
Finance costs	23	68,750,281	68,475,470
Depreciation and amortisation expense	10	3,941,549	4,133,546
Other expenses	24	187,774,834	841,072,869
Total expenses		284,157,618	994,618,571
5 Profit / (Loss) before tax (3 - 4)		(20,085,104)	46,175,720
6 Tax expense :			
Current tax expense for current year		—	11,667,387
Current tax expense relating to prior years		—	—
Deferred tax	29	233,864	3,305,170
		233,864	14,972,557
7 Profit / (Loss) for the year (5 - 6)		(20,318,968)	31,203,163
8.1 Earnings per share (of ₹ 10/- each) :	28		
(a) Basic		(1.04)	1.59
(b) Diluted		(0.70)	1.37
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 : 29th May, 2013

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

Cash Flow Statement for the year ended 31 March, 2013

(Amount in ₹)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	(20,085,104)	46,175,720
Adjustments for :		
Depreciation and amortisation	3,941,549	4,133,546
Loss/(gains) on Sale of Fixed Assets	—	—
Finance costs	68,750,281	68,475,470
Interest income	(1,805,485)	(3,461,210)
Operating profit / (loss) before working capital changes	50,801,241	115,323,526
Changes in working capital :		
Adjustments for (increase) / decrease in operating assets :		
Inventories	5,803,263	18,911,645
Trade receivables	(224,863,235)	52,304,788
Short-term loans and advances	203,382,835	(75,005,852)
Long-term loans and advances	(23,186,929)	(15,285,091)
Other current assets	1,394,544	(1,038,241)
Adjustments for increase / (decrease) in operating liabilities :		
Other long term liabilities	—	—
Long term provisions	10,000	40,000
Trade payables	98,796,383	(119,786,957)
Other current liabilities	(4,695,100)	7,799,502
Short-term provisions	—	—
Cash flow from extraordinary items	—	—
Cash generated from operations	107,443,002	(16,736,680)
Net income tax (paid) / refunds	(5,378,708)	(22,249,131)
Net cash flow from / (used in) operating activities (A)	102,064,294	(38,985,811)
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	—	(762,670)
Proceeds from sale of Fixed Assets	—	—
Bank balances not considered as Cash and cash equivalents		
- Placed	—	—
- Matured	11,360,225	55,996,963
Purchase of long-term investments		
- Others	(123,410,000)	—
Loans & Advances given		
- Subsidiaries & Step down subsidiaries	(17,929,593)	(105,720,843)
- Joint Ventures	(142,710)	(25,000)
Interest received		
- Others	1,805,485	3,461,210
Cash flow from extraordinary items	—	—
Net cash flow from / (used in) investing activities (B)	(128,316,593)	(47,050,340)

Cash Flow Statement for the year ended 31 March, 2013

(Amount in ₹)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
C. Cash flow from financing activities		
Proceeds from issue of share warrants	27,451,250	96,043,750
Share Application Money received/(refunded)	—	—
Repayment of Long Term Borrowings	—	—
Net increase / (decrease) in working capital borrowings	65,906,692	33,971,798
Finance cost	(68,750,281)	(68,475,470)
Cash flow from extraordinary items	—	—
Net cash flow from / (used in) financing activities (C)	24,607,661	61,540,078
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(1,644,639)	(24,496,072)
Cash and cash equivalents at the beginning of the year	7,176,298	31,672,370
Cash and cash equivalents at the end of the year	5,531,659	7,176,298
Reconciliation of Cash and cash equivalents with the Balance Sheet :		
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	20,064,729	33,069,593
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	14,369,390	25,729,615
IPO refund account	163,680	163,680
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16	5,531,659	7,176,298
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 *	5,531,659	7,176,298
* Comprises :		
(a) Cash on hand	4,508,048	4,231,535
(b) Balances with banks		
(i) In current accounts	1,023,610	2,944,763
(ii) In deposit accounts with original maturity of less than 3 months	—	—
	5,531,659	7,176,298

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 : 29th May, 2013

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

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 primarily engaged in executing construction contracts relating to infrastructure developments.

Moreover, it also carries on the business in hotel segment and hotel industry and is also engaged in acquiring and purchasing of land. 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

- 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.
- It is to be noted that out of the total revenue of ₹ 26,37,05,308/- in the financial year 2012-13, an amount of ₹ 22,59,25,079/- is pending for certification.
- An amount of ₹ 20,06,43,402/- is included in the contract revenue, on which TDS is not reflected in FORM 26AS.

Income from Hotel

Income from hotel is recognized on accrual basis.

2.8 Other income

Interest : Interest income is generally recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

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

Notes forming part of the financial statements

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 capitalized and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalized 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 capitalized 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 realizable value and are disclosed separately in the Balance Sheet.

- b. However, at some of the sites, fixed assets are lying idle, though depreciation has been charged on them in the usual manner.

2.10 Investments

- a. 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 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 capitalized 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.

- b. Investment in Private companies:

The company has invested a sum of ₹ 12,34,10,000/- in the equity shares of few Private companies, by way of conversion of advances into investment, (details of which has been shown in Note 12 under "Trade Investments" in the 'Others' category), which has resulted to a share of more than 20% voting power in each of such private companies.

However, the company has confirmed that it does not have the right to exercise any sort of influence in those companies, even if it holds a substantial percentage of voting power

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, without any actuarial valuation, and also not paid to any gratuity fund.

2.12 Borrowing Costs

Borrowing cost attributable to the acquisition of qualifying assets is added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognized as expenses in the period in which these are incurred.

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 constitutes even 1% in terms of revenue, expenses and profit as given in table below :

	Construction		Hotel		Total	
	₹ in Lacs	% of Total	₹ in Lacs	% of Total	₹ in Lacs	%
Revenue	2,637.05	99.59	10.73	0.41	2,647.78	100.00
Expenses	2,801.51	99.73	7.71	0.27	2,809.22	100.00
Profit/(Loss) before Depreciation	(164.46)	101.87	3.02	(1.87)	(161.44)	100.00

Notes forming part of the financial statements

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, 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.

2.15 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 Prior Period Items

An amount of ₹ 19,67,006/-, as disclosed in the contract revenue of the current year is appearing to be the revenue of the prior period as per the records and other documents, referred by us.

Notes forming part of the financial statements

(Amount in ₹)

Note 3 : SHARE CAPITAL

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹ 10/- each with voting rights	35,000,000	350,000,000	35,000,000	350,000,000
	<u>35,000,000</u>	<u>350,000,000</u>	<u>35,000,000</u>	<u>350,000,000</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, 2013				
- Number of shares	19,605,630	—	—	19,605,630
- Amount (₹)	<u>196,056,300</u>	<u>—</u>	<u>—</u>	<u>196,056,300</u>
Year ended 31 March, 2012				
- Number of shares	19,605,630	—	—	19,605,630
- Amount (₹)	<u>196,056,300</u>	<u>—</u>	<u>—</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, 2013		As at 31 March, 2012	
	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, 2013	As at 31 March, 2012
(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	209,560,379	178,357,216
Add: Profit / (Loss) for the year	(20,318,968)	31,203,163
Closing balance	189,241,410	209,560,379
Total	702,088,267	722,407,236

Note 5 : OTHER LONG TERM LIABILITIES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Advances from Related Parties		
Joint Venture & Associates	9,662,596	9,805,306
Total	9,662,596	9,805,306

Note 6 : LONG TERM PROVISIONS

Particulars	As at 31 March, 2013	As at 31 March, 2012
Provision for Employee Benefits - Gratuity	836,411	826,411
Total	836,411	826,411

Notes forming part of the financial statements

(Amount in ₹)

Note 7 : SHORT TERM BORROWINGS

Particulars	As at 31 March, 2013	As at 31 March, 2012
Loans repayable on demand		
(a) Cash Credit From Banks		
Secured		
(i) State Bank of India	228,488,152	194,721,663
(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	266,268,676	234,128,473
(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	—	—
(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	494,756,828	428,850,136

Note 8 : TRADE PAYABLES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Trade Payables		
Acceptances	—	—
Other than Acceptances	385,990,558	287,194,175
Total	385,990,558	287,194,175

Note 9 : OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Statutory Remittances	5,804,167	16,995,820
Advances from customers / contractors	55,822,742	49,326,189
Share Application Money Due for refund	163,680	163,680
	61,790,589	66,485,689

Note 10 : SHORT TERM PROVISIONS

Particulars	As at 31 March, 2013	As at 31 March, 2012
Provision for Income-tax	63,614,019	63,614,019
Provision for FBT	435,336	435,336
	64,049,355	64,049,355

Notes forming part of the financial statements

Note 11 : FIXED ASSETS

(Amount in ₹)

Particulars	SLM	Gross Block				Depreciation				Net Block	
	Rate of Dep	As at 01.04.2012	Additions	Deductions	Total	Upto 31.03.2012	For the Year	Sales/ Adjustments	Total	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS											
(a) Buildings											
Own use		9,993,919	-	-	9,993,919	1,513,864	161,152	-	1,675,016	8,318,903	8,480,055
Construction	1.63%	107,298	-	-	107,298	19,803,663	-	-	19,803,663	-	-
- Site Building	1.63%	107,298	-	-	107,298	107,298	-	-	107,298	-	-
Hotel	1.63%	9,886,621	-	-	9,886,621	1,406,566	161,152	-	1,567,718	8,318,903	8,480,055
- Building	1.63%	9,886,621	-	-	9,886,621	1,406,566	161,152	-	1,567,718	8,318,903	8,480,055
(b) Plant and Equipment											
Owned		65,467,460	-	-	65,467,460	20,152,268	2,964,018	-	23,116,286	42,351,174	45,315,192
Construction		64,671,342	-	-	64,671,342	19,803,663	2,926,202	-	22,729,865	41,941,477	44,867,679
- Plant & Machinery	4.75%	61,604,246	-	-	61,604,246	16,736,567	2,926,202	-	19,662,769	41,941,477	44,867,679
- JCB Excavator	11.31%	3,067,096	-	-	3,067,096	3,067,096	-	-	3,067,096	-	-
Hotel	4.75%	796,118	-	-	796,118	348,605	37,816	-	386,421	409,697	447,513
- Plant & Machinery	4.75%	796,118	-	-	796,118	348,605	37,816	-	386,421	409,697	447,513
(c) Furniture and Fixtures											
Owned		4,742,753	-	-	4,742,753	3,349,774	363,850	-	3,713,624	1,029,129	1,392,979
Construction	6.33%	1,985,707	-	-	1,985,707	830,883	125,695	-	956,578	1,029,129	1,154,824
Hotel	9.50%	2,757,046	-	-	2,757,046	2,518,891	238,155	-	2,757,046	-	238,155
(d) Vehicles											
Owned		7,627,741	-	-	7,627,741	6,814,048	327,127	-	7,141,175	486,566	813,693
Construction		7,616,183	-	-	7,616,183	6,804,582	325,820	-	7,130,402	485,781	811,601
- Motor Car	9.50%	3,402,899	-	-	3,402,899	2,615,534	323,275	-	2,938,809	464,090	787,365
- Vehicles	11.31%	4,177,289	-	-	4,177,289	4,177,289	-	-	4,177,289	-	-
- Cycles	7.07%	35,995	-	-	35,995	11,759	2,545	-	14,304	21,691	24,236
Hotel	11.31%	11,558	-	-	11,558	9,466	1,307	-	10,773	785	2,092
- Vehicles	11.31%	11,558	-	-	11,558	9,466	1,307	-	10,773	785	2,092
(e) Office equipment											
Owned		981,084	-	-	981,084	855,682	125,402	-	981,084	-	125,402
Construction	16.21%	944,534	-	-	944,534	819,132	125,402	-	944,534	-	125,402
- Computer	16.21%	944,534	-	-	944,534	819,132	125,402	-	944,534	-	125,402
Hotel	16.21%	36,550	-	-	36,550	36,550	-	-	36,550	-	-
- Computer	16.21%	36,550	-	-	36,550	36,550	-	-	36,550	-	-
Total (Rs.)		88,812,957	-	-	88,812,957	32,685,636	3,941,549	-	36,627,185	52,185,772	56,127,321
Previous Year (Rs.)		88,050,287	762,670	-	88,812,957	28,552,090	4,133,546	-	32,685,636	56,127,321	59,498,197

Note 12 : NON CURRENT INVESTMENTS

	FV	31st March 2013		31st March 2012	
	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 Pvt. 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
Total (A)		601,857	20,632,850	601,857	20,632,850
(ii) Others					
Balaji Turnkey Projects Solution Pvt. Ltd.	10	228,600	51,435,000	-	-
Enlightened Projects Ltd.	10	195,500	29,325,000	-	-
Orkay Engineering Ltd.	10	853,000	42,650,000	-	-
Total (B)		1,277,100	123,410,000	-	-
Total (A) + (B)		1,878,957	144,042,850	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		171,083,115			47,673,115
Aggregate value of unquoted Investments			144,042,850		20,632,850

Notes forming part of the financial statements

(Amount in ₹)

Note 13 : LONG TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unsecured and considered good		
Security Deposits & Earnest Money Deposits	118,065,993	118,269,064
Mobilization Advances	300,745	300,745
Other Advance	26,005,949	2,615,949
Advances to related parties		
Subsidiary Companies	509,819,764	491,891,171
Step Down Subsidiaries	96,488	95,488
	654,288,939	613,172,417

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

Particulars	As at 31 March, 2013	As at 31 March, 2012
Directors	—	—
Other officers of the Company	—	—
Firms in which any director is a partner	—	—
Private companies in which any director is a director*	136,125,474	360,199,693
Private companies in which any director is a member*	252,033,999	131,786,966
	388,159,473	491,986,659

* The entire amount is due from subsidiaries companies.

Note 14 : INVENTORIES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Raw Materials	9,070,029	14,698,281
Work in Progress		
Construction Work in Progress	4,104,085	4,000,305
Stores & Spares	645,317	924,108
	13,819,431	19,622,694

Note 15 : TRADE RECEIVABLES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unsecured, considered good		
Overdue for a period exceeding six months	720,505,498	231,359,643
Other Trade receivables	229,740,052	494,022,673
	950,245,551	725,382,316

Notes forming part of the financial statements

(Amount in ₹)

Note 16 : CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Cash on hand (as certified by the management)	4,508,048	4,231,535
(b) Balances with banks		
(i) In current accounts	1,023,610	2,944,763
(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)	14,369,390	25,729,615
Share application money received for allotment of securities and due for refund	163,680	163,680
	<u>20,064,729</u>	<u>33,069,593</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	5,531,659	7,176,298

Notes :

- (i) Includes deposits amounting to ₹ 14,367,250/- (As at 31 March, 2012 ₹ 25,729,615/-) which have an original maturity of more than 12 months.

Note 17 : SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unsecured, considered good		
Advances to Suppliers & Subcontractors	58,271,648	185,866,712
Advances to Employees	1,605,924	2,124,033
Advance against Expenses	3,521,717	3,433,604
Other Advance	2,654,572	77,806,047
Prepaid Expenses (Unsecured, considered good)	2,537,253	2,743,553
Balances with government authorities		
Income Tax Payments	113,381,886	108,003,178
	<u>181,973,000</u>	<u>379,977,127</u>

Note 18 : OTHER CURRENT ASSETS

Particulars	As at 31 March, 2013	As at 31 March, 2012
Accruals		
Interest accrued on deposits	2,752,255	4,146,800
	<u>2,752,255</u>	<u>4,146,800</u>

Notes forming part of the financial statements

(Amount in ₹)

Note 19 : REVENUE FROM OPERATIONS

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Sale of Services (Gross)		
Contract Receipts	263,705,308	1,051,530,563
Other Operating Revenues		
Profit from Hotel (Refer Note 19A)	301,988	323,756
	<u>264,007,296</u>	<u>1,051,854,319</u>
Less: Service Tax	2,139,007	14,706,828
	<u>261,868,289</u>	<u>1,037,147,491</u>

Note 19A : PROFIT FROM HOTEL BUSINESS

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Revenue From Operations		
Food Sale	159,533	86,599
Room Rent	313,000	176,732
Service Income	390	1,642
Cultivation Income	599,800	641,400
Total (A)	<u>1,072,723</u>	<u>906,373</u>
EXPENDITURE		
Raw Food Purchased	108,762	39,501
Fuel (Cooking)	21,363	11,297
Repairs & Maintenance - Buildings	99,456	8,018
Stores	15,191	2,430
Employee Benefits		
Salary	28,800	101,000
Site Allowance	7,200	23,760
Administrative & Other Expenses		
Bank Charges	82	3,550
Books & Periodicals	1,524	1,343
Electricity Charges	92,679	41,606
Cultivation Expenses	252,210	263,775
General Expenses	15,720	2,835
Gardening Expenses	20,490	4,760
Labour Charges incl. Allowances	57,240	33,300
Laundry Expenses	3,528	—
Postage/Fax/Courier	230	80
Printing & Stationery	680	470
Rates & Taxes	7,894	9,000
Security Expenses	32,880	31,460
Subscription	3,851	3,001
Telephone Expenses	—	50
Travelling & Conveyance	955	1,381
Total (B)	<u>770,735</u>	<u>582,617</u>
Profit/(Loss) before Depreciation (A-B)	<u>301,988</u>	<u>323,756</u>

Notes forming part of the financial statements

(Amount in ₹)

Note 20 : OTHER INCOME

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Interest Income		
Interest from Bank on Deposits	1,805,485	3,461,210
Miscellaneous Income	398,740	185,590
(Net of expenses directly attributable ₹ Nil Prev. Year ₹ Nil)		
	<u>2,204,225</u>	<u>3,646,800</u>

Note 21.a : COST OF MATERIAL CONSUMED

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Opening stock	15,622,389	34,701,602
Add: Purchases	10,549,525	50,929,554
	<u>26,171,914</u>	<u>85,631,156</u>
Less: Closing stock	9,715,346	15,622,389
Cost of material consumed	<u>16,456,568</u>	<u>70,008,767</u>

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

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Inventories at the beginning of the year:		
Work-in-progress	4,000,305	3,832,737
	<u>4,000,305</u>	<u>3,832,737</u>
Less: Inventories at the end of the year:		
Work-in-progress	4,104,085	4,000,305
	<u>4,104,085</u>	<u>4,000,305</u>
Net (increase) / decrease	(103,780)	(167,568)

Note 22 : EMPLOYEE BENEFIT EXPENSES

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Salary, Allowances & Bonus	4,523,653	6,878,468
Directors' Remuneration	2,320,500	2,520,000
Contribution to PF, ESI & Other Funds	78,185	127,109
Staff Welfare	405,828	1,529,910
Employee Retirement Benefits	10,000	40,000
	<u>7,338,166</u>	<u>11,095,487</u>

Notes forming part of the financial statements

(Amount in ₹)

Note 23 : FINANCE COSTS

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
(a) Interest expense on:		
(i) Borrowings	64,843,834	62,528,502
(ii) Delayed/Deferred payment of taxes	1,177,004	47,605
(b) Other borrowing costs	2,729,443	3,954,362
(c) Net (gain)/loss on currency fluctuation	—	1,945,000
	68,750,281	68,475,470

Note 24 : OTHER EXPENSES

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Contract Operating Expenses		
Consumption of Stores & Spare Parts	904,569	1,381,406
Unrecoverable Works Contract	—	3,771,475
Subcontractor Charges	173,263,653	772,864,649
Hire Charges	1,308,370	6,778,718
Labour Charges & Allowances	4,907,525	29,193,252
Power & Fuel	352,884	8,133,486
Repairs & Maintenance- Machinery	382,718	820,907
Freight Charges	110,535	443,247
Royalty	—	530,905
Works Contract Tax	797,177	4,769,279
Survey Charges	—	37,400
	182,027,431	828,724,724
Administrative Expenses		
Rent	1,261,533	1,951,351
Rates & Taxes	459,402	495,067
Insurance	37,843	269,965
Consultancy & Professional Charges	1,303,549	3,460,230
Directors' Sitting Fee	149,663	172,500
Electricity Charges	181,836	479,144
Post, Telegraph, Telephone & Internet	477,789	690,130
Travelling & Conveyance	952,624	2,398,798
Printing & Stationery	261,792	628,514
Security Guard Expenses	188,605	406,841
Payment to Auditors		
- As Audit Fees	84,270	56,180
- As Tax Audit Fees	28,090	28,090
- For Certification	4,200	11,030
Miscellaneous Expenses	144,880	1,025,285
	5,536,075	12,073,125
Selling & Distribution Expenses		
Advertisement	189,598	247,620
Subscription	21,730	27,400
	211,328	275,020
Other Expenses		
Loss on Sale of Fixed Assets	—	—
	—	—
Total	187,774,834	841,072,869

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 others. It is noted that 74.72% application money amounting to ₹ 123,495,000/- 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 31.03.2013	As on 31.03.2012
1.	a. Counter guarantees given to Bankers to obtain various Bank Guarantees against which fixed deposit receipts have been pledged by the Company.	31,070,270	40,965,602
	b. Performance Guarantee given on behalf of Joint Venture Entities	14,812,525	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)	3,771,602	3,771,602
	Income Tax Demand (Assessment Year 2005-06)	72,381	72,381
	Income Tax Demand (Assessment Year 2006-07)	923,573	923,573
	Income Tax Demand (Assessment Year 2007-08)	4,098,684	4,098,684
	Income Tax Demand (Assessment Year 2010-11)	3,761,030	Nil

3. The Lender Bank have restructured the loan facilities in the month of December, 2012 and is charging lower rate of interest i.e.10.70%. However bank reserve the right to re compensate themselves in future.

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)

Notes forming part of the financial statements

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

Sl. No.	Name of the Subsidiary	Balance as at 31.03.2013	Maximum Balance 2012-13	Balance as at 31.03.2012	Maximum Balance 2011-12
1	Bengal Kaushalya Nirman Ltd.	38,000	38,000	36,000	36,000
2	Bengal KDC Housing Development Ltd.	131,759,986	131,759,986	131,750,966	131,750,966
3	Kaushalya Energy (P) Ltd.	4,231,000	4,231,000	4,229,000	4,229,000
4	Kaushalya Nirman (P) Ltd.	67,083,317	67,712,157	67,712,157	67,712,157
5	Azur Solar KDC (P) Ltd.	96,488	96,488	95,488	95,488
6	Kaushalya Township (P) Ltd.	252,033,999	252,089,999	233,490,892	234,400,892
7	Orion Abasaan (P) Ltd.	54,673,462	54,673,462	54,672,156	54,672,156

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

Name of the subsidiary	As at 31 March, 2013	As at 31 March, 2012
	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 31.03.2013
Total amount received from issue of share warrants	123,495,000
Purpose for which money has been utilized	
(a) Advances to Subsidiaries	86,100,000
(b) Working Capital	37,395,000
Unutilized money as at 31st March, 2013	NIL

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

	For the year Ended 31st March, 2013	For the Year Ended 31st March, 2012
Traveling and Conveyance	Nil	168,831
Loss in repayment of Term Loan	Nil	1,945,000

25.7 Details of consumption of imported and indigenous items

Particulars	For the year Ended 31st March, 2013		For the Year Ended 31st March, 2012	
	Amount (₹)	%	Amount (₹)	%
Indigenous				
Raw Material	183,813,178	100	70,008,767	100
Components	Nil	Nil	Nil	Nil
Spare Parts	904,569	100	1,381,406	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. However, the following are the areas of concern.
- Outstanding Sundry debtors.
Out of total Sundry Debtors of ₹ 95,02,45,551/-, an amount of ₹ 62,10,27,492/- is outstanding since long, and out of which several debtors are under dispute.

Note 26: During the year borrowing cost is not capitalized.

Note 27: 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

- Azur Solar KDC (P) Ltd.

II. Joint Ventures

Jointly Controlled Entities

- New Asian Construction Co.

III. Key Management Personnel

- | | |
|--|--|
| 1. Mr. Prashant Mehra, <i>Managing Director</i> | 2. Mr. Ramesh Kumar Mehra, <i>Director</i> |
| 3. Mr. Mahesh Mehra, <i>Whole-time Director</i> | 4. Mr. Parag Keshar Bhattacharjee, <i>Independent Director</i> |
| 5. Mr. Rajesh Kumar Agarwal, <i>Independent Director</i> | 6. Mr. Saktipada Banerjee, <i>Independent Director</i> |

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

a) Relatives of Key Management Personnel :

- Kartik Mehra
- Karan Mehra
- Mrs. Neeru Mehra

b) Associates Company :

- Keleenworth Marketing (P) Ltd.
- Mahanti Engineers (P) Ltd.
- Sunkissed Merchandise (P) Ltd.

V. Transactions with Related Parties

(Amount in ₹)

Sl. No.	Type of Transactions	2012-13			2011-12		
		Subsidiaries JV	Key Mgt Personnel	Relatives/ Others	Subsidiaries JV	Key Mgt Personnel	Relatives of Others
(a)	Valued of Services Received	–	2,368,500	960,000	–	2,578,500	960,000
(b)	Rent Paid	–	–	600,000	–	720,000	600,000
(c)	Money Recd. Agst Warrants	–	500,000	500,000	–	–	–
				(Relatives)			
				6,605,000	–	8,055,000	8,005,000
				(Others)			(Relatives)
							59,815,000
							(Others)
(d)	Advances Given (Net)	17,929,593	–	–	106,145,843	–	–
(e)	Balance Receivable as at 31.03.2013	509,916,252	–	–	491,986,659	–	–
(f)	Balance Payable as at 31.03.2013	(9,662,596)	–	–	(9,805,306)	–	–

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

Notes forming part of the financial statements

Note 28: Earning Per Shares

(Amount in ₹)

Year Ended 31.03.2013

	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	(20318968)	(20318968)	(20318968)	(20318968)	0	0	0	0	(20318968)	(20318968)	(20318968)	(20318968)
Weighted Average No. of Shares	19605630	28906861	19605630	28906861	19605630	28906861	19605630	28906861	19605630	28906861	19605630	28906861
EPS (₹)	(1.04)	(0.70)	(1.04)	(0.70)	–	–	–	–	(1.04)	(0.70)	(1.04)	(0.70)

Year Ended 31.03.2012

Face Value of Shares	10	10	10	10	10	10	10	10	10	10	10	10
Profit	31203163	31203163	31203163	31203163	0	0	0	0	31203163	31203163	31203163	31203163
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

Note 29 : Deferred Tax Assets/(Liability)

	31.03.2013 Timing Difference		31.03.2012 Timing Difference	
On Account of Depreciation				
- Net Block as per I T Act	27,657,302		32,230,876	
- Net Block as per Cos. Act	<u>52,185,772</u>	(24,528,470)	<u>56,127,321</u>	(23,896,445)
On Account of Share Issue Exp.		–		–
On Account of Employee Benefits		836,411		826,411
On Account of Exp. Disallowed u/s 43B		–		98,774
		(23,692,059)		(22,971,260)
Effective Rate of Tax		32.45%		32.45%
Deferred Tax Asset/(Liability)		(7,686,889)		(7,453,025)
Less: Deferred Tax Liability b/f		<u>(7,453,025)</u>		<u>(770,011)</u>
Deferred Tax Provision		233,864		6,683,014

Note 30: 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, 2013					
		Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
New Asian Construction Co., India	90%	10,322,723	11,472,614	–	604,464	Nil	Nil
(Previous Year)		(10,930,406)	(11,475,833)	(155,373)	(700,800)	Nil	Nil

Notes forming part of the financial statements

Note 31 : Details of provisions

(Amount in ₹)

Particulars	For the year ended 31.03.2013		For the year ended 31.03.2012	
	Provision for Current Tax	Deferred Tax Liability	Provision for Current Tax	Deferred tax Liability
Balance at the beginning of the year	63,614,018	7,453,026	51,946,631	4,147,856
Provision made during the year	Nil	233,863	11,667,387	3,305,170
Paid/Adjusted during the year	Nil	Nil	Nil	Nil
Balance at the end of the year	63,614,018	7,686,889	63,614,018	7,453,026

Note 32 : Other information :

a. Projects in hand:

The company is left with two running projects one namely Westing House Saxby Farmer Ltd., contract value ₹ 7.25 crs. and Uttarakhand Jal Vidyut Nigam contract value ₹ 14.83 crs out of which contract revenue to the tune of ₹ 2.76 crs has already been recognized upto the year ending 31.03.2013.

b. Work order received from Power Department, Sikkim of ₹ 4,55,20,000/- in the year 2004-05. The company has completed the work to the tune of ₹ 2,92,43,450/- but it has not been certified by the said department and subsequently no payment has been released by them against the aforesaid work done. The reason for not receiving the funds as stated by the management is due to non availability of fund under the APDRP scheme (the scheme of the project) in Sikkim.

c. The Company had filed a claim with their client NPCC Ltd. the client in turn raised the claim to their principal NTPC and entered into arbitration via P.M.A. The arbitration has awarded a claim of ₹ 8,55,23,452/- against a demand of ₹ 77,66,336/- and against this award the principal has appealed before the Secretary of the P.M.A. As per term the claim received by NPCC shall be passed on to the company after deduction of their margins as per MOU.

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

Pradeep Kumar Agarwal

Partner

Membership No. 056521

Place : Kolkata

Date : 29th May, 2013

For and on behalf of the Board of Directors

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	(995,917)	132,803,443	132,803,443	1,700,000	145,165	21,461	NIL	21,461	NIL
Bengal Kaushalya Nirman Ltd.	2,000,000	(330,448)	1,757,740	1,757,740	NIL	17,595	(48,233)	NIL	(48,233)	NIL
Kaushalya Township Pvt. Ltd.	3,548,570	13,247,957	399,199,264	399,199,264	NIL	164,450	134	NIL	134	NIL
Kaushalya Nirman Pvt. Ltd.	470,000	1,390,791	73,481,477	73,481,477	NIL	121,935	95,343.83	NIL	95,343.83	NIL
Orion Abasaan Pvt. Ltd.	300,000	755,986	79,107,573	79,107,573	NIL	171,125	147,837	NIL	147,837	NIL
Kaushalya Energy Pvt. Ltd.	100,000	(821,340)	3,541,415	3,541,415	99,000	18,650	227	NIL	227	NIL
Azur Solar KDC Pvt. Ltd.	100,000	(38,453)	190,992	190,992	NIL	17,580	172	NIL	172	NIL

Place : Kolkata

Date : August 14, 2013

Tarkeshwar Singh
Company Secretary

For and on behalf of Board of Directors
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. (BKHDL)	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, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March, 31 2013	March, 31 2013
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, 2013							
	a) Number & face Value	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 9900 Equity Shares ₹ 10/- each
	b) Extet of holding	97.87%	89.43%	96.67%	51%	51%	55%	99% (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, 2013	95,343.83/-	134/-	147,837/-	21,461/-	(48,233/-)	227/-	172/-
	ii) Upto the previous financial years of the subsidiary company	(19,495/-)	(70,266/-)	(11,698/-)	(201,660/-)	(65,929/-)	(284,308/-)	(20,167/-)
	b) Dealt with in the holding company's (KIDCO) accounts							
	i) For the Financial year ended March 31, 2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ii) Upto the previous financial years of the subsidiary company	Nil	Nil	Nil	Nil	Nil	Nil	N.A.

For and on behalf of Board of Directors

Place : Kolkata
Date : August 14, 2013

Tarkeshwar Singh
Company Secretary

Prashant Mehra
Managing Director

Mahesh Mehra
Whole-time Director

Consolidated Auditors' Report

Independent auditors report to the Board of Directors of KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

Report on 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 2013, 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.

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, 2013;
- 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.

Place : Kolkata

Date : The 29th day of May, 2013

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

Consolidated Balance Sheet as at 31st March, 2013

PARTICULARS	Note	(Amount in ₹)	
		As at 31st March 2013	As at 31st March 2012
EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	196,056,300	196,056,300
(b) Reserve & Surplus	4	700,006,297	720,106,651
(c) Money Received against Share Warrants		123,495,000	96,043,750
		1,019,557,597	1,012,206,701
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	5	1,036,000	993,424
(b) Deferred Tax Liabilities (Net)	31	7,686,890	7,453,026
(c) Other Long Term Liabilities	6	110,444,596	118,587,306
(d) Long Term Provisions	7	836,411	826,411
		120,003,897	127,860,167
(3) Current Liabilities			
(a) Short Term Borrowings	8	494,756,828	428,874,961
(b) Trade Payables	9	386,222,788	287,359,079
(c) Other Current Liabilities	10	74,842,691	66,837,552
(d) Short Term Provisions	11	63,903,430	63,903,430
		1,019,725,738	846,975,023
(4) Minority Interest		1,559,193	1,560,867
TOTAL		2,160,846,426	1,988,602,757
ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	564,666,477	538,205,067
(b) Non-Current Investments	13	150,450,265	27,040,265
(c) Long-Term Loans and Advances	14	267,380,157	252,200,960
(d) Other Non Current Assets	15	12,068	77,593
		982,508,967	817,523,885
(2) Current Assets			
(a) Inventories	16	13,819,431	19,622,694
(b) Trade Receivables	17	950,245,551	725,382,316
(c) Cash & Cash Equivalents	18	29,073,246	41,475,962
(d) Short Term Loans and Advances	19	182,446,975	380,451,102
(e) Other Current Assets	20	2,752,256	4,146,799
		1,178,337,458	1,171,078,872
TOTAL		2,160,846,426	1,988,602,757

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 : 29th May, 2013

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, 2013

PARTICULARS		Note	For the year ended 31st March, 2013	(Amount in ₹) For the year ended 31st March, 2012
1	Revenue from operations (gross)	21	264,007,296	1,051,854,319
	Less : Service Tax		2,139,007	14,706,828
	Revenue from operations (net)		261,868,289	1,037,147,491
2	Other income	22	2,860,725	3,646,800
3	Total revenue (1+2)		264,729,014	1,040,794,291
4	Expenses			
	Cost of Material Consumed	23.a	16,456,568	70,008,767
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	23.b	(103,780)	(167,568)
	Employee benefits expense	24	5,017,666	8,575,487
	Finance costs	25	68,896,559	68,551,346
	Depreciation and amortisation expense	12	4,038,590	4,253,335
	Other expenses	26	190,291,573	844,077,727
	Total expenses		284,597,176	995,299,094
5	Profit / (Loss) before tax (3 - 4)		(19,868,162)	45,495,197
6	Tax expense :			
	Current tax expense for current year		—	11,485,459
	Current tax expense relating to prior years		—	—
	Deferred tax	31	233,864	3,305,170
			233,864	14,790,629
7	Profit After Tax (Before Minority Interest) (5-6)		(20,102,026)	30,704,568
8	Less : Minority Interest		(1,673)	(129,333)
9	Profit / (Loss) for the year (7 - 8)		(20,100,353)	30,833,901
8.1	Earnings per share (of ₹ 10/- each) :	30		
	(a) Basic		(1.03)	1.57
	(b) Diluted		(0.70)	1.35
	See accompanying notes forming part of the financial statements	1-35		

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 : 29th May, 2013

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 for the year ended 31st March, 2013

Particulars	(Amount in ₹)	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	(19,868,162)	45,495,197
Adjustments for :		
Depreciation and amortisation	4,038,590	4,253,335
Amortisation of Preliminary Expenses	65,525	126,419
Loss/(gains) on Sale of Fixed Assets	—	—
Finance costs	68,896,559	68,551,346
Interest income	(1,805,485)	(3,461,210)
Operating profit / (loss) before working capital changes	51,327,027	114,965,087
Changes in working capital :		
Adjustments for (increase) / decrease in operating assets :		
Inventories	5,803,263	18,911,645
Trade receivables	(224,863,235)	52,304,788
Short-term loans and advances	203,382,835	(75,005,852)
Long-term loans and advances	(23,186,929)	(15,217,589)
Other current assets	1,394,543	(1,038,242)
Adjustments for increase / (decrease) in operating liabilities :		
Other long term liabilities	(8,000,000)	(8,076,767)
Long term borrowings	42,576	—
Long term provisions	10,000	40,000
Trade payables	98,863,709	(119,700,439)
Other current liabilities	(4,694,861)	7,211,041
Short-term provisions	—	86,221,424
Cash flow from extraordinary items	—	—
Cash generated from operations	100,078,928	(25,606,328)
Net income tax (paid) / refunds	(5,378,708)	(22,365,461)
Net cash flow from / (used in) operating activities (A)	94,700,220	(47,971,789)
B. Cash flow from investing activities		
Capital expenditure on fixed assets	(30,500,000)	(37,768,773)
Capital Advances	17,509,732	(49,665,492)
Proceeds from Sale of Fixed Assets	—	—
Bank balances not considered as Cash and cash equivalents		
- Placed	—	—
- Matured	11,360,225	55,996,961
Purchase of long-term investments		
- Others	(123,410,000)	—
Loans & Advances given		
- Subsidiaries and Step down Subsidiaries	(7,502,000)	(14,864,508)
- Joint Ventures	(142,710)	(25,000)
Interest received		
- Others	1,805,485	3,461,210
Cash flow from extraordinary items	—	—
Net cash flow from / (used in) investing activities (B)	(130,879,268)	(42,865,602)

Consolidated Cash Flow Statement for the year ended 31st March, 2013

Particulars	(Amount in ₹)	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012
C. Cash flow from financing activities		
Proceeds from issue of share warrants	27,451,250	96,043,750
Share Application Money received/(refunded)	10,700,000	—
Repayment of Long Term Borrowings	—	—
Net increase / (decrease) in working capital borrowings	65,881,867	33,996,623
Finance cost	(68,896,559)	(68,551,346)
Cash flow from extraordinary items	—	—
Net cash flow from / (used in) financing activities (C)	35,136,558	61,489,027
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(1,042,491)	(29,348,364)
Cash and cash equivalents at the beginning of the year	15,582,665	44,931,029
Cash and cash equivalents at the end of the year	14,540,174	15,582,665
Reconciliation of Cash and cash equivalents with the Balance Sheet :		
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	29,073,244	41,475,960
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	14,369,390	25,729,615
IPO refund account	163,680	163,680
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16	14,540,174	15,582,665
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 *	14,540,174	15,582,665
* Comprises:		
(a) Cash on hand	11,035,122	12,574,558
(b) Balances with banks		
(i) In current accounts	3,505,051	3,008,107
(ii) In deposit accounts with original maturity of less than 3 months	—	—
	14,540,174	15,582,665

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 : 29th May, 2013

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 primarily engaged in executing construction contracts relating to infrastructure developments. Moreover, it also carries on the business in hotel segment and hotel industry and is also engaged in acquiring and purchasing of land. 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/Loss 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, 2013.
- 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, 2013	31st March, 2012
Bengal Kaushalya Nirman Ltd.	India	Subsidiary	51%	51%
Bengal KDC Housing Development Ltd.	India	Subsidiary	51%	51%
Kaushalya Energy (P) Ltd.	India	Subsidiary	95.50%	55%
Azur Solar KDC (P) 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 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.

Notes forming part of the consolidated financial statements

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. It is to be noted that out of the total revenue of ₹ 26,37,05,308/- in the financial year 2012-13, an amount of ₹ 22,59,25,079/- is pending for certification.
- c. An amount of ₹ 20,06,43,402/- is included in the contract revenue, on which TDS is not reflected in FORM 26AS.

Income from Hotel

Income from hotel is recognized on accrual basis.

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.

- a) '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.
- b) However, at some of the sites, fixed assets are lying idle, though depreciation has been charged on them in the usual manner.
- c) Subsidiary Company Kaushalya Township Private Limited has paid ₹ 3,05,00,000/- to two parties against relinquishment of right from purchase of land in the area in which company is acquiring land. Further, the parties have agreed to cancel the agreement for purchase of 0.4598 acres of land.

2.11 Investments

- a. '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.

- b. Investment in Private companies :

The company has invested a sum of ₹ 12,34,10,000/- in the equity shares of few Private companies, by way of conversion of advances into investment, (details of which has been shown in Note 13 under "Trade Investments" in the 'Others' category), which has resulted to a share of more than 20% voting power in each of such private companies.

However, the company has confirmed that it does not have the right to exercise any sort of influence in those companies, even if it holds a substantial percentage of voting power.

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, without any actuarial valuation, and also not paid to any gratuity fund.

2.13 Borrowing Costs

Borrowing cost attributable to the acquisition of qualifying assets is added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognized as expenses in the period in which these are incurred.

Notes forming part of the consolidated financial statements

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 constitute even 1% in terms of revenue, expenses and profit as given in table below.

	Construction		Hotel		Total	
	₹ In Lacs	% of Total	₹ In Lacs	% of Total	₹ In Lacs	%
Revenue	2,637.05	99.59	10.73	0.41	2,647.78	100.00
Expenses	2,801.51	99.73	7.71	0.27	2,809.22	100.00
Profit/(Loss) before Depreciation	(164.46)	101.87	3.02	(1.87)	(161.44)	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.

2.15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extra ordinary 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 Prior Period Items

An amount of ₹ 19,67,006/-, as disclosed in the contract revenue of the current year is appearing to be the revenue of the prior period as per the records and other documents, referred by us.

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.

Notes forming part of the consolidated financial statements

Note 3 : SHARE CAPITAL

(Amount in ₹)

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹ 10/- each with voting rights	35,000,000	350,000,000	35,000,000	350,000,000
	<u>35,000,000</u>	<u>350,000,000</u>	<u>35,000,000</u>	<u>350,000,000</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				
Equity shares with voting rights				
Year ended 31 March, 2013				
- Number of shares	19,605,630	—	—	19,605,630
- Amount (₹)	<u>196,056,300</u>	<u>—</u>	<u>—</u>	<u>196,056,300</u>
Year ended 31 March, 2012				
- Number of shares	19,605,630	—	—	19,605,630
- Amount (₹)	<u>196,056,300</u>	<u>—</u>	<u>—</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, 2013		As at 31 March, 2012	
	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 consolidated financial statements

(Amount in ₹)

Note 4 : RESERVES & SURPLUS

Particulars	As at 31 March, 2013	As at 31 March, 2012
(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	207,354,005	176,520,104
Add : Profit / (Loss) for the year	(20,100,353)	30,833,901
Closing balance	<u>187,253,651</u>	<u>207,354,005</u>
Total	<u>700,006,297</u>	<u>720,106,651</u>

Note 5: LONG TERM BORROWINGS

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unsecured loan		
Jagriti Investment Pvt. Ltd	1,036,000	993,424
	<u>1,036,000</u>	<u>993,424</u>

Note 6 : OTHER LONG TERM LIABILITIES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Advances from Related Parties		
Joint Venture & Associates		
- Joint Venture & Associates	9,662,596	9,805,306
- From Relatives of KMPs	2,407,000	2,607,000
Advance against Land	98,375,000	106,175,000
Total	<u>110,444,596</u>	<u>118,587,306</u>

Note 7 : LONG TERM PROVISIONS

Particulars	As at 31 March, 2013	As at 31 March, 2012
Provision for Employee Benefits - Gratuity	836,411	826,411
Total	<u>836,411</u>	<u>826,411</u>

Notes forming part of the consolidated financial statements

(Amount in ₹)

Note 8 : SHORT TERM BORROWINGS

Particulars	As at 31 March, 2013	As at 31 March, 2012
Loans repayable on demand		
Cash Credit From banks		
Secured		
(i) State Bank of India	228,488,152	194,721,663
State Bank of India CC	149,425,623	
State Bank of India FITL	10,715,529	
State Bank of India WCTL	68,347,000	
(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.)		
(ii) Indian Overseas Bank	266,268,676	234,128,473
Indian Overseas Bank CC	162,872,764	
Indian Overseas Bank FITL	19,660,912	
Indian Overseas Bank WCTL	83,735,000	
(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.)		
(iii) Other Loans & Advances	—	—
(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	494,756,828	428,874,961

Note 9 : TRADE PAYABLES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Trade Payables		
- Acceptances	—	—
- Other than Acceptances	386,222,788	287,359,079
Total	386,222,788	287,359,079

Note 10 : OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Statutory Remittances	5,816,167	17,007,581
Advances from customers/ contractors	55,822,742	49,326,189
Share Application Money Due for refund	163,680	163,680
Payable for Fixed Assets	2,340,102	340,102
Share Application Money	10,700,000	—
Total	74,842,691	66,837,552

Note 11 : SHORT TERM PROVISIONS

Particulars	As at 31 March, 2013	As at 31 March, 2012
Provision for Income-tax	63,468,094	63,468,094
Provision for FBT	435,336	435,336
Total	63,903,430	63,903,430

Notes forming part of the consolidated financial statements

Note 12 : FIXED ASSETS

(Amount in ₹)

Particulars	SLM	Gross Block				Depreciation				Net Block	
	Rate of Dep	As at 01.04.2012	Additions	Deductions	Total	Upto 31.03.2012	For the Year	Sales/ Adjustments	Total	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS											
(a) Land											
Freehold	0.00%	480,544,713	30,500,000	-	511,044,713	-	-	-	-	511,044,713	480,544,713
Subsidiaries		480,544,713	30,500,000	-	511,044,713	-	-	-	-	511,044,713	480,544,713
- BKDC		115,594,373	-	-	115,594,373	-	-	-	-	115,594,373	115,594,373
- KNPL		53,111,357	-	-	53,111,357	-	-	-	-	53,111,357	53,111,357
- KTPL		247,009,529	30,500,000	-	277,509,529	-	-	-	-	277,509,529	247,009,529
- OAPL		64,829,454	-	-	64,829,454	-	-	-	-	64,829,454	64,829,454
(b) Buildings											
Own use		9,993,919	-	-	9,993,919	1,513,864	161,152	-	1,675,016	8,318,903	8,480,055
Construction	1.63%	107,298	-	-	107,298	107,298	-	-	107,298	-	-
- Site Building	1.63%	107,298	-	-	107,298	107,298	-	-	107,298	-	-
Hotel	1.63%	9,886,621	-	-	9,886,621	1,406,566	161,152	-	1,567,718	8,318,903	8,480,055
- Building	1.63%	9,886,621	-	-	9,886,621	1,406,566	161,152	-	1,567,718	8,318,903	8,480,055
(c) Plant and Equipment											
Owned		65,467,460	-	-	65,467,460	20,152,268	2,964,018	-	23,116,286	42,351,174	45,315,192
Construction		64,671,342	-	-	64,671,342	19,803,663	2,926,202	-	22,729,865	41,941,477	44,867,679
- Plant & Machinery	4.75%	61,604,246	-	-	61,604,246	16,736,567	2,926,202	-	19,662,769	41,941,477	44,867,679
- JCB Excavator	11.31%	3,067,096	-	-	3,067,096	3,067,096	-	-	3,067,096	-	-
Hotel	4.75%	796,118	-	-	796,118	348,605	37,816	-	386,421	409,697	447,513
- Plant & Machinery	4.75%	796,118	-	-	796,118	348,605	37,816	-	386,421	409,697	447,513
(d) Furniture and Fixtures											
Owned		6,635,153	-	-	6,635,153	3,709,141	460,891	-	4,170,032	2,465,121	2,926,012
Construction	6.33%	1,985,707	-	-	1,985,707	830,883	125,695	-	956,578	1,029,129	1,154,824
Hotel	9.50%	2,757,046	-	-	2,757,046	2,518,891	238,155	-	2,757,046	-	238,155
Subsidiaries	6.33%	1,892,400	-	-	1,892,400	359,367	97,041	-	456,408	1,435,992	1,533,033
(e) Vehicles											
Owned		7,627,741	-	-	7,627,741	6,814,048	327,127	-	7,141,175	486,566	813,693
Construction		7,616,183	-	-	7,616,183	6,804,582	325,820	-	7,130,402	485,781	811,601
- Motor Car	9.50%	3,402,899	-	-	3,402,899	2,615,534	323,275	-	2,938,809	464,090	787,365
- Vehicles	11.31%	4,177,289	-	-	4,177,289	4,177,289	-	-	4,177,289	-	-
- Cycles	7.07%	35,995	-	-	35,995	11,759	2,545	-	14,304	21,691	24,236
Hotel	11.31%	11,558	-	-	11,558	9,466	1,307	-	10,773	785	2,092
- Vehicles	11.31%	11,558	-	-	11,558	9,466	1,307	-	10,773	785	2,092
(f) Office equipment											
Owned		981,084	-	-	981,084	855,682	125,402	-	981,084	-	125,402
Construction	16.21%	944,534	-	-	944,534	819,132	125,402	-	944,534	-	125,402
- Computer	16.21%	944,534	-	-	944,534	819,132	125,402	-	944,534	-	125,402
Hotel	16.21%	36,550	-	-	36,550	36,550	-	-	36,550	-	-
- Computer	16.21%	36,550	-	-	36,550	36,550	-	-	36,550	-	-
Total (₹)		571,250,070	30,500,000	-	601,750,070	33,045,003	4,038,590	-	37,083,593	564,666,477	538,205,067
Previous Year (₹)		533,481,297	37,768,773	-	571,250,070	28,791,668	4,253,335	-	33,045,003	538,205,067	504,689,629

Notes forming part of the consolidated financial statements

Note 13 : NON CURRENT INVESTMENTS

Note 13 : NON CURRENT INVESTMENTS				(Amount in ₹)	
	FV	31st March 2013		31st March 2012	
		Nos.	₹	Nos.	₹
A. Trade Investments					
a) Investment in Unquoted, Fully paid up Equity Shares of :					
Others					
Balaji Turnkey Projects Solution (P) Ltd.	10	228,600	51,435,000	—	—
Enlightened Projects Ltd.	10	195,500	29,325,000	—	—
Orkay Engineering Ltd.	10	853,000	42,650,000	—	—
Total		<u>1,277,100</u>	<u>123,410,000</u>	<u>—</u>	<u>—</u>
b) Investment Property (Ref. Note 12.a)			26,561,000		26,561,000
			<u>26,561,000</u>		<u>26,561,000</u>
B. Other than Trade Investments					
Gold Coins [50 Gms. Each]		10	479,265	10	479,265
		<u>10</u>	<u>479,265</u>	<u>10</u>	<u>479,265</u>
Total			<u>150,450,265</u>		<u>27,040,265</u>
Aggregate value of unquoted Investments			150,450,265		27,040,265

Note 14 : LONG TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unsecured and considered good		
Capital Advances	68,901,962	84,411,694
Security Deposits & Earnest Money Deposits	118,065,993	118,269,064
Mobilization Advances	300,745	300,745
Other Advance	26,005,949	2,615,949
Advances to related parties		
Enterprises under significant Influence	54,105,508	46,603,508
	<u>267,380,157</u>	<u>252,200,960</u>

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

Particulars	As at 31 March, 2013	As at 31 March, 2012
Directors	—	—
Other officers of the Company	—	—
Firms in which any director is a partner	—	—
Private companies in which any director is a director*	54,105,508	46,603,508
Private companies in which any director is a member*		
	<u>54,105,508</u>	<u>46,603,508</u>

* The entire amount is due from subsidiaries companies.

Note 15 : OTHER NON CURRENT ASSETS

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unamortised Expenses		
Preliminary Expenses	12,068	77,593
	<u>12,068</u>	<u>77,593</u>

Notes forming part of the consolidated financial statements

Note 16 : INVENTORIES

(Amount in ₹)

Particulars	As at 31 March, 2013	As at 31 March, 2012
Raw Materials	9,070,029	14,698,281
Work in Progress		
Construction Work in Progress	4,104,085	4,000,305
Stores & Spares	645,317	924,108
	<u>13,819,431</u>	<u>19,622,694</u>

Note 17 : TRADE RECEIVABLES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unsecured, considered good		
Overdue for a period exceeding six months	720,505,498	231,359,643
Other Trade receivables	229,740,052	494,022,673
	<u>950,245,551</u>	<u>725,382,316</u>

Note 18 : CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Cash on hand (as certified by the management)	11,035,122	12,574,558
(b) Balances with banks		
(i) In current accounts	3,505,051	3,008,107
(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)	14,369,390	25,729,615
Share application money received for allotment of securities and due for refund	163,680	163,680
	<u>29,073,244</u>	<u>41,475,960</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	14,540,174	15,582,665

Notes :

- (i) Includes deposits amounting to ₹ 14,367,250/- (As at 31 March, 2012 ₹ 25,729,615/-) which have an original maturity of more than 12 months.

Note 19 : SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unsecured, considered good		
Advances to Suppliers & Subcontractors	58,271,648	185,866,712
Advances to Employees	1,605,924	2,124,033
Advance against Expenses	3,803,660	3,715,547
Other Advance	2,654,572	77,806,047
Prepaid Expenses (Unsecured, considered good)	2,537,253	2,743,553
Balances with government authorities		
Income Tax Payments	113,573,918	108,195,210
	<u>182,446,975</u>	<u>380,451,102</u>

Note 20 : OTHER CURRENT ASSETS

Particulars	As at 31 March, 2013	As at 31 March, 2012
Accruals		
Interest accrued on deposits	2,752,255	4,146,799
	<u>2,752,255</u>	<u>4,146,799</u>

Notes forming part of the consolidated financial statements

Note 21 : REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Sale of Services (Gross)		
Contract Receipts	263,705,308	1,051,530,563
Other Operating Revenues		
Profit from Hotel (Refer Note 21A)	301,988	323,756
	<u>264,007,296</u>	<u>1,051,854,319</u>
Less : Service Tax	2,139,007	14,706,828
	<u>261,868,289</u>	<u>1,037,147,491</u>

Note 21A : PROFIT FROM HOTEL BUSINESS

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
REVENUE FROM OPERATIONS		
Food Sale	159,533	86,599
Room Rent	313,000	176,732
Service Income	390	1,642
Cultivation Income	599,800	641,400
Total (A)	<u>1,072,723</u>	<u>906,373</u>
EXPENDITURE		
Raw Food Purchased	108,762	39,501
Fuel (Cooking)	21,363	11,297
Repairs & Maintenance - Buildings	99,456	8,018
Stores	15,191	2,430
Employee Benefits		
Salary	28,800	101,000
Site Allowance	7,200	23,760
Administrative & Other Expenses		
Bank Charges	82	3,550
Books & Periodicals	1,524	1,343
Electricity Charges	92,679	41,606
Cultivation Expenses	252,210	263,775
General Expenses	15,720	2,835
Gardening Expenses	20,490	4,760
Labour Charges incl. Allowances	57,240	33,300
Laundry Expenses	3,528	—
Postage/Fax/Courier	230	80
Printing & Stationery	680	470
Rates & Taxes	7,894	9,000
Security Expenses	32,880	31,460
Subscription	3,851	3,001
Telephone Expenses	—	50
Travelling & Conveyance	955	1,381
Total (B)	<u>770,735</u>	<u>582,617</u>
Profit/(Loss) before Depreciation (A-B)	<u>301,988</u>	<u>323,756</u>

Notes forming part of the consolidated financial statements

Note 22 : OTHER INCOME

(Amount in ₹)

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Interest Income		
Interest from Bank on Deposits	1,805,485	3,461,210
Miscellaneous Income	1,055,240	185,590
(Net of expenses directly attributable ₹ Nil Prev. Year ₹ Nil)		
	2,860,725	3,646,800

Note 23.a : COST OF MATERIAL CONSUMED

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Opening stock	15,622,389	34,701,602
Add : Purchases	10,549,525	50,929,554
	26,171,914	85,631,156
Less : Closing stock	9,715,346	15,622,389
Cost of material consumed	16,456,568	70,008,767

Note 23.b : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Inventories at the beginning of the year :		
Work-in-progress	4,000,305	3,832,737
	4,000,305	3,832,737
Less : Inventories at the end of the year:		
- Work-in-progress	4,104,085	4,000,305
	4,104,085	4,000,305
Net (increase) / decrease	(103,780)	(167,568)

Note 24 : EMPLOYEE BENEFIT EXPENSES

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Salary, Allowances & Bonus	4,523,653	6,878,468
Contribution to PF, ESI & Other Funds	78,185	127,109
Staff Welfare	405,828	1,529,910
Employee Retirement Benefits	10,000	40,000
	5,017,666	8,575,487

Note 25 : FINANCE COSTS

Particulars	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
(a) Interest expense on:		
(i) Borrowings	64,970,410	62,570,609
(ii) Delayed/Deferred payment of taxes	1,177,004	47,605
(b) Other borrowing costs	2,749,145	3,988,131
(c) Net (gain)/loss on currency fluctuation	—	1,945,000
	68,896,559	68,551,346

Notes forming part of the consolidated financial statements

Note 26 : OTHER EXPENSES

Particulars	(Amount in ₹)	
	For the year Ended 31st March, 2013	For the year Ended 31st March, 2012
Contract Operating Expenses		
Consumption of Stores & Spare Parts	904,569	1,381,406
Unrecoverable Works Contract	—	3,771,475
Subcontractor Charges	173,263,653	772,864,649
Hire Charges	1,308,370	6,778,718
Labour Charges & Allowances	4,907,525	29,193,252
Power & Fuel	352,884	8,133,486
Repairs & Maintenance- Machinery	382,718	820,907
Freight Charges	110,535	443,247
Royalty	—	530,905
Works Contract Tax	797,177	4,769,279
Survey Charges	—	37,400
	182,027,431	828,724,724
Administrative Expenses		
Rent	1,261,533	2,198,851
Rates & Taxes	459,402	495,067
Insurance	37,843	269,965
Consultancy & Professional Charges	1,334,549	3,501,447
Directors' Remuneration	2,320,500	2,520,000
Directors' Sitting Fee	149,663	172,500
Electricity Charges	181,836	479,144
Post, Telegraph, Telephone & Internet	477,789	690,130
Travelling & Conveyance	952,624	2,398,798
Printing & Stationery	261,792	630,914
Security Guard Expenses	188,605	406,841
Payment to Auditors		
- As Audit Fees	123,596	95,506
- As Tax Audit Fees	28,090	28,090
- For Certification	4,200	13,330
Miscellaneous Expenses	205,268	1,050,981
Preliminary Expenses W/off	65,525	126,419
	8,052,814	15,077,983
Selling & Distribution Expenses		
Advertisement	189,598	247,620
Subscription	21,730	27,400
	211,328	275,020
Other Expenses		
Loss on Sale of Fixed Assets	—	—
	—	—
Total	190,291,573	844,077,727

Note 27 : ADDITIONAL INFORMATION OF THE FINANCIAL STATEMENTS

27.1: 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 others. It is noted that 74.72% application money amounting to ₹ 123,495,000/- 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

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

(Amount in ₹)

Sl. No.	Particulars	As on 31.03.2013	As on 31.03.2012
1.	a. Counter guarantees given to Bankers to obtain various Bank Guarantees against which fixed deposit receipts have been pledged by the Company.	31,070,270	40,965,602
	b. Performance Guarantee given on behalf of Joint Venture Entities	14,812,525	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	37,71,602
	Income Tax Demand (Assessment Year 2005-06)	72,381	72,381
	Income Tax Demand (Assessment Year 2006-07)	9,23,573	9,23,573
	Income Tax Demand (Assessment Year 2007-08)	40,98,684	40,98,684
	Income Tax Demand (Assessment Year 2010-11)	37,61,030	Nil

3. The Lender Bank have restructured the loan facilities in the month of December, 2012 and is charging lower rate of interest i.e.10.70%. However bank reserve the right to re compensate themselves in future.

27.3: 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.

27.4: 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) (i) Loans and advances in the nature of advances given to subsidiaries, associates and others

(Amount in ₹)

Sl. No.	Name of the Subsidiary	Balance as at 31.03.2013	Maximum Balance 2012-13	Balance as at 31.03.2012	Maximum Balance 2011-12
1	Bengal Kaushalya Nirman Ltd.	38,000	38,000	36,000	36,000
2	Bengal KDC Housing Development Ltd.	131,759,986	131,759,986	131,750,966	131,750,966
3	Kaushalya Energy (P) Ltd.	4,231,000	4,231,000	4,229,000	4,229,000
4	Kaushalya Nirman (P) Ltd.	67,083,317	67,712,157	67,712,157	67,712,157
5	Azur Solar KDC (P) Ltd.	96,488	96,488	95,488	95,488
6	Kaushalya Township (P) Ltd.	252,033,999	252,089,999	233,490,892	234,400,892
7	Orion Abasaan (P) Ltd.	54,673,462	54,673,462	54,672,156	54,672,156

Notes forming part of the consolidated financial statements

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

Sl. No.	Name of the Associates	Balance as at 31.03.2013	Maximum Balance 2012-13	Balance as at 31.03.2012	Maximum Balance 2011-12
1	Pushpadanta Vyapar Pvt. Ltd.	382,36,000	382,36,000	381,36,000	381,36,000
2	Magnum Infracon Pvt. Ltd.	158,69,508	158,69,508	89,64,508	89,64,508

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

Name of the subsidiary	As at 31 March, 2013	As at 31 March, 2012
	Nil	Nil

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

	During the year Ended 31.03.2013
Total amount received from issue of share warrants	123,495,000
Purpose for which money has been utilized	
(a) Advances to Subsidiaries	86,100,000
(b) Working Capital	37,395,000
Unutilized money as at 31st March, 2013	NIL

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

	For the year Ended 31st March, 2013	For the Year Ended 31st March, 2012
Traveling and Conveyance	Nil	168,831
Loss in repayment of Term Loan	Nil	1,945,000

27.7: Details of consumption of imported and indigenous items

Particulars	For the year Ended 31st March, 2013		For the Year Ended 31st March, 2012	
	Amount (₹)	%	Amount (₹)	%
Indigenous				
Raw Material	183,813,178	100	70,008,767	100
Components	Nil	Nil	Nil	Nil
Spare Parts	904,569	100	1,381,406	100
Imported				
Raw Material	Nil	Nil	Nil	Nil
Components	Nil	Nil	Nil	Nil
Spare Parts	Nil	Nil	Nil	Nil

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

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

27.10 : 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. However, the following are the areas of concern.

Notes forming part of the consolidated financial statements

- b. Outstanding Sundry debtors. (Amount in ₹)
- Out of total Sundry Debtors of ₹ 95,02,45,551/-, an amount of ₹ 62,10,27,492/- is outstanding since long, and out of which several debtors are under dispute.

Note 28 : During the year borrowing cost is not capitalized.

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

I. 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, <i>Managing Director</i> | 2. Mr. Ramesh Kumar Mehra, <i>Director</i> |
| 3. Mr. Mahesh Mehra, <i>Whole-time Director</i> | 4. Mr. Parag Keshar Bhattacharjee, <i>Independent Director</i> |
| 5. Mr. Rajesh Kumar Agarwal, <i>Independent Director</i> | 6. Mr. Saktipada Banerjee, <i>Independent Director</i> |

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

a) Relatives of Key Management Personnel :

- | | |
|----------------------|-------------------------|
| 1. Mr Kartik Mehra | 2. Mr Karan Mehra |
| 3. Mrs. Neeru Mehra | 4. Pranav Mehra |
| 5. Anuradha Mehra | 6. Devraj Seth Mehra |
| 7. Rahul Mehra | 8. Sambhu Nath Banerjee |
| 9. Mrs. Mohini Mehra | 10. Mrs. Pooja Mehra |

b) Associates Company:

- | | |
|------------------------------------|--------------------------------|
| 11. Keleenworth Marketing (P) Ltd. | 12. Mahanti Engineers (P) Ltd. |
| 13. Sunkissed Merchandise (P) Ltd. | 14. Baijnath Mehra (HUF) |
| 15. Magnum Infracon (P) Ltd. | |
| 16. Pushpdanta Vyapar (P) Ltd. | |

V. 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	2,368,500	960,000		2,578,500	960,000	
(b)	Rent Paid	–	600,000		720,000	600,000	
(c)	Share Application Money Recd/(Refunded)	–	–	–	–	–	–
(d)	Advance Received/(Paid) Net	–	–	(2,767,000)	–	–	(18,500,000)
(e)	Year End Balance : Payable/(Receivable)	–	7,000	(48,406,000)	–	7,000	(45,639,000)

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

Notes forming part of the consolidated financial statements

Note 30 : Earning Per Shares

(Amount in ₹)

Year Ended 31.03.2013

	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	(20102026)	(20102026)	(20102026)	(20102026)	0	0	0	0	(20102026)	(20102026)	(20102026)	(20102026)
Weighted Average No. of Shares	19605630	28906861	19605630	28906861	19605630	28906861	19605630	28906861	19605630	28906861	19605630	28906861
EPS (₹)	(1.03)	(0.70)	(1.03)	(0.70)	–	–	–	–	(1.03)	(0.70)	(1.03)	(0.70)

Year Ended 31.03.2012

Face Value of Shares	10	10	10	10	10	10	10	10	10	10	10	10
Profit	30704568	30704568	30704568	30704568	0	0	0	0	30704568	30704568	30704568	30704568
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

Note 31 : Deferred Tax Assets/(Liability)

	31.03.2013 Timing Difference	31.03.2012 Timing Difference
On Account of Depreciation		
- Net Block as per I T Act	540,138,007	514,308,622
- Net Block as per Cos. Act	564,666,477	538,205,067
On Account of Share Issue Exp.	–	–
On Account of Employee Benefits	836,411	826,411
On Account of Exp. Disallowed u/s 43B	–	98,774
	(23,692,059)	(22,971,260)
Effective Rate of Tax	32.45%	32.45%
Deferred Tax Asset/(Liability)	(7,686,889)	(7,453,025)
Less: Deferred Tax Liability b/f	(7,453,025)	(4,147,855)
Deferred Tax Provision	233,864	3,305,170

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, 2013					
		Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
New Asian Construction Co., India	90%	10,322,723	11,472,614	–	604,464	Nil	Nil
(Previous Year)		(10,930,406)	(11,475,833)	(155,373)	(700,800)	Nil	Nil

Notes forming part of the consolidated financial statements

Note 33 : Details of provisions

(Amount in ₹)

Particulars	For the year ended 31.03.2013		For the year ended 31.03.2012	
	Provision for Current Tax	Deferred Tax Liability	Provision for Current Tax	Deferred tax Liability
Balance at the beginning of the year	63,468,094	7,453,026	51,982,635	4,147,856
Provision made during the year	Nil	233,863	11,485,459	3,305,170
Paid/Adjusted during the year	Nil	Nil	Nil	Nil
Balance at the end of the year	63,468,094	7,686,889	63,468,094	7,453,026

Note 34 : Other information:

a. Projects in hand:

The company is left with two running projects one namely Westing House Saxby Farmer Ltd., contract value ₹ 7.25 crs. and Uttarakhand Jal Vidyut Nigam contract value ₹ 14.83 crs out of which contract revenue to the tune of ₹ 2.76 crs has already been recognized upto the year ending 31.03.2013.

- b. Work order received from Power Department, Sikkim of ₹ 4,55,20,000/- in the year 2004-05. The company has completed the work to the tune of ₹ 2,92,43,450/- but it has not been certified by the said department and subsequently no payment has been released by them against the aforesaid work done. The reason for not receiving the funds as stated by the management is due to non availability of fund under the APDRP scheme (the scheme of the project) in Sikkim.
- c. The Company had filed a claim with their client NPCC Ltd. the client in turn raised the claim to their principal NTPC and entered into arbitration via P.M.A. The arbitration has awarded a claim of ₹ 8,55,23,452/- against a demand of ₹ 77,66,336/- and against this award the principal has appealed before the Secretary of the P.M.A. As per term the claim received by NPCC shall be passed on to the company after deduction of their margins as per MOU.
- d. Some of the subsidiaries of the company has received share application, from others which has not been allotted, for a period of more than 60 days, upto the year ending 31.03.2013 and the said fund has also not been deposited to any separate bank account according to section 73(3) of the Companies Act 1956.

Moreover, if the said fund is allotted in full, it shall affect the shareholding percentage in those companies.

Note 35 : 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 : 29th May, 2013

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 Twenty First Annual General Meeting of the Members of Company on Friday, the 27th day of September, 2013 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 Twenty First Annual General Meeting of the Company on Friday, the 27th day of September, 2013 at 11.30 A.M. and at any adjournment thereof.

Signed this day of 2013.

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.





Affix
Re. 1.00
Revenue
Stamp

Signature
(Please sign across the Stamp)



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

FORM-A**FORMAT OF COVERING LETTER OF THE AUDIT REPORT TO BE FILLED WITH STOCK EXCHANGE**

1	Name of the Company	KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORP. LIMITED
2	Annual Financial Statement for the year ended	31 st March, 2013
3	Type of audit observation	Un Qualified / Uncertified Work considered in Revenue
4	Frequency of observation	Regular
5	To be signed by	<div> Mr. Prashant Mehra Managing Director/CEO</div> <div> Mr. Mahesh Mehra Whole-time Director/CFO</div> <div> For Sumanta & CO. Chartered Accountants Firm Regn No. 322554E Pradeep Kumar Agarwal Partner Membership No. 056521</div> <div> Mr. Rajesh Kumar Agarwal Audit Committee Chairman</div>