



<p>Building Foundations for Our Tomorrow</p>	<p><i>Annual Report and Accounts 2008</i></p>
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Kaushalya Infrastructure Development Corporation Ltd.

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,

Salt Lake City

Kolkata, 700 106

Tel: 91 – 33- 2334 4166

Fax: 91 – 33 – 2334 4148

www.kaushalyainfrastructure.com

E- Mail: info@kaushalyainfrastructure.com

Registrar & Share Transfer Agent

M/s. Intime Spectrum Registry Limited

C – 13, Pannalal Silk Mills Compound,

L.B.S Marg, Bhandup (West)

Mumbai – 400 078

Tel: 91 – 22- 2596- 0320

Fax: 91 – 22 – 2596- 0329

www.intimespectrum.com

E- Mail: kidcl.ipo@intimespectrum.com


Kaushalya Infrastructure Development Corporation Ltd.
NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Company will be held at R N Chowdhuri Auditorium, Vidyut Bhavan, Salt Lake, Kolkata – 700 091 on Friday, the 26th September, 2008 at 11:00 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, 2008 together with the Auditors and Director's Report thereon.
2. To appoint director in place of Shri Parag Keshar Bhattacharjee who retire by rotation and being eligible offers himself for reappointment.
3. Shri Amar Kumar Biswas who retire by rotation expressed his desire not to be re-appointed and the vacancy thereby caused be not filled up.
4. To Appoint Statutory Auditors and fix their remuneration.

AS SPECIAL BUSINESS:

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

“RESOLVED THAT in partial modification of resolution no. 6 passed by the Members in 13th Annual General Meeting of the company held on 30th September, 2005 and pursuant to the provisions of Sections 198,269,309,310,311 and Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 and subject to all such approval as may be required, the company hereby approves the variation in the terms of remuneration of Mr. Prashant Mehra, Managing Director for the remaining period of his tenure of office, with effect from 1st April, 2008, as set out in the Explanatory Statement annexed to the notice convening the meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including power conferred by this resolution) to alter and vary the terms of remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or reenactment thereof.”

“RESOLVED FURTHER THAT all other terms and conditions of appointment of Mr. Prashant Mehra, Managing Director as approved earlier by the members, shall remain unchanged.”

“RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorized to do and perform all such acts, deeds and things as may be considered desirable or expedient to give effect to this resolution.”

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

“RESOLVED THAT in partial modification of resolution no. 7 passed by the Members in 13th Annual General Meeting of the company held on 30th September, 2005 and pursuant to the provisions of Sections 198,269,309,310,311 and Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 and subject to all such approval as may be required, the company hereby approves the variation in the terms of remuneration of Mr. Sidh Nath Mehra, Whole-Time Director for the remaining period of his tenure of office, with effect from 1st April, 2008, as set out in the Explanatory Statement annexed to the notice convening the meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including power conferred


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by this resolution) to alter and vary the terms of remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or reenactment thereof.”

“RESOLVED FURTHER THAT all other terms and conditions of appointment of Mr. Sidh Nath Mehra, Whole-Time Director as approved earlier by the members, shall remain unchanged.”

“RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorized to do and perform all such acts, deeds and things as may be considered desirable or expedient to give effect to this resolution.”

Registered Office:

HB 170, Sector-III

Saltlake City, Kolkata-700106

21st August, 2008

Place: Kolkata

By Order of the Board of Directors

A.B.Chakarbarty
Company Secretary

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. A proxy shall not have any right to speak at the meeting and shall not vote except on a poll. 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 Sec. 173 (2) of The Companies Act, 1956 relating to Special Business is annexed hereto.
- 3) All documents referred to the accompanying Notice and Explanatory statements are open for inspection at the registered office of the company during office hours on all working days except Saturday and Sunday between 11.00 a.m to 1.00 p.m upto the date of Annual General Meeting.
- 4) Shareholders are requested to bring their copy of the Annual Report at the venue of the Meeting.
- 5) Members/Proxies should fill the attendance slip for attending the meeting.
- 6) Corporate Members are requested to send a certified copy of Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
- 7) Members holding shares in physical mode are requested to notify the change in their address / bank account to M/s. Intime Spectrum Registry Ltd, C- 13, Pannalal Silk Mills Compound, L. B.S Marg, Bhandup (W), Mumbai – 400 078, the Registrar & Share Transfer Agent of the Company.
- 8) Members holding Shares in De – Mat mode are requested to notify the change in their address / bank account to their respective Depository Participant(s) (DPs).
- 9) No gift will be distributed at the Annual General Meeting.
- 10) The Register of Members will remain closed from 19th September, 2008 to 26th September, 2008 (both days inclusive)



Kaushalya Infrastructure Development Corporation Ltd.

REQUEST TO MEMBERS

Members desirous of getting Information / Clarification on the Accounts and Operations of the company or intending to raise any query are requested to forward the same at least 10 days in advance of the meeting to the Company Secretary at the office address so as the same may be attended appropriately.

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

Item No-5

Shri Prashant Mehra was appointed as the Managing Director of the Company in the 13th Annual General Meeting (AGM) of the Company held on 30th September, 2005 for a period of five years with effect from 18.04.2005. The remuneration payable to Managing Director was also approved by the Members in that AGM and also authorized to amend the remuneration from time to time within the said period of 5 years subject to maximum limit of Salary, Commission and Perquisites as laid down in the schedule XIII of the Companies Act, 1956 or any amendment thereof.

Mr. Prashant Mehra, Managing Director has been guiding the Company in its strategic and decision making policies and has immensely contributed to the program development and growth of the company Mr. Prashant Mehra has handled various Functions like diversification, strategic investments / disinvestments and has been entrusted with additional responsibility of overseeing the operations of various subsidiary companies.

The Board of Directors at its meeting held on 21st August, 2008, considered it desirable to enhance the remuneration and perquisites payable to Shri Prashant Mehra, Managing Director within the limit specified in Schedule XIII of the Companies Act, 1956 as recommended by the Remuneration Committee. Any increase of remuneration needs approval of shareholders, hence the proposed resolution is for approval of shareholders. Your Directors recommend the resolution the resolution as ordinary resolution as per the requirement of Companies Act, 1956. The terms of revised remuneration and perquisites effective from 1st April, 2008 are as under:-

Remuneration: -

Salary: Consolidated Salary of Rs. 1,15,000/- per month including Rs.15,000/- per month as conveyance allowances.

Perquisites: NIL

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

Item No-6

Shri Sidhnath Mehra was appointed as the Whole-Time Director of the Company in the 13th Annual General Meeting (AGM) of the Company held on 30th September, 2005 for a period of five years with effect from 01.10.2004. The remuneration payable to Whole-Time-Director was also approved by the Members in that AGM and also authorized to amend the remuneration from time to time within the said period of 5 years subject to maximum limit of Salary, Commission and Perquisites as laid down in the schedule XIII of the Companies Act, 1956 or any amendment thereof.

Mr. Sidh Nath Mehra, Whole-Time Director has been guiding the Company in its strategic and decision making policies and has immensely contributed to the program development and growth of the company Mr. Sidh Nath Mehra has handled various Functions like diversification, strategic investments/ disinvestments and has been entrusted with additional responsibility of overseeing the operations of various group companies.


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The Board of Directors at its meeting held on 21st August, 2008, considered it desirable to enhance the remuneration and perquisites payable to Shri Sidhnath Mehra, Whole – Time- Director within the limit specified in Schedule XIII of the Companies Act, 1956 as recommended by the Remuneration Committee. Any increase of remuneration needs approval of shareholders, hence the proposed resolution is for approval of shareholders. Your Directors recommend the resolution as ordinary resolution as per the requirement of Companies Act, 1956. The terms of revised remuneration and perquisites effective from 1st April, 2008 are as under:-

Remuneration: -

Salary: Consolidated Salary of Rs. 95,000 /- per month including Rs.15,000/- per month as conveyance allowances.

Perquisites: NIL

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

Registered Office:

HB 170, Sector-III

Saltlake City, Kolkata-700106

21st August, 2008

Place: Kolkata

By Order of the Board of Directors

A.B.Chakrabarty
Company Secretary

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Kaushalya Infrastructure Development Corporation Ltd.

BRIEF BIOGRAPHY OF DIRECTORS PROPOSED TO BE APPOINTED / RE APPOINTED AS REQUIRED IN TERMS OF LISTING AGREEMENT.

Shri P K Bhattacharjee

Mr Parag Keshar Bhattacharjee, aged 67 years, is a Masters in Economics, and a CAIIB. He started his career as a Lecturer in Economics at Jadavpur University, Kolkata, and then joined the State Bank of India in 1960 as a Probationary Officer. He held various positions within the State Bank of India and retired in January 1999 as Deputy Managing Director & Chief Financial Officer. Since 2002, Mr Bhattacharjee is serving as a Non-Executive Chairman of SBI Home Finance Ltd, he is an Arbitrator with NSE since December 2004 and a Banking & Finance Consultant with SREI Infrastructure Finance Ltd. Mr. Parag Keshar Bhattacharjee has been appointed as an Additional Director of the Company on 19.05.2006 and his appointment has been subsequently approved at the AGM held on 29.09.2006. He is an Independent Non Executive Director of the Company and is the Chairman of the Remuneration Committee and Shareholder's Grievance Committee of the Company.

Shri P K Bhattacharjee holds Directorship in the following other Companies:

Name of the Companies/Firms

Nature of Interest

Kanco enterprises Ltd., Kolkata	Director
Global Investment Trust Ltd., Kolkata	Director
Stesalit Ltd., Kolkata	Director
Cheviot Company Ltd., Kolkata	Director
SBI Home Finance Ltd., Kolkata	Director/Chairman
Quipo Infrastructure Equipment Ltd, New Delhi	Director
M.S.M.Energy Ltd, Hyderabad	Director
Dhanus Technologies Ltd.	Director
Kilburn Chemicals Ltd.	Director
Suryachakra Power Corporation Ltd.	Director

Membership in other Board Committees:

7 Companies out of which 3 as Chairman and 4 as member.

Shareholding in the Company:

NIL


Kaushalya Infrastructure Development Corporation Ltd.
DIRECTORS' REPORT

Dear Shareholders,

The Directors are pleased to present the 16th Annual report of your Company and the Audited Accounts for the year ended 31st March, 2008.

Financial Performance

FINANCIAL RESULTS	(Rs. in Lacs)		(Rs. in Lacs)
	31.03.2008		31.03.2007
Contract Revenue & Other Income	7093.32		5481.32
Profit before Depreciation			
Interest & Tax	672.81		645.29
Less: Depreciation	41.12		29.15
Interest	<u>275.65</u>	<u>316.77</u>	<u>168.60</u>
Profit before Tax	356.04		447.54
Less: Tax for Pv. Year	0.00		0.00
Provision for Tax	<u>106.54</u>	<u>106.54</u>	<u>58.60</u>
Net Profit after Tax	249.50		388.94
Balance B/f from previous year	596.50		264.92
Balance available for appropriations	846.00		653.86
APPROPRIATIONS			
Transfer to General Reserve	0.00		0.00
Proposed Dividend on Equity Shares	0.00		50.31
Dividend Tax on Proposed Dividend	0.00		7.05
Balance Carried to Balance Sheet	846.00		596.50

Overall Performance

Fiscal year 2007 – 2008 was marked by a healthy top line growth fueled by strong execution of road and industrial infrastructure projects. Total Income of the company increased by 29.40% to Rs. 7093.32 Lacs from Rs. 5481.32 Lacs during the previous year. The Company's Profit after Tax as a percentage of revenue was 3.5% as compared with 7.1% in the previous year partially due to rising raw material costs, partially caused by impairment of investments and partially due to increase in effective corporate tax rate compared to prior year (prior year had some 80-IA tax credits).

Initial Public offering

During the year the company has come out with an IPO (Initial Public Offering) of 95 00 000 Equity Shares of Rs. 10 /- each at a premium of Rs. 50 /- aggregating to Rs. 57 Crores. The issue was opened on 20th Novenmer, 2007 and closed on 23rd November, 2007 with an oversubscription of 7.20 times. The shares were listed on BSE & NSE on 14th December, 2007. The Company has so far utilized 35.12 Cores as per the object of the issue and the balance are lying with Bank and Mutual Funds.



Kaushalya Infrastructure Development Corporation Ltd.

Dividend

Since the company is currently in investment and expansion mode, the Directors of the company consider it prudent to conserve resources and therefore do not recommend any dividend on equity shares for the financial year under review.

Share Capital

During the year under review the company has allotted in aggregate 9500000 (Ninety Five Lacs) equity Shares of Rs. 10/- each at a premium of Rs. 50 /- per equity shares under IPO. Consequent to the above allotment, the total issued and subscribed paid up capital has increased to Rs.19, 60, 56,300/-.

Resources and Liquidity

As on 31st March, 2008 the debt to equity ratio of the company is at 0.02:1 The Company's long term debt as on 31st March, 2008 stood at Rs 187.74 Lacs.

The Company's net worth (excluding revaluation reserves) as on 31st March, 2008 was Rs 7695.17 Lacs with a paid-up capital of Rs 1960.56 Lacs and accumulated reserve and surplus of Rs 5734.61 Lacs. The book value of the equity share of Rs 10/- each of the Company as on 31st March, 2008 is Rs 39.25.

Fixed Deposit

The Company has not accepted any fixed deposit from the Public during the year under review and shall not accept any deposits without prior approval of RBI.

Subsidiaries and Joint Ventures:-

During the period under review, Bengal KDC Housing Development Ltd, Kaushalya Nirman Pvt. Ltd., Kaushalya Township Pvt. Ltd., Orion Abasaan Pvt. Ltd. and Bengal Kaushalya Nirman Ltd. were 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.

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 Directors. This company commenced operation and is identifying viable projects in the state.

Kaushalya Township Pvt. Ltd., Kaushalya Nirman 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. A substantial portion of land has already been acquired through these companies during the year.

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