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**Annual Report  
and  
Accounts  
2007**

**Building Foundations for Our Tomorrow**

## KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

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### **Board of Directors**

#### ***Chairman***

Mr. Ramesh Kumar Mehra

#### ***Executive Director***

Mr. Prashant Mehra

Mr. Sidhnath Mehra

#### ***Non Executive Director***

Mr. Mahesh Mehra

Mr. Rajesh Kumar Agarwal

Mr. A. K. Biswas

Mr. P. K. Bhattacharjee

Mr. Shankar Saraf

### **Company Secretary**

Mr. A. B. Chakrabartty

### **Auditors**

M/s Sumanta & Co

Chartered Accountants

71, B. R. B. Basu Road

5th Floor, Block - C

Kolkata - 700 001

### **Registered Office**

HB 170, Sector - III

Saltlake City

Kolkata - 700 106

Tel : 91 - 33 - 2334 4166

Fax : 91 - 33 - 2334 4148

[www.kaushalyainfrastructure.com](http://www.kaushalyainfrastructure.com)

E-mail: [info@kaushalyainfrastructure.com](mailto:info@kaushalyainfrastructure.com)

## KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

### NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of Company will be held at its registered office situated at HB 170, Sector-III, Salt lake City, Kolkata - 700 106 on Friday, the 28th September, 2007 at 10.30 A.M. to transact the following Business.

#### AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 31st March, 2007 together with the Auditors and Director's Report thereon.
2. To declare the dividend on the equity shares of the Company.
3. To appoint director in place of Sri Ramesh Kumar Mehra who retire by rotation and being eligible offers himself for reappointment.
4. To appoint director in place of Sri Rajesh Kumar Agarwal who retire by rotation and being eligible offers himself for reappointment.
5. To appoint Statutory Auditors and fix their Remuneration.

#### AS SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution.

**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or reenactment thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements to be entered into by the Company with the Stock Exchanges, The Securities and Exchange Board of India (Substantial Acquisition and Takeovers) Regulations, 1997, and subject to any necessary approvals, consent, guidelines, permission of The Securities and Exchange Board of India (SEBI) and other appropriate authorities and subject also to such conditions, alterations and modifications as may be prescribed by them or any of them and accepted by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee constituted by the Board to exercise one or more powers including the powers conferred by this resolution), and in modification of the earlier resolutions, the consent of the Company be and is hereby accorded to the Board to issue and allot equity shares through Prospectus and /or Letter of Offer and/or Circular and /or any other documents by Public Offer to any/all of Indian Financial Institutions, Indian Mutual Funds, Foreign Institutional Investors, Non Resident Indians (NRIs), Overseas Corporate Bodies (OCBs) and/or to the shareholders of the Company or to the Public or otherwise to any person or persons of the promoters or Management Group, their friends, relatives, associates and associate Companies or to any all or some such persons in combinations the board may in its absolute discretion decide to be subscribed in Indian Currency for an aggregate amount not exceeding Rs. 100 Crores at such premium as may be decided and such shares shall be ranking pari passu in all respects including as to the dividend, with the existing equity shares of the Company.

**"RESOLVED FURTHER THAT** for giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the shares and the utilization of the proceeds of the Shares for the Company's running and expansion plans, acquisitions, capital expenditure and other corporate initiatives etc., to prescribe the forms of application, enter into any agreements or other instruments, and to take such actions or give such directions as may be necessary or describe and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to agree to and make, accept all such conditions, modifications and alterations stipulated by any relevant authorities while according approvals or consents to the issues as may be considered necessary, proper or expedient and to take all actions as may be necessary, desirable or expedient to effect such modifications and to resolve and settle all questions and difficulties that may arise in the proposed issues and allotment or allotments of the new securities and to do all acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose including if necessary creation of such mortgage and/or charges in respect of the Securities on the whole or any part of the undertaking of the Company under Section 293(1)(a) of the Companies Act, 1956 and to execute such documents or writings as they may consider necessary or proper and incidental to these resolutions".

## KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

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**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds or in the borrowing of loans as it may in its absolute discretion deemed fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution".

7. To consider and if thought fit to pass with or without modification the following resolution as Ordinary resolution

**"RESOLVED THAT** Sri Shankar Saraf who was appointed as additional director of the Company on 29.05.2007 and who ceases to hold office, as such in terms of Section 260 of the Companies Act, 1956 but being eligible for appointment and in respect of whom notice specifying his candidature for the office of directorship is received, be and is hereby appointed as Director of the Company, liable to be retire by rotation".

**Registered Office :**  
HB 170, Sector-III  
Salt Lake City, Kolkata-700106  
17th August, 2007

By Order of the Board of Directors

A. B. Chakrabarty  
Company Secretary

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**Notes :**

- 1) A Member entitled to vote and attend the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not to be a member of the Company. The instrument appointing proxy should however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of meeting.
- 2) An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to Special Business is annexed hereto.
- 3) Shareholders are requested to bring their copy of the Annual Report at the venue of the Meeting.
- 4) Members/Proxies should fill the attendance slip for attending the meeting.
- 5) Corporate Members are requested to send a certified copy of Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
- 6) The Register of Members will remain closed from 21st September, 2007 to 28th September, 2007 (both days inclusive).
- 7) The Dividend as recommended by the Board of Directors, if declared at the Meeting, will be payable on or after 29th September, 2007 to those Members whose name appears in the Register of Members as on 21st September, 2007, in accordance with the provisions of the Companies Act, 1956.

## KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

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### Explanatory Statement pursuant to Section 173(2) of The Companies Act, 1956

#### Item No-6

The Company currently has 14 projects in hands at different sites across the country and also expecting a large volume of work order in this Financial Year. In order to accelerate completion of the ongoing projects, the company requires various modern plant and machineries. The Company has also signed some Joint Venture Agreements for the purpose of construction of Industrial Park and Residential Complexes in the State of West Bengal.

The funds required for the above purpose proposed to be raised from public issue pursuant to this resolution, will be utilized for a combination of activities and will include providing part funding for the above mentioned projects as well as to support the growth plans of the Company and strengthen the financial structure.

The Special resolution has been proposed under the provisions of Section 81 (1- A) of the Companies Act, 1956 in view of the fact that the shares will be offered to persons who may or may not be the existing members. Further, under the Companies Act, 1956, the Company at the first instance is required to offer all shares to be issued for subscription, pro-rata to the existing equity shareholder unless they decide otherwise in a General Meeting.

The shares to be issued and allotted shall be subject to the Memorandum and Articles of Association of the Company and terms of the issue. The equity shares shall rank pari-passu in all respect with, and carry the same rights including dividend as, the existing equity shares.

The directors recommend the resolution for the approval of the members. None of the Directors of the Company is in any way concerned or interested in the resolution.

#### Item No-7

Sri Shankar Saraf was appointed as additional director of the Company on 29.05.2007. Pursuant to provision of Section 260 of the Companies Act, 1956 and Article No. 116 of Articles of Association of the Company, his appointment as director ceases at the ensuing Annual General Meeting. The Company has received notice from a member specifying the candidature of Sri Shankar Saraf for the directorship of the Company under Section 257 of the Companies Act, 1956. The Board proposes his appointment for your approval.

None of the director of the Company except Sri Shankar Saraf is interested or deemed to be interested in the proposed resolution.

#### Registered Office :

HB 170, Sector-III  
Salt Lake City, Kolkata-700106  
17th August, 2007

By Order of the Board of Directors

A. B. Chakrabarty  
Company Secretary

# KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

## DIRECTOR'S REPORT

The Directors have pleasure in presenting the 15th Annual report of your Company and the Audited Accounts for the year ended 31st March, 2007

<b>FINANCIAL RESULTS</b>	<b>(Rs. in Lacs)</b>		<b>(Rs. in Lacs)</b>	
	<b>31.03.2007</b>		<b>31.03.2006</b>	
Contract Revenue & Other Income	<b>5481.32</b>		<b>5060.98</b>	
Profit before Depreciation				
Interest & Tax	<b>645.29</b>		<b>452.48</b>	
Less : Depreciation	<b>29.15</b>		<b>24.16</b>	
Interest	<b>168.60</b>	<b>197.75</b>	<b>71.56</b>	<b>95.72</b>
Profit before Tax	<b>447.54</b>		<b>356.76</b>	
Less : Tax for Pv. Year	<b>0.00</b>		<b>3.56</b>	
Provision for Tax	<b>58.60</b>	<b>58.60</b>	<b>44.38</b>	<b>47.94</b>
Net Profit after Tax	<b>388.94</b>		<b>308.82</b>	
Balance B/f from previous year	<b>264.92</b>		<b>248.57</b>	
Balance available for appropriations	<b>653.86</b>		<b>557.39</b>	
<b>APPROPRIATIONS</b>				
Transfer to General Reserve	<b>0.00</b>		<b>250.00</b>	
Proposed Dividend on Equity Shares	<b>50.31</b>		<b>37.25</b>	
Dividend Tax on Proposed Dividend	<b>7.05</b>		<b>5.22</b>	
Balance Carried to Balance Sheet	<b>596.50</b>		<b>264.92</b>	

### Operation

During the year under review the Total Income is increased by 8.31% to Rs. 5481.32 Lacs from Rs. 5060.98 Lacs during the previous year. The major contributor to the turnover were Road projects and Industrial Infrastructure projects. The Company has posted an excellent performance as the profit after tax for the year under review stood to Rs. 388.94 Lac compared to Rs 308.82 Lacs for the previous year registering a rise of 25.94%.

### Dividend

The Directors have recommended a dividend of Rs.0.50 per equity share of Rs 10/- each for the year ended 31st March, 2007 which if approved at the forthcoming Annual General Meeting, will be paid to all those member whose name appears in the register of Member as on 21st September, 2007.

The total cash outflow on account of this dividend including dividend distribution tax will be Rs 57.36 Lacs. The Company has consistently paid out dividend since last 3 years.

### Resources and Liquidity

As on 31st March, 2007 the debt to equity ratio of the company is at 0.13:1 The Company's long term debt as on 31st March, 2007 stood at Rs 324.32 Lacs.

The Company's net worth as on 31st March, 2007 was Rs 2406.35 Lacs with a paid-up capital of Rs 1010.56 Lacs and accumulated reserve and surplus of Rs 1430.14 Lacs. The book value of the equity share of Rs 10/- each of the Company as on 31st March, 2007 is Rs 23.81.

### Fixed Deposit

The Company has not accepted any fixed deposit from the Public during the year.

### Subsidiaries and Joint Ventures

During the period under review, Bengal KDC Housing Development Ltd, Kaushalya Nirman Pvt. Ltd., Kaushalya Township Pvt. Ltd and Orion Abasaan Pvt. Ltd became the subsidiaries of the Company.

As directed by the central Govt. the financial data of the subsidiaries have been furnished as separate statement under Details of subsidiaries forming part of the Annual Report, further pursuant to Accounting Standard (AS-21) issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the company in this Annual Report includes financial information of subsidiaries.

## KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

The details of these companies are given below :

### **Bengal KDC Housing Development Ltd.**

Bengal KDC Housing Development Ltd. is a JV company via the Assisted Sector route formed with the West Bengal Housing Board for the purpose of developing Housing and Allied infrastructure in the state of West Bengal. The Government through the West Bengal Housing Board holds 11% equity in the company, Kaushalya holds 51% equity and the remainder is held by relatives of Director. This company commenced operation and is identifying viable projects in the state.

### **Kaushalya Nirman Pvt. Ltd., Kaushalya Township Pvt. Ltd., Orion Abasaan Pvt. Ltd.**

The above companies were formed with an intention to acquire land parcels in the Rajarhat Area for development of housing complexes in conjunction with Bengal KDC Housing Development Ltd. These companies had no major activity until 31.3.2007.

### **Bengal Kaushalya Nirman Ltd.**

A Joint Venture agreement with the West Bengal Small Industries Development Corp. (WBSIDC) was signed on 24th July, 2007 for setting up a new SPV company for developing industrial parks and complexes in the state of West Bengal starting with an industrial park at Jhargram in Mindnapore district on land possessed by Kaushalya Infrastructure Dev. Corp. Ltd. The company is yet to be formed with equity share holding of 11% by WBSIDC and 89% of the Kaushalya and its associates.

### **JV with Santech Communications**

Joint Venture with Santech Communications was formed for development of an Intelligent Valley as an IT based knowledge city on a 50:50 equity sharing basis. Under this venture Kaushalya shall invest 10% of the fund requirement while Santech shall arrange for the remainder.

### **JV with Rose Valley Pvt. Ltd.**

Joint Venture with Rose Valley was formed for development of an NRI cum RI housing complex on a 21:79 equity sharing basis between Kaushalya and Rose Valley. Under this venture Kaushalya shall arrange to mobilize the land parcel for the project with Rose Valley making the entire investment.

### **Directors**

Sri Ramesh Kumar Mehra and Sri Rajesh Kumar Agarwal, Directors retires by rotation and being eligible, offers themselves for reappointment. The Board recommends their re-appointment.

Mr Shankar Saraf, a Practicing Chartered Accountant was appointed as additional director on the Board of the company with effect from 29.05.2007 and will hold office at the ensuing Annual General Meeting. The Company has received notices under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

### **Directors' Responsibility Statement**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, the Directors confirm .

- a) that in preparation of the annual accounts, the appropriate accounting standards has been followed along with proper explanation relating to material departures;
- b) that the directors have selected such accounting policies and applied them consistently and made judgment and estimate that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit & loss of the company for the period;
- c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the directors have prepared the annual accounts on a going concern basis.

### **Auditors**

M/s Sumanta & Co., Chartered Accountants, hold the office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from the auditor to the effect that their appointment if made would be within



## KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956. Your Directors recommend their re-appointment.

### Personnel

There was no employee in respect of whom information is required to be given under Section 217 (2A) of the Companies Act, 1956 read with the Company (Particulars of Employees) Rules, 1975.

### Corporate Governance

As our Company is under process of an Initial Public Offer and is proposed to be listed on BSE and NSE, and as required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance together with Auditors Certificate regarding Compliance of SEBI Code of Corporate Governance is annexed herewith.

### Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under clause 49 (IV) (F) of the Listing Agreement.

### Other Information

Particulars required to be furnished under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988

- i. Part A and Part B of the Rules, pertaining to conservation of Energy and technology absorption, are not applicable to the Company
- ii. Foreign Exchange earning and outgo

Earning	Nil
Outgo	Nil

### Acknowledgements

The Board of Directors takes this opportunity to express its sincere appreciation for excellence support and Co-operation received from the customers, suppliers, shareholders, Government department and authorities, bankers, other business associates and its employees.

For and on behalf of the Board

Kolkata  
Friday, 17th August, 2007

R. K. MEHRA  
Chairman



## KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

ANNEXURE 'A'

### MANAGEMENT DISCUSSION AND ANALYSIS

#### OVERVIEW

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAPP) in India. The Management of Kaushalya accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions and reasonably present the company's state of affairs and profits for the year.

The following discussion may include forward looking statements which may involve risks and uncertainties, including but not limited to the risks inherent to company's growth strategy, dependency on certain clients, dependency on availability of raw materials and other factors .

#### Industry Structure and Development

Infrastructure Development is sweeping India at tremendous speed with construction activity seeing unprecedented growth in the past few years. Construction activity is the second largest employer in the Indian economy, only after agriculture and accounts for nearly 13% of the Gross Domestic Product (GDP).

Development of Highways, Bridges, Airports, Railways, Ports, Telecommunications, development of urban infrastructure including housing and commercial centers, development of various single/multi-product centers including Special Economic Zones (SEZs) are a characteristic feature of the growing Indian economy. Various government and private sector initiatives along with investments from various multilateral agencies has provided tremendous boost to the economy and is attracting various multinational players in the field of infrastructure development thereby bring world class quality to India.

#### Opportunities /Future outlook

The Indian economy continues to show good performance with GDP growth forecasted around 8.5% in 2008 and construction activity in particular forecasted to grow around 10.7%. The Indian government's continued efforts to improve the infrastructure of the nation to world class standards has fueled growth of this sector which is expected to have sustained growth over the next several years. Modern townships with modern amenities are springing up along with improved industrial complexes and commercial centers thereby increasing the potential of growth for this sector many fold.

#### Risks and Concern

The Construction industry is quite competitive and fragmented. The company faces competition from number of big players in the industry both local and national level. The award of contracts depends on successfully bidding the tenders. The tendering involves two – tire process. Firstly, the prospective bidders have to qualify technical bids. Only after qualifying the technical bid, the prospective bidder's financial bids are evaluated. This process of pre-qualification in technical bid wards off wards the company from unhealthy competition from small players who are unable to qualify technical bid. Further, the key success factor in qualifying the financial bid is cost competitiveness and the company has successfully bids for various contracts due to its competitive financial strength, technical competency and low overheads.

#### Human Resources Development

The Company recognizes the importance and contribution of its people towards achieving the common goal. Company is committed to the welfare of its people and their families and to improve the quality of their life by providing the required facilities.

#### Cautionary Statement

Statements in this Management Discussion and analysis report describing the Company's objectives, projections, estimates and expectation may be "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ from those either expressed or implied.

For and on behalf of the Board

Kolkata  
Friday, 17th August, 2007

R. K. MEHRA  
Chairman

# KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

ANNEXURE – B

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY 'S PHILOSOPHY ON CORPORATE GOVERNANCE :

Your Company has incorporated a separate Section of report on Corporate Governance in this Annual Report also in compliance with the Clause 49 of the listing agreement with stock exchanges, recommitting it to transparency in all its dealing and places emphasis on business ethics.

Hope, by the way of transparency in corporate management and reporting practices this will make a value addition.

### 2. BOARD OF DIRECTORS :

Composition of Board, Directorships and Committees position held in other Companies as at 31st March, 2007 :

Sl. No.	Name	Designation	Category (Whole Time / Non-Executive / Independent)
1	Sri Ramesh Kumar Mehra	Chairman	Non Executive & Non Independent
2	Sri Prashant Mehra	Managing Director	Executive Director
3	Sri Sidh Nath Mehra	Whole Time Director	Executive Director
4	Sri Mahesh Mehra	Director	Non Executive & Non Independent.
5	Sri Rajesh Kumar Agarwal	Director	Non Executive & Independent.
6	Sri Parag Keshar Bhattacharjee	Director	Non Executive & Independent.
7	Sri Amar Kumar Biswas	Director	Non Executive & Independent.

The Managing Director and Whole Time Director are appointed for period of five years from the period of taking over the charge i.e from 18.04.2005 and 01.10.2004 respectively. All other directors are liable to retire by rotation and at every AGM 1/3rd of them shall retire.

Independent Director is defined as one, who apart from receiving sitting fee as a director does not have any other material pecuniary relationship or transactions in his personal capacity with Company.

### 3. BOARD MEETINGS :

The meetings of the Board of Directors are normally held at the Company's Registered Office in Kolkata.

During the financial year 2006-2007, nineteen Board meetings were held on 1st April, 3rd April, 6th April, 5th May, 10th May, 19th May, 24th May, 2nd June, 3rd June, 12th June, 21st June, 14th July, 26th July, 22nd August, 25th September, 3rd October, 3rd November, 29th November and 15th January, 2007 . The gap between two Board meetings did not exceed 4 months. The Attendance of each Director in the Board Meetings and the Last Annual General meeting is detailed herein below :

Sl.No.	Directors	Meeting held during respective tenure of Directors	No. of Board Meeting attended	Attendance at the last AGM held on 29.09.2006	No. of other directorships held on 31.03.2007	No. of Committee memberships in companies on 31.03.2007	
						As chairman	As member
1	Mr. R. K. Mehra	19	19	Yes	4	0	1
2	Mr. Prashant Mehra	19	19	Yes	2	0	1
3	Mr. S. N. Mehra	19	19	Yes	4	0	1
4	Mr. Mahesh Mehra	19	19	Yes	4	0	1
5	Mr. R. K. Agarwal	14	04	Yes	8	1	1
6	Mr. P. K. Bhattacharjee	14	02	No	8	2	0
7	Mr. A. K. Biswas	09	01	No	0	0	1

Committees include Audit Committee, Shareholders Grievance Committee and Remuneration Committee.