

Date: 28th September, 2018

The Listing Department,
BSE Ltd. (Designated Stock Exchange)
PJ Towers, Dalal Street
Mumbai- 400 001

The Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai- 400 051

Dear Sir/ Madam,

Stock Code, BSE: 532925

NSE: KAUSHALYA

Sub: Annual Report for the financial year 2017-18

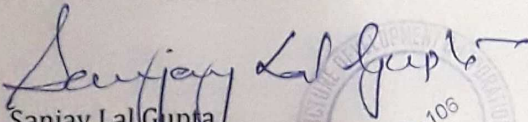
With reference to the above subject, please find enclosed Annual Report for the financial year 2017-18 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

This is for your information and records.

Thanking You

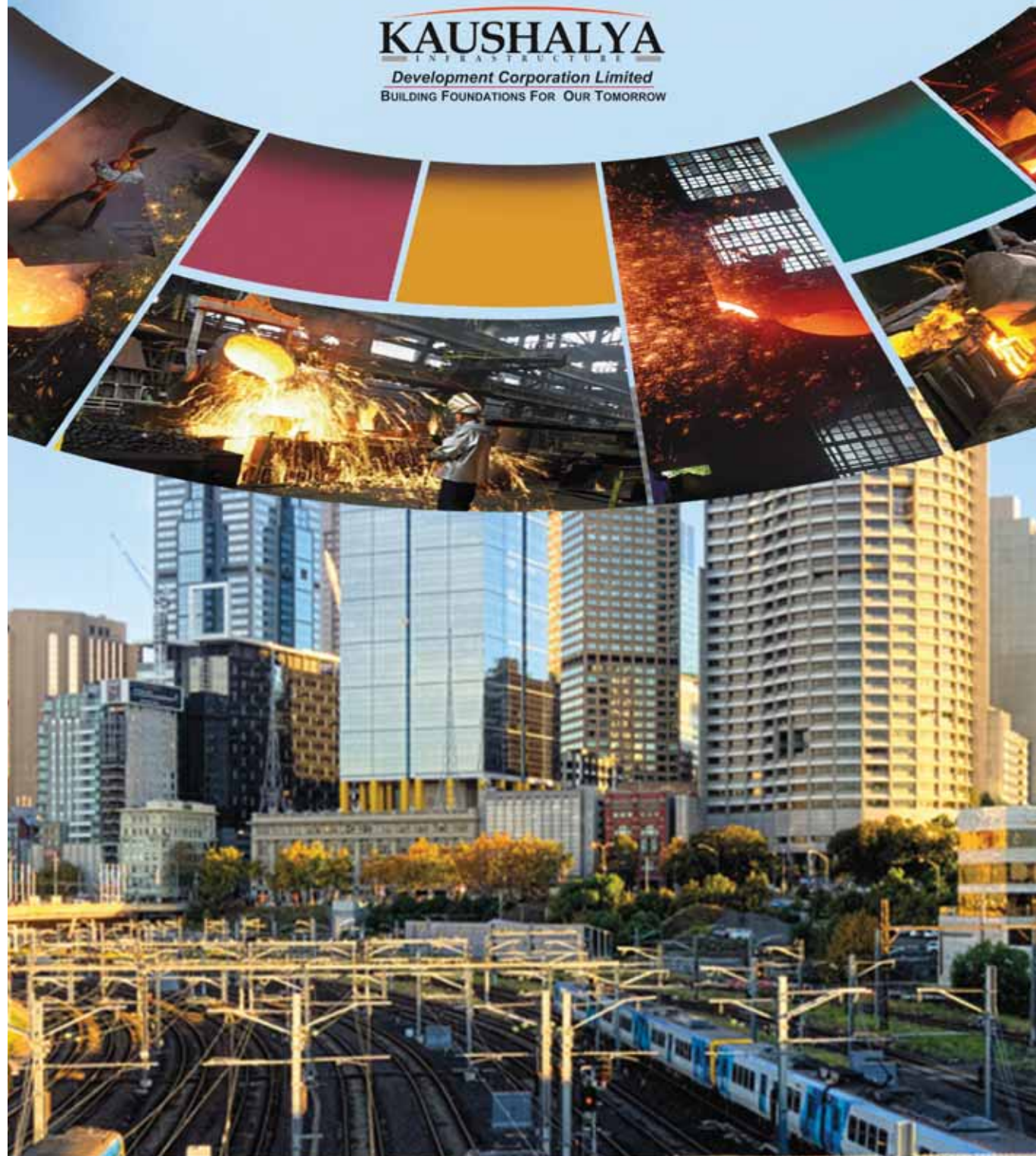
Yours Faithfully,

For Kaushalya Infrastructure Development Corp. Ltd.


Sanjay Lal Gupta
Company Secretary



KAUSHALYA
INFRASTRUCTURE
Development Corporation Limited
BUILDING FOUNDATIONS FOR OUR TOMORROW



Annual Report 2017-18

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This Annual Report is available online at www.kaushalya.net

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Mahesh Mehra

Whole-time Director

Mrs. Minoti Nath

Woman Independent Director

Mr. Anil Kumar Agarwal

Independent Director

Mr. Asoke Das

Independent Director

CHIEF FINANCIAL OFFICER

Mr. Tarak Nath Mishra

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Sanjay Lal Gupta

REGISTRAR AND SHARE TRANSFER AGENT

C B Management Services (P) Ltd

P-22, Bondel Road, Kolkata-700 019

Tel-91-33-228006692/93/94/2486

Fax-91-33-22870263

Website-www.cbmsl.com

STATUTORY AUDITORS

M/s. Monu Jain & Company

Chartered Accountants

2, Clive Ghar Street, Sagar Estate

Ground Floor, Room No. 2

Kolkata-700 001

Email-camonuj@gmail.com

SECRETARIAL AUDITORS

M/s. Raghav Garg & Associates

Practising Company Secretaries

Baldev Niwas, Barabazar,

Sambalpur, Odisha - 768 003

Email-gargraghav2123@gmail.com

BANKERS

HDFC Bank

REGISTERED OFFICE

CIN-L51216WB1992PLC055629

HB-170, Sector-III, Salt Lake

Kolkata-700 106

Tel-91-33-2334-4148

Fax-91-33-2334-4148

Website-www.kaushalya.net

Email-info@kaushalya.net

Notice

Notice is hereby given that the Twenty Sixth (26th) Annual General Meeting (AGM) of the Members of **KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED** will be held on Thursday, the 27th day of September 2018 at 10:30 A.M. at “Aikatan”, EZCC, IA-290, Sector-III, Salt Lake, Kolkata -700 097 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements (including Consolidated Financial Statements) of the Company for the year ended 31st March, 2018, including the Audited Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date together with the report of Board of Directors and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Mahesh Mehra (DIN- 00086683), Whole-time Director who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of Statutory Auditors and to authorize the Board of Directors to fix their remuneration.

In this regard to consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:-

“RESOLVED THAT appointment of M/s. Monu Jain & Company, Chartered Accountants, Kolkata (Firm Registration No. 327900E) as Statutory Auditors of the Company to conduct the audit of the company at a remuneration as may be decided by the Board of Directors of the Company until the conclusion of the 27th Annual General Meeting (AGM) of the Company be and is hereby ratified.”

By Order of the Board

**Kaushalya Infrastructure Development
Corporation Ltd**

Sanjay Lal Gupta

Company Secretary

Dated: August 13, 2018

Registered Office:

HB-170, Sector III, Salt Lake
Kolkata-700106

CIN-L51216WB1992PLC055629

Phone - 033-23344148

Email - info@kaushalya.net

Notice (contd.)

Notes

1. **A member entitled to attend and vote at the Annual General Meeting (AGM) may appoint a Proxy to attend and vote on a poll on his/her behalf and the proxy need not be a member of the Company. The proxy form, in order to be effective, must be duly signed, stamped, completed and lodged with the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting (AGM).**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2018 to 27th September, 2018 (both days inclusive).
3. Members who hold shares in dematerialized form are requested to bring their Demat Statement mentioning therein the Client ID and DP ID numbers along with a Photo Identity Card for easy identification of attendance at the meeting.
4. Corporate members are requested to send a duly certified copy of the Board Resolution under section 113 of Companies Act, 2013, authorizing their representative to attend and vote at the AGM.
5. Shareholders holding shares in physical form

are requested to intimate the company and the members holding shares in dematerialized form are requested to intimate their Depository Participants immediately about any change in their address.

6. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website: www.kaushalya.net under the sub-section 'Others' of section 'Investor Relationship'.
7. Electronic copy of the Notice of the 26th Annual General Meeting (AGM) along with the Annual Report 2017- 18 of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose Email IDs are registered with the Depository Participants(s)/Company for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 26th Annual General Meeting (AGM) along with the Annual Report 2017- 18 of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
8. Members may also note that the Notice of 26th Annual General Meeting (AGM) and the Annual Report 2017-18 will also be available on company's website: www.kaushalya.net under the sub-section 'Financials' of section 'Investor Relationship' for download.
9. The members who have not yet registered their e-mail address are requested to do so to

Notice (contd.)

support the green initiative in the Corporate Governance.

10. All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company during normal business hours on all working days except Saturdays and Sundays.
11. Members holding shares in physical mode are requested to provide their Email Id, CIN/ Regn. No. (for corporate members), Unique Identification No., PAN, in case member is minor then date of birth of minor and name of guardian, declaration regarding beneficial ownership (if any), nomination details, lien details (if any), particulars of dividend mandate etc. and such other information as mentioned under section 88 (1)(a) of the Companies Act, 2013 and rule 3(1) of the Companies (Management and Administration) Rules, 2014 for receiving all communications/ documents electronically. Members holding in de-mat mode are requested to provide the above information to their depository participant.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their de-mat accounts. Members holding shares in physical form can submit their PAN details to the Company/RTA for registration of transmission/ transposition, deletion of name etc.
13. A statement containing details of the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed.
14. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide the facility of remote e-voting to all members, for which purpose the Company has engaged the services of National Securities Depository Limited (NSDL).
15. Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members as on 20th September, 2018 (cut-off date). Only those members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by remote e-voting or ballot paper voting at the Annual General Meeting (AGM).
16. The facility for voting through ballot paper will also be made available at the Annual General Meeting (AGM) and the members attending the Annual General Meeting (AGM) who have not casted their vote through remote e-voting shall be able to exercise their right to vote at the Annual General Meeting (AGM) through ballot paper. The members who have already cast their vote through remote e-voting can attend Annual General Meeting (AGM) but shall not be entitled to cast their votes again.

Notice (contd.)

17. E-voting Process:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the members, facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system i.e. ("remote e-voting") from a place other than venue of the Annual General Meeting (AGM) will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the Annual General Meeting (AGM) and the members attending the meeting who have not cast their votes by remote e-voting shall be able to exercise their right of voting at the Annual General Meeting (AGM) through ballot paper.
- III. The members who have casted their vote by remote e-voting prior to the Annual General Meeting (AGM) may also attend the Annual General Meeting (AGM) but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 24th September, 2018 (9:00 am) and

ends on 26th September, 2018 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

- V. The process and manner for remote e-voting are as under:

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can

Notice (contd.)

log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical :

- a) For Members who hold shares in demat account with NSDL.

Your User ID is:

8 Character DP ID followed by 8 Digit Client ID

For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical :

- b) For Members who hold shares in demat account with CDSL.

Your User ID is:

16 Digit Beneficiary ID

For example if your Beneficiary ID is 12***** then your user ID is 12*****.

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical :

- c) For Members holding shares in Physical Form.

Your User ID is:

EVEN Number followed by Folio Number registered with the company

For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast

your vote.

- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?

- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with

Notice (contd.)

NSDL or CDSL) option available on www.evoting.nsdl.com.

b) Physical User Reset Password?"

(If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csmdshah@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for

Notice (contd.)

Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request atevoting@nsdl.co.in

VI. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

VII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20th September, 2018.

VIII. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 20th September, 2018, may obtain the Login ID and Password by sending a request at evoting@nsdl.co.in or RTA at rtat@cbmsl.com.

IX. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting (AGM) through ballot paper.

X. Mr. Md. Shahnawaz, a Practicing Company Secretary (Membership No. 21427, COP. No. 15076) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the

voting and remote e-voting process in a fair and transparent manner.

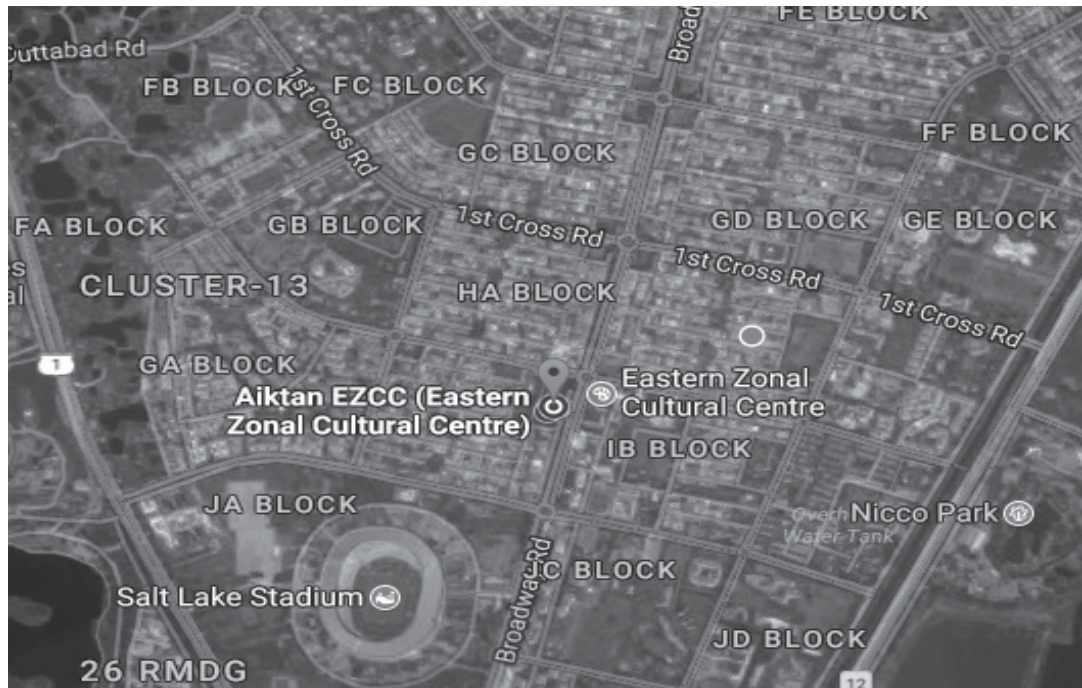
XI. The Chairman shall, at the Annual General Meeting (AGM), at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the Annual General Meeting (AGM) but have not cast their votes by availing the remote e-voting facility.

XII. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting (AGM), will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XIII. The Results declared along with the report of the Scrutinizer shall be placed on the website of Company i.e. www.kaushalya.net and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to National Stock Exchange of India Ltd and BSE Ltd.

Notice (contd.)

Route Map to the venue of the 26th AGM of Kaushalya Infrastructure Development Corporation Limited



**“Aikatan”, EZCC, IA-290,
Sector-III, Salt Lake,
Kolkata - 700 097**

Notice (contd.)

Details of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting [In pursuance of Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.]

Particulars	Mr. Mahesh Mehra
Date of Birth	November 17, 1955
Date of 1st Appointment on the Board	June 4, 1992
Educational Qualification	Bachelor of Commerce
Expertise in specific functional areas	Extensive expertise in Management and Operation of Diverse nature of Business.
Directorship in other Companies as on March 31, 2018	1. Keleenworth Marketing Pvt. Ltd. 2. Trimurti Component Pvt. Ltd.
Chairman/ Member in the Committees of the Boards of the companies as on March 31, 2018	Chairman: None Member: 1. Audit Committee- Kaushalya Infrastructure Development Corporation Limited 2. Stakeholders' Relationship Committee- Kaushalya Infrastructure Development Corporation Limited
Number of shares held as on March 31, 2018	48110
Inter se relation between Directors'	Not Related

Directors' Report

Dear Shareholders,

The Directors are pleased to present the 26th Annual Report together with the Audited Accounts for the financial year ended March 31, 2018.

Financial Performance

The Financial performance of the Company, for the year ended March 31, 2018 is summarized below:-

(₹ In Lacs)

Particulars	Standalone				Consolidated			
		31.03.18		31.03.17		31.03.18		31.03.18
Contract Revenue & Other Income		17.20		35.23		54.90		36.94
Profit before Depreciation, Interest & Tax		(53.55)		(403.37)		(39.38)		(403.50)
Less : Depreciation	42.83		43.31		44.41		45.71	
Interest	15.55	58.38	(40.28)	3.23	(15.61)	60.02	(40.02)	5.69
Profit before Tax		(111.93)		(406.60)		(99.40)		(409.19)
Less : Provision for Tax								
Current Tax	-		-		2.34		-	
Deferred Tax	(13.38)		(5.80)		(13.38)		5.80	
Prior Years Tax	-		-		0.01		0.01	
Total Income Tax for Year		(13.38)		(5.80)		(11.03)		(5.79)
Net Profit/(Loss) After Tax		(98.55)		(400.79)		(88.37)		(403.40)
Less : Minority Interest		-		-		5.21		(1.29)
Add: Share of Profit of Associate		-		-		(10.43)		14.61
Net Profit After Minority Interest		-		-		(104.01)		(387.50)
Balance b/f from previous year		(6110.58)		(5709.78)		(6116.55)		(5729.05)
Balance available for appropriations		(6209.13)		(5709.78)		(6220.56)		(5729.05)
APPROPRIATIONS								
Transfer to General Reserve		-		-		-		-
Balance Carried to Balance Sheet		(6209.13)		(6110.58)		(6220.56)		(6116.55)

State of Affair & Operations Review

During the year under review on a Standalone basis the Company has registered total income from operation of ₹ 17.20 Lacs as against ₹ 35.23 Lacs in the previous year as a result of liquidity issues faced by the Company. The Bankers of the Company had, in earlier years, classified the accounts of the Company as non-performing. As a result, the Company was not able to taken on new projects due to unavailability of financial resources to execute them. The profit before Depreciation, interest and tax for the year stood to ₹ (53.55) Lacs as compared to ₹ (403.37) Lacs in previous year. The PAT was ₹ (98.55) Lacs against the financial year PAT ₹ (400.79) Lacs.

On Consolidated basis, during the year under review the Total Income of the Company stood to ₹ 54.90 Lacs as against ₹ 36.94 Lacs in the previous year. The EBIDT is ₹ (39.38) Lacs from ₹ (403.50) Lacs in the previous year.

Directors' Report (contd.)

Dividend

The Board does not recommend payment of dividend for the year under review on equity shares.

Change in Nature of Business, If Any

During the year under review, there has been no change in the nature of business of the Company.

Material Changes and Commitments after the Balance Sheet Date

The Company has been able to make the full payment of the settlement amount in relation to loan of State Bank of India which was taken over by Alchemist Asset Reconstruction Company Limited (Trust- VII) and the Company has received a no-due certificate from Alchemist Asset Reconstruction Company Limited stating that there are no further dues remaining to the Company in relation to the loan of State Bank of India taken over by them. As such the Loan of State Bank of India stands closed. Quarterly payments with respect to the portion of Indian Overseas Bank amount is being made by the Company to Alchemist Asset Reconstruction Company Ltd. (Trust-VII) as per agreed terms and conditions contained in the sanction letter.

Subsidiary Companies & Associate Companies

As on 31st March 2018, the Company's subsidiaries, step down subsidiaries, associates and joint venture are as follows:

Its subsidiaries/step down-subsidiaries

1. Bengal KDC Housing Development Limited
2. KDC Nirman Limited (Formerly known as Bengal Kaushalya Nirman Limited)
3. Kaushalya Energy Private Limited
4. Azur Solar KDC Private Limited (Step down Subsidiary)

Its associates

1. Orion Abasaan Private Limited
2. Kaushalya Nirman Private Limited
3. Kaushalya Township Private Limited

Its joint venture

1. KIDCO NACC

A Policy has been formulated for determining the Material Subsidiaries of the Company pursuant to the Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Policy has been posted on the Company's website at the web link:<http://www.kaushalya.net/MATERIAL%20SUBSIDIARY.pdf>.

A statement containing the salient features of the financial statements of each of the subsidiaries & associates in the prescribed format AOC-1 is appended as "Annexure - I" to this Report. The statement also provides details of performance and financial positions of the subsidiaries, associates and joint venture.

Consolidated financial statements

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements of the Company and of all its subsidiary and associate companies,

Directors' Report (contd.)

which is forming part of the Annual Report. As per the provisions of Section 136 of the Companies Act, 2013, separate audited financial statements of its subsidiaries are being placed on its website www.kaushalya.net under the sub-section "Others" of section "Investor Relationship" and copy of separate audited financial statements of its subsidiaries will be provided to the shareholders on request.

Listing of equity shares

The Company's Equity Shares are listed on the BSE Ltd and National Stock Exchange of India Ltd.

Change in Share Capital

During the year under review, Company's Authorized Share Capital has remain unchanged at ₹ 35,00,00,000 (Rupees Thirty Five Crores) comprising 3,50,00,000 Equity Shares of ₹ 10/- each.

During the year under review, Company's Paid Up Share Capital has remain unchanged at ₹ 34,63,06,300 (Rupees Thirty Four Crores Sixty Three Lacs Six Thousand Three Hundred) comprising of 3,46,30,630 Equity Shares of ₹ 10/- each.

Transfer to Investor Education and Protection fund.

During the year under review, there has been no transfer to Investor Education and Protection fund by the Company.

Employee Stock Option Scheme

During the year under review, our Company has not come out with Employee Stock Option Scheme.

Director

Mr. Mahesh Mehra (DIN-00086683), Whole-time Director is liable to retire by rotation and being eligible offer himself for re-appointment.

As on 31st March, 2018, Mr. Mahesh Mehra (DIN-00086683) is the Whole-time Director of the Company, Mrs. Minoti Nath (DIN-07017530) is the Woman Independent Director of the Company and Mr. Anil Kumar Agarwal (DIN-06844213) and Mr. Asoke Das (DIN-07691831) are the Independent Directors of the Company.

All Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Resolution seeking approvals of the members have been incorporated in the notice of the forthcoming Annual General Meeting (AGM). Brief resumes/details relating to Directors who are to be appointed/reappointed are furnished in the notice of the ensuing Annual General Meeting (AGM) as required under the Code of Corporate Governance.

The members in the last Annual General Meeting (AGM) approved appointment of Mr. Asoke Das (DIN-07691831) as an Independent Director for a term of 5years.

Key Managerial Personnel

In compliance of the provisions of Section 203 of the Companies Act, 2013 the following persons are the Key Managerial Personnel of the Company:

- (a) Mr. Mahesh Mehra, Whole-time Director.
- (b) Mr. Tarak Nath Mishra, Chief Financial Officer
- (c) Mr. Sanjay Lal Gupta, Company Secretary

Directors' Report (contd.)

Loan/Advances

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the particulars of loans/advances given to subsidiaries have been disclosed in the Annual Accounts of your company.

Directors' Responsibility Statement

The Board of Directors of the Company acknowledges the responsibility for ensuring compliance with the provisions of Section 134(3) (c) read with Section 134(5) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 with the Stock Exchanges in the preparation of the annual accounts for the year ended 31st March, 2018 and state that:

- I. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures; if any
- II. The Directors have 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 at the end of the financial year and of the profits of the Company for that period;
- III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. The Directors have prepared the annual accounts on a *going concern basis*;
- V. The Directors have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- VI. There is a proper system to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Particulars of remuneration of employees

The particulars of remuneration of employees, as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in a separate annexure attached hereto and forms part of this report as "Annexure II"

Fixed deposits

The Company has not accepted any deposit from the public, and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

Number of meetings of the Board

The Board met 5(Five) times during the financial year, the details are given in the Corporate Governance Report that forms part of the Annual Report.

Audit Committee

The Audit Committee was constituted by the Company and the details of terms of reference of the Audit Committee, number and dates of meeting held, attendance, among others are given separately in the attached Corporate Governance Report. During the year there were no instances of the Board that had not accepted the recommendations of the Audit Committee.

Directors' Report (contd.)

Whistleblower Policy

The Company has in place a whistleblower policy to deal with unethical behavior, victimization, fraud and other grievances or concerns, if any. The aforementioned whistleblower policy can be accessed on the Company's website at the web link: <http://www.kaushalya.net/VIGIL%20MECHANISM.pdf>.

Risk Management Policy

The Company has a defined Risk Management framework to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Risk Management Policy provides for identification of risk, its assessment and procedures to minimize risk. The policy is periodically reviewed to ensure that the executive management controls the risk as per decided policy.

Nomination & Remuneration Committee

A Nomination & Remuneration Committee was constituted by the Company and the details of terms of reference, number and dates of meeting held, attendance, among others are given separately in the attached Corporate Governance Report forming part of this Annual Report.

Stakeholders' Relationship Committee

The composition and terms of reference of the Stakeholders' Relationship Committee has been furnished in the Corporate Governance Report forming part of this Annual Report.

Policy on Directors' Appointment and Remuneration

The Policy of the Company on Directors' Appointment and Remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) and (4) of Section 178, is attached as "Annexure-III" to this Report. The remuneration policy is stated in the Corporate Governance Report.

Board Evaluation

Pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out an annual evaluation of its own performance, of the individual directors as well as the working of its Audit, Nomination & Remuneration and Stakeholders' Relationship committees. The manner in which the evaluation has been carried out has been explained in the attached Corporate Governance Report that forms an integral part of this Annual Report.

Inter-corporate loans, guarantees and investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Related party transactions

In line with the requirements of the Companies Act, 2013 and Listing Regulations, the Company has formulated a Policy on Related Party Transactions which is also available on the Company's website at the web link: <http://www.kaushalya.net/KIDCORELATED.pdf>. The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and Related Parties. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on

Directors' Report (contd.)

quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013 and Listing Regulations. All Related Party Transactions entered during the year were in Ordinary Course of the Business and at Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statement, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable.

Extract of annual return

The details forming part of extract of annual return as per Form MGT- 9 is annexed herewith as "Annexure – IV".

Significant and material orders passed by the regulator/court/ tribunals etc.

1. SEBI vide letter no. SEBI/HO/ISD/ISD/OW/P/2017/18183 dt. 07/08/2017 and with reference to Ministry of Corporate Affairs (MCA) letter F.No. 03/73/2017-CL-11 dt. 09/06/2017 vide which MCA with respect to suspected shell companies imposed trading restrictions on promoters/directors of the company pending further investigation. Subsequently, BSE and NSE, under directions from SEBI asked the Company to submit various documents and clarifications in this regard which were promptly submitted by the Company.
2. NSE, after review of the documents and clarifications submitted by the Company, further issued an Interim Order no. NSE/LIST/C/2018/0014 dt. 04/01/2018 wherein the trading in securities of the company was reverted to the status as it stood prior to issuance of letter dt. 07/08/2017 by SEBI and accorded permission to promoters and Directors only to buy the securities of the company (no shares held by them however was allowed to be transferred for sale by depositories). NSE also appointed M/s BDO India LLP as Forensic Auditor on 06/02/2018 vide letter ref. no. NSE/LIST/36021. The forensic auditor asked for several documents and raised queries from time to time and the Company has supplied the requisite information to them. The Forensic Auditor held its closure meeting on 18/04/2018 wherein they met the KMPs of the Company and asked relevant queries in person which were duly responded to by the company. No further order or direction has been received by the company from the Forensic Auditor, SEBI, NSE or BSE.
3. NHAI had preferred an appeal against an arbitration award received in favour of the company of Rs. 6 Cr. approximately plus interest in the Kolkata High Court and NHAI has deposited an amount of Rs. 5 Crores with the Registrar, Original Side and an amount of Rs. 3.5 Crores in a separate interest bearing account.

Internal Financial Control

The Company has in place adequate internal financial control with reference to the financial statements. During the year, such control was reviewed and no reportable material weakness was observed.

Corporate Governance

The Company is committed to maintain the highest standards of corporate governance and adhere

Directors' Report (contd.)

to the corporate governance requirements as set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this Annual Report.

Management Discussion and Analysis

Management Discussion and Analysis for the year under review, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges is presented in a separate section forming part of this Annual Report.

CEO/CFO Certification

As required by the Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the CEO/ CFO certification has been submitted to the Board and a copy thereof is contained elsewhere in this Annual Report.

Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Company has appointed M/s Raghav Garg & Associates, Company Secretaries in Practice, to undertake the secretarial audit of the Company for the financial year 2017-18. The Secretarial Audit Report for the financial year ended 31st March, 2018 is attached as "Annexure V" and forms a part of the report of the Directors. To this the secretarial auditor has made observation on pre-emptive measures taken by SEBI u/s 11(1) of the SEBI Act vide letter no. SEBI/HO/ISD/ISD/OW/P/2017/18183 dt. 07/08/2017 in respect of the listed shell companies including the company pursuant to the Ministry of Corporate Affairs (MCA) letter F.No. 03/73/2017-CL-11 dt. 09/06/2017 vide which MCA had annexed a list of shell companies for initiating necessary actions as per SEBI laws & regulations and imposed trading restrictions on promoters/directors of the company pending further investigation. BSE and NSE, under directions from SEBI asked the Company to submit various documents and clarifications in this regard which were promptly submitted by the Company. NSE, after reviewing of the documents and clarification submitted by the Company, further issued an Interim Order no. NSE/LIST/C/2018/0014 dt. 04/01/2018 wherein the trading in securities of the company was reverted to the status as it stood prior to issuance of letter dt.07/08/2017 by SEBI. NSE has also appointed M/s BDO India LLP as Forensic Auditor on 06/02/2018 vide letter ref. no. NSE/LIST/36021 who asked for several documents and raised queries from time to time and the Company have supplied the requisite information to them. The Forensic Auditor held its closure meeting on 18/04/2018 wherein they met the KMPs of the Company and asked relevant queries in person which were duly responded to by the company. No further order or direction has been received by the company from the Forensic Auditor, SEBI, NSE or BSE. The Company's Management has made representations before the Auditors and before the NSE and hopes that the said matter will be resolved in favour of the Company after review of the same by the Regulator.

Auditors & Auditors' Report

At the Annual General Meeting held in the year 2016, M/s Monu Jain & Company, Chartered Accountants, (ICAI Firm Registration No. 3279004E) Statutory Auditors of the Company were appointed by the shareholders to hold office as Statutory Auditors from the conclusion of Annual General Meeting of the Company held in the year 2016 till the conclusion of Twenty Seventh Annual General Meeting of the Company to be held in the year 2019, subject to ratification of their appointment at every Annual General Meeting.

Directors' Report (contd.)

Under Section 139 of the Companies Act, 2013, the Company is required to place the matter relating to Statutory Auditors' appointment for ratification by members at every Annual General Meeting.

Based on the recommendations by the Audit Committee, the Board of Directors of the Company recommends the ratification of appointment of M/s Monu Jain & Company, Chartered Accountants, (ICAI Firm Registration No. 3279004E) as Statutory Auditors of the Company by the shareholders at the ensuing Annual General Meeting.

The observations of the Auditors in their report, read together with the notes on Accounts, are self-explanatory and therefore, in the opinion of the Directors, do not call for any further explanation.

Cost auditors

The cost audit u/s 148 of Companies Act, 2013 read with its rule is not applicable for the Company for the financial year ended 31st March, 2018.

CSR Committee

Pursuant to provisions of section 135(1) of Companies Act, 2013 formation of such committee is not applicable to the Company.

Restructuring of Debts

The company received a letter from Alchemist Asset Reconstruction Company Limited regarding assignment of financial Assets by State Bank of India vide their letter dated 18.01.2018 to Alchemist-VII Trust (where Alchemist Asset Reconstruction Company Limited is a Trustee) and became the Secured Creditor of the Company. Similar letter with respect to Indian Overseas Bank Ltd. was received by the company from them on 15.04.2017 wherein the financial Assets of Indian Overseas Bank Ltd. were also assigned to Alchemist-VII Trust.

On 29.03.2018, the Company reached a settlement of its debts with respect to State Bank of India (SBI) and restructuring of its debts with respect to Indian Overseas Bank (IOB) with Alchemist Asset Reconstruction Company Limited (VII Trust). Under the terms of settlement/restructuring, the settlement amount with respect to SBI had to be paid by the company within 29.12.2018 and the restructured amount with respect to IOB had to be paid within 31.03.2024.

Subsequent the company has been able to make the full payment of the settlement in relation to loan of State Bank of India to Alchemist Asset Reconstruction Company Limited (Trust- VII) and the Company has received a no due certificate from Alchemist Asset Reconstruction Company Limited stating that there are no further dues remaining to the Company in relation to the loan of State Bank of India taken over by them. As such the Loan of State Bank of India stands closed. Details of the same are also provided in the notes of accounts.

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 30, 2018 and recommended the same for the approval of the Board of Directors.

Sexual Harassment Policy

The Company has a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as contained under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013".

Directors' Report (contd.)

Up till date, the Company has not received any complaint under the Policy.

Annexures forming a part of this Directors Report

The Annexures referred to in this report and other information which are required to be disclosed are annexed herewith and forms a part of this report of the Directors:

Annexure	Particulars
I	Details of Subsidiary, Associate and Joint Venture in AOC-1.
II	Particulars of Remuneration of Employees.
III	Policy on Directors' Appointment and Remuneration.
IV	Extracts of the Annual Return as per Form MGT-9.
V	Secretarial Audit 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.

Appreciation

The Board of Directors wish to thank the Central Government, the Government of West Bengal, the Financial Institutions, its Bankers, Alchemist Asset Reconstruction Company Limited, Shareholders, Customers, Dealers and other Business Associates for the support received from them during the year. The Directors of the company place on record their sincere appreciation for all employees of the Company and for their unstinted commitment and continued contribution to the Company.

For and on behalf of the Board

Mahesh Mehra

DIN : 00086683

Whole-time Director

Dated: 13th August, 2018

Registered office:

HB-170, Sector-III, Salt Lake,

Kolkata-700106

CIN-L51216WB1992PLC055629

Annexure to Directors' Report

Annexure I to the Directors' Report

FORM- AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate
companies/joint ventures

Part "A": Subsidiaries

(Amt. in ₹)

Sl. No	1	2	3	4
Name of the subsidiary	Bengal KDC Housing Dev Ltd (BKHDL)	KDC Nirman Limited (Formerly known as Bengal Kaushalya Nirman Limited (KNL))	Kaushalya Energy Pvt Ltd (KEPL)	Azur Solar KDC Pvt Ltd (Subsidiary of KEPL)
Reporting period	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018
Reporting currency and Exchange rate	INR	INR	INR	INR
Share capital	11,17,32,830	20,00,000	10,00,000	1,00,000
Reserves & surplus	(1,42,152)	(3,59,705)	(8,51,610)	(48,668)
Total assets	11,33,78,425	17,21,619	2,26,031	14,26,003
Total Liabilities	11,33,78,425	17,21,619	2,26,031	14,26,003
Investments	34,800	-	99,000	-
Turnover	37,70,518	-	-	-
Profit before taxation	13,43,200	(41,309)	(32,679)	(15,778)
Provision for taxation	2,33,501	720	162	276
Profit after taxation	11,09,699	(42,029)	(32,841)	(16,054)
Proposed Dividend	NIL	NIL	NIL	NIL
% of shareholding	51%	51%	95.50%	99%(Holding by KEPL)

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations:
 - KDC Nirman Limited (Formerly known as Bengal Kaushalya Nirman Limited)
 - Kaushalya Energy Private Limited
 - Azur Solar KDC Private Limited
- Names of subsidiaries which have been liquidated or sold during the year: NONE
- The Reporting date of all subsidiaries is same as that of the Company, i.e. 31st March 2018.
- The Company does not have any foreign subsidiary.

For and on behalf of Board of Directors

In terms of our report attached.

For Monu Jain & Company

Firm Regn. No. 327900E

Chartered Accountants

Monu Jain

Partner

Membership No.302721

Date: May 30, 2018

Place: Kolkata

Mahesh Mehra

Whole-time Director

Tarak Nath Mishra

CFO

Sanjay Lal Gupta

Company Secretary

Annexure to Directors' Report (contd.)

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Amt. in ₹)

Name of Associates /Joint Ventures	Orion Abasaan Pvt Ltd (OAPL)	Kaushalya Nirman Pvt Ltd (KNPL)	Kaushalya Township Pvt Ltd (KTPL)	KIDCO NACC
1. Latest audited Balance Sheet Date	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018
2. Shares of Associate/Joint Ventures held by the company on the year end				
- No.	29,000	46,000	317,533	NA
- Amount of Investment in Associates/ Joint Venture (Amount in Rs)	1,090,000	1,940,000	15,507,850	(9,338,712)
- Extend of Holding %	48.33%	46.00%	48.72%	90%
3. Description of how there is significant influence	Based on the percentage of holding over these investees			
4. Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA
5. Networth attributable to Shareholding as per latest audited Balance Sheet	5,55,41,238	2,58,48,366	11,45,47,011	NA
6. Profit / Loss for the year				
i. Considered in Consolidation	(3,00,038)	(3,30,171)	(5,64,247)	212
i. Not Considered in Consolidation	(3,20,730)	(3,87,593)	(5,94,727)	24

1. Names of associates or joint ventures which are yet to commence operations.

None

2. Names of associates or joint ventures which have been liquidated or sold during the year.

None

For and on behalf of Board of Directors

In terms of our report attached.

For Monu Jain & Company

Firm Regn. No. 327900E

Chartered Accountants

Monu Jain

Partner

Membership No.302721

Date: May 30, 2018

Place: Kolkata

Mahesh Mehra

Whole-time Director

Tarak Nath Mishra

CFO

Sanjay Lal Gupta

Company Secretary

Annexure to Directors' Report (contd.)

Annexure II to the Directors' Report

Particulars of Remuneration of Employees

As required under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP).

Sl. No.	Name of the Director/KMP and Designation	Remuneration of Director/ KMP for financial year 2016-17 (₹)	% Increase in remuneration in the financial year 2016-17	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
1	Maresh Mehra (Whole-time Director)	1140000	NIL	NA	Not comparable since Company was in Los
2	Tarak Nath Misha (Chief Financial Officer)	492000	NIL	NA	Not comparable since Company was in Loss
3	Sanjay Lal Gupta (Company Secretary)	187950	4.07%	NA	Not comparable since Company was in Loss

Note: for this purpose, Non-Executive Directors are excluded as they received only sitting fees.

- (ii) The median remuneration of employees of the Company is ₹ 3,49,610/-.
- (iii) In the financial year, the increase in the median remuneration of employees is 0.82%;
- (iv) There were 8 permanent employees on the rolls of the Company as on March 31, 2018;
- (v) Relationship between average increase in remuneration and Company performance : Not applicable
- (vi) Comparison of the remuneration of the Key Managerial Personnel(s) against the performance of the Company:- For the financial year 2017-18, Company was in loss and hence, not comparable;
- (vii) (a) Variation in market capitalization of the Company: The market capitalization as on March 31, 2018 was ₹ 7.27crore (₹ 18.35 crores on March 31, 2017);
- (b) Price Earnings ratio of the Company was (7.38) as at March 31, 2018 and was (4.58) as at March 31, 2017;
- (c) Percentage increase or decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year is (96.50)%.
- (viii) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was nil whereas the percentile increase in the managerial remuneration for the same financial year was 1.31%.
- (ix) Comparison of the each remuneration of the key managerial person against the performance of the company: Not comparable since the company was in loss during the current year.
- (x) The key parameter for any variable components of remuneration availed by directors: Not Applicable
- (xi) The ratio of the remuneration of the highest paid directors to that of the employees who are not directors but received remuneration in excess of highest paid directors during the year: Not Applicable
- (xii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees

NOTE: Section 197(12) of the Companies Act, 2013 read with rule 5 of sub rule 2 of the (Companies Re-appointment & Remuneration of Managerial Personnel), 2014 not applicable hence, no disclosure made here.

Annexure to Directors' Report (contd.)

Annexure III to the Directors' Report

Policy on Directors' Appointment and Remuneration

A. Introduction

The Nomination and Remuneration Committee of the Company has adopted the following policy and procedures with regard to identification and nomination of persons who are qualified to become directors and who may be appointed in Senior Management.

Any appointment of Directors shall be subject to the guidelines and policy as laid down by Nomination and Remuneration Committee. The Committee will ensure that the composition of Board of Directors have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the Board of Directors shall comprise of non-executive Directors including Independent Directors are persons of integrity and possesses expertise knowledge.

B. Criteria for identifying persons for appointment as Directors and Senior Management.

1. Candidates for directorship should possess appropriate qualifications, skills and expertise in one or more fields of finance, law, general corporate management, information management, science and innovation, public policy, financial services, sales & marketing and other disciplines as may be identified by the NRC and/ or the Board from time to time that may be relevant to the Company's business.
2. Such candidates for directorship on the board should have the following positive attributes:
 - **Experience** - A Board candidate should have extensive experience in business, administration, profession, governance and/or public service. An ideal Board candidate may have had experience in more than one of these areas.
 - **Education** – Any bachelor degree from a recognized college or University is sufficient. But in some cases additional degree should be more preferable. However, these educational criteria are not meant to exclude an exceptional candidate who does not meet these educational criteria.
 - **Personal** – The candidate should have the capability to represent the company to the stakeholders. He should possess a high level of integrity, ethics, credibility and trustworthiness and he should be of the highest moral and ethical character.
 - **Availability** – The Board candidate must be willing to commit, as well as have, sufficient time available to discharge the duties of Board membership. The Board candidate should not have any prohibited interlocking relationships.
 - **Compliance** – The Candidate should meet the compliance requirements as prescribed under the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other Rules & Regulations or standards set out by the Company.

Candidates for Independent Directors on the Board of the Company should comply with the criteria for Independence as stipulated under the Companies Act, 2013 and the Regulations as amended or re-enacted or notified from time to time. Such candidates should also comply with other applicable regulatory requirements relating to Independence or as may be laid down by the Board from time to time.

- **Selection and Orientation of New Directors** – The committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director. The person who is proposed to be appointed as a Director, the committee shall identify the Candidates for the Board and recommend them for appointment by Board and subsequently for approval by the shareholders

Annexure to Directors' Report (contd.)

as prescribed under the law. The directors shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013 rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other enactment for the time being in force.

- **Assessing Performance of Board and Committees** – The Board of Directors has carried out an annual evaluation of its own performance, its committee and individual directors in pursuant to the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee shall evaluate performance of each director and report annually to the Board on the results of the assessment process. The performance evaluation of Independent directors shall be done by the entire Board of Directors. The Independent directors in their meeting shall review the performance of non-independent directors and the Board as a whole. While assessing the performance, the Board or the Nomination and Remuneration Committee shall take into account attendance of directors in the Board & Committee meetings, performance of the business, accomplishment of long-term strategic objectives & their participation, role & functioning of various committees, compliance and other matter as they may think fit. The purpose of the assessment is to increase the effectiveness of the Board. The performance evaluation of the Independent Directors was carried out by the entire Board and the performance evaluation of the Chairman and Non- independent Directors was carried out by the Independent Directors.

C. Key Managerial Personnel (KMP)

The Nomination & Remuneration Committee shall consider the recommendations of the Management while evaluating the selection of executives in Senior Management. The NRC may also identify potential candidates for appointment to Senior Management through referrals and recommendation from past and present member. The above criteria shall also apply for selection of Key Managerial Personnel (KMP) excepting those which are not applicable for persons in senior management. Where appointment or performance of any KMP requires specific qualification or degree, the person should also possess that specific qualification or degree. Keeping self-up-to-date for performing duties, on issues and emerging trends is an important part of responsibilities. KMP must take reasonable steps to remain current in professional development, corporate governance and discharging duties & responsibilities. The KMP shall meet the conditions prescribed under the Companies Act, 2013 and other Rules & Regulations as may be applicable.

D. Review

The Nomination & Remuneration Committee shall periodically (on quarterly basis) review the effectiveness of this policy and recommend any revisions that may be required to this policy to the Board for consideration and approval.

Dated: 13th August, 2018
Registered office:
HB-170, Sector-III
Salt Lake, Kolkata-700106
CIN-L51216WB1992PLC055629

Mahesh Mehra
DIN: 00086683
Whole-time Director

Annexure to Directors' Report (contd.)

Annexure IV to the Directors' Report

FORM No. MGT 9

Extract of Annual Return

As on the financial year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS

a)	CIN	:	L51216WB1992PLC055629
b)	Registration Date	:	4th June, 1992
c)	Name of the Company	:	Kaushalya Infrastructure Development Corporation Limited
d)	Category/Sub-category	:	Public Company/ Company limited by shares
e)	Address of the Registered office & contact details	:	HB-170, Sector-III, Salt Lake, Kolkata - 700106, Email- info@kaushalya.net, Website-www.kaushalya.net Ph.: 033- 2334 4148, Fax: 033- 2334 4148
f)	Whether listed company	:	Yes
g)	Name, Address & contact details of the Registrar & Transfer Agent, if any	:	CB Management Services (P) Limited. P-22 Bondel Road, Kolkata- 700019 Email-rta@cbml.com, Website-www.cbml.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No	Name & Description of main products/ services	NIC Code of the Product/ Services	% to total turnover of the company
1	Construction	9953	43.11
2	Hotel	9963	56.89

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	NAME & ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	BENGAL KDC HOUSING DEVELOPMENT LIMITED 171/1A Rash Behari Avenue, Kolkata- 700019	U70100WB2006PLC110153	Subsidiary	51.00	2(87)(II)
2	KDC NIRMAN LIMITED (FORMERLY KNOWN AS BENGAL KAUSHALYA NIRMAN LIMITED) 69, Girish Park, North, Kolkata- 700006	U70100WB2008PLC123501	Subsidiary	51.00	2(87)(II)
3	KAUSHALYA ENERGY PRIVATE LIMITED 69, Girish Park, North, Kolkata- 700006	U40104WB2008PTC129344	Subsidiary	95.50	2(87)(II)
4	AZUR SOLAR KDC PRIVATE LIMITED 69, Girish Park, North, Kolkata- 700006	U31908WB2010PTC148514	Subsidiary	99.00	2(87)(II)
5	KAUSHALYA NIRMAN PRIVATE LIMITED 69, Girish Park, North, Kolkata- 700006	U70101WB2006PTC111321	Associate	46.00	2(6)

Annexure to Directors' Report (contd.)

Sl. No.	NAME & ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
6	KAUSHALYA TOWNSHIP PRIVATE LIMITED 69, Girish Park, North, Kolkata- 700006	U70109WB2006PTC111320	Associate	48.72	2(6)
7	ORION ABASAAN PRIVATE LIMITED 160, Jamunalal Bajaj Street, Kolkata-700007	U70101WB2006PTC111322	Associate	48.33	2(6)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS % TO TOTAL EQUITY)

(i) Category- wise Share Holding

Category of Shareholder	Number of shares held at the beginning of the year				Number of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
(a) Individual/ HUF	3139624	0	3139624	9.0660	3139624	0	3139624	9.0660	0.00
(b) Central Government	0	0	0	0	0	0	0	0	-
(c) State Government (s)	0	0	0	0	0	0	0	0	-
(d) Bodies Corporate	14666850	0	14666850	42.3522	14666850	0	14666850	42.3522	-
(e) Banks/FI	0	0	0	0	0	0	0	0	-
(f) Any Other	0	0	0	0	0	0	0	0	-
Sub Total(A)(1)	17806474	0	17806474	51.4183	17806474	0	17806474	51.4183	0.00
(2) Foreign									
(a) NRIs-Individuals	0	0	0	0	0	0	0	0	-
(b) Other - Individuals	0	0	0	0	0	0	0	0	-
(c) Bodies Corporate	0	0	0	0	0	0	0	0	-
(d) Banks/FI	0	0	0	0	0	0	0	0	-
(e) Any Other	0	0	0	0	0	0	0	0	-
Sub Total (A)(2)	0	0	0	0	0	0	0	0	-
Total Shareholding of Promoter(A)=(A)(1)+(A)(2)	17806474	0	17806474	51.4183	17806474	0	17806474	51.4183	0.00
B. Public shareholding									
1. Institutions									
(a) Mutual Funds	0	0	0	0	0	0	0	0	-
(b) Banks/FI	0	0	0	0	0	0	0	0	-
(c) Central Government	0	0	0	0	0	0	0	0	-
(d) State Government(s)	0	0	0	0	0	0	0	0	-
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	-
(f) Insurance Companies	0	0	0	0	0	0	0	0	-
(g) FIs	0	0	0	0	0	0	0	0	-
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	-
(i) Other (specify)	0	0	0	0	0	0	0	0	-
Sub-Total (B)(1)	0	0	0	0	0	0	0	0	-

Annexure to Directors' Report (contd.)

Category of Shareholder	Number of shares held at the beginning of the year				Number of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. Non-institutions									
(a) Bodies Corporate									
(i) Indian	6909701	0	6909701	19.9526	3104220	0	3104220	8.9638	(10.9888)
(ii) Overseas	0	0	0	0	0	0	0	0	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	7779499	639	7780138	22.4661	9901631	1260	9902891	28.5958	6.1297
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	1864823	0	1864823	5.3849	3508386	0	3508386	10.1309	4.7460
(c) Others (specify)									
(c-i) Non-Resident Individuals	161518	0	161518	0.4664	230972	0	230972	0.6670	0.2006
(c-ii) Trust	107976	0	107976	0.3118	77687	0	77687	0.2243	(0.0875)
Sub-Total (B)(2)	16823517	639	16824156	48.5817	16822896	1260	16824156	48.5817	0.0000
Total Public Shareholding (B) = (B)(1)+(B)(2)	16823517	639	16824156	48.5817	16822896	1260	16824156	48.5817	0.0000
C. Shares held by Custodians for GDRs & ADRs	0	0	0	0	0	0	0	0	-
GRAND TOTAL (A)+(B)+(C)	34629991	639	34630630	100.00	34629370	1260	34630630	100.0000	-

(ii) Shareholdings of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Mahanti Engineers Pvt Ltd.	5307600	15.33	3.18	5307600	15.33	3.18	-
2	Sun Kissed Merchandise Pvt. Ltd.	5022900	14.50	0	5022900	14.50	0	-
3	Keleenworth Marketing Pvt. Ltd.	4336350	12.52	0	4336350	12.52	0	-
4	Prashant Mehra	917760	2.65	0.28	917760	2.65	0.28	-
5	Ramesh Kumar Mehra HUF	838000	2.42	0	838000	2.42	0	-
6	Rahul Mehra	392434	1.13	0	392434	1.13	0	-
7	Mohini Mehra	154600	0.45	0	154600	0.45	0	-
8	Pranav Mehra	134410	0.39	0	134410	0.39	0	-
9	Kartik Mehra	112000	0.32	0	112000	0.32	0	-
10	Anuradha Mehra	97140	0.28	0	97140	0.28	0	-
11	Neeru Mehra	89100	0.26	0	89100	0.26	0	-

Annexure to Directors' Report (contd.)

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
12	Ramesh Kumar Mehra-Karta of Baij Nath Mehra (HUF)	72500	0.21	0	72500	0.21	0	-
13	Raghav Mehra	72500	0.21	0	72500	0.21	0	-
14	Karan Mehra	60740	0.18	0	60740	0.18	0	-
15	Mahesh Mehra	48110	0.14	0.14	48110	0.14	0.14	-
16	Sidh Nath Mehra HUF	44000	0.13	0	44000	0.13	0	-
17	Mahesh Mehra HUF	35000	0.1	0	35000	0.1	0	-
18	Purnima Mehra	31320	0.09	0	31320	0.09	0	-
19	Ramesh Kumar Mehra	30010	0.09	0.09	30010	0.09	0.09	-
20	Pooja Mehra	10000	0.03	0	10000	0.03	0	-
	Total	17806474	51.42	3.68	17806474	51.42	3.68	-

(iii) Change in Promoters' shareholding (Please specify, if there is no change)

Sl. No.	Category of Shareholders	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
No Change During the Year					

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	INTERNATIONAL FINANCIAL SERVICES LTD.				
	At the beginning of the year (01/04/2017)	2500000	7.22	2500000	7.22
	Transfer on 07/04/2017	2046530	5.91	453470	1.31
	Transfer on 02/03/2018	451470	1.3	2000	0.01
	At the end of the year (31/03/2018)	-	-	2000	0.01
2.	INDIAN INFOTECH AND SOFTWARE LIMITED				
	At the beginning of the year (01/04/2017)	1500000	4.33	1500000	4.33
	At the end of the year (31/03/2018)	-	-	1500000	4.33

Annexure to Directors' Report (contd.)

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
3	SHIV OM INVESTMENT AND CONSULTANCY LIMITED				
	At the beginning of the year (01/04/2017)	1500000	4.33	1500000	4.33
	Transfer on 07/04/2017	1500000	4.33	0	0
	At the end of the year (31/03/2018)	-	-	0	0
4	TRILOK ADVISORY PVT. LTD.				
	At the beginning of the year (01/04/2017)	806167	2.33	806167	2.33
	At the end of the year (31/03/2018)	-	-	806167	2.33
5	DAKSHA VISHANJI KOTAK				
	At the beginning of the year (01/04/2017)	104646	0.3	104646	0.3
	At the end of the year (31/03/2018)	-	-	104646	0.3
6	BOMMINENI MURALI				
	At the beginning of the year (01/04/2017)	100000	0.29	100000	0.29
	At the end of the year (31/03/2018)	-	-	100000	0.29
7	KALYAN KUMAR				
	At the beginning of the year (01/04/2017)	100000	0.29	100000	0.29
	Transfer on 19/05/2017	15000	0.04	115000	0.33
	Transfer on 26/05/2017	30000	0.09	145000	0.42
	Transfer on 02/06/2017	5000	0.01	150000	0.43
	Transfer on 30/06/2017	25000	0.07	175000	0.51
	Transfer on 23/03/2018	25000	0.07	200000	0.58
	At the end of the year (31/03/2018)			200000	0.58
8	AJMER ASSOCIATES LTD.				
	At the beginning of the year (01/04/2017)	78248	0.23	78248	0.23
	At the end of the year (31/03/2018)	-	-	78248	0.23

Annexure to Directors' Report (contd.)

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
9	EDELWEISS BROKING LTD				
	At the beginning of the year (01/04/2017)	61249	0.18	61249	0.18
	Transfer on 07/04/2017	5050	0.01	66299	0.19
	Transfer on 14/04/2017	11100	0.03	77399	0.22
	Transfer on 21/04/2017	1000	0	76399	0.22
	Transfer on 28/04/2017	860	0	75539	0.22
	Transfer on 05/05/2017	2000	0.01	77539	0.22
	Transfer on 12/05/2017	1000	0	76539	0.22
	Transfer on 19/05/2017	1000	0	75539	0.22
	Transfer on 02/06/2017	8400	0.02	67139	0.19
	Transfer on 16/06/2017	750	0	66389	0.19
	Transfer on 07/07/2017	1150	0	67539	0.2
	Transfer on 14/07/2017	2700	0.01	70239	0.2
	Transfer on 28/07/2017	2843	0.01	67396	0.19
	Transfer on 04/08/2017	1000	0	68396	0.2
	Transfer on 11/08/2017	100	0	68496	0.2
	Transfer on 25/08/2017	14652	0.04	53844	0.16
	Transfer on 24/11/2017	100	0	53744	0.16
	Transfer on 12/01/2018	2000	0.01	55744	0.16
	Transfer on 19/01/2018	10834	0.03	66578	0.19
	Transfer on 26/01/2018	1000	0	65578	0.19
	Transfer on 02/02/2018	18186	0.05	83764	0.24
	Transfer on 09/02/2018	493	0	84257	0.24
	Transfer on 23/02/2018	10734	0.03	73523	0.21
	Transfer on 16/03/2018	2000	0.01	75523	0.22
	Transfer on 30/03/2018	200	0	75723	0.22
	At the end of the year (31/03/2018)	-	-	75723	0.22

Annexure to Directors' Report (contd.)

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
10	MANISH KUMAR AGGARWAL				
	At the beginning of the year (01/04/2017)	-	-	-	-
	Transfer 07/04/2017	1	0	1	0
	Transfer 14/04/2017	65885	0.19	65886	0.19
	Transfer 21/04/2017	12975	0.04	78861	0.23
	Transfer 28/04/2017	30000	0.09	108861	0.31
	Transfer 26/01/2018	61	0	108800	0.31
	At the end of the year (31/03/2018)	-	-	108800	0.31
11	BHARAT R MEHTA HUF				
	At the beginning of the year (01/04/2017)	0	0	0	0
	Transfer on 26/01/2018	101900	0.29	101900	0.29
	At the end of the year (31/03/2018)	-	-	101900	0.29
12	PRAVEEN KUMAR AGARWAL				
	At the beginning of the year (01/04/2017)	0	0	0	0
	Transfer on 31/10/2017	100000	0.29	100000	0.29
	At the end of the year (31/03/2018)	-	-	100000	0.29
13	LSC SECURITIES LIMITED				
	At the beginning of the year (01/04/2017)	5516	0.02	5516	0.02
	Transfer on 14/04/2017	5100	0.01	10616	0.03
	Transfer on 21/04/2017	16850	0.05	27466	0.08
	Transfer on 28/04/2017	14915	0.04	42381	0.12
	Transfer on 05/05/2017	14034	0.04	56415	0.16
	Transfer on 12/05/2017	1894	0.01	58309	0.17
	Transfer on 19/05/2017	1000	0	59309	0.17
	Transfer on 26/05/2017	5036	0.01	64345	0.19
	Transfer on 02/06/2017	11000	0.03	75345	0.22
	Transfer on 09/06/2017	2199	0.01	77544	0.22
	Transfer on 16/06/2017	1278	0	78822	0.23
	Transfer on 23/06/2017	1898	0.01	76924	0.22
	Transfer on 07/07/2017	1811	0.01	75113	0.22

Annexure to Directors' Report (contd.)

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	Transfer on 14/07/2017	2838	0.01	77951	0.23
	Transfer on 21/07/2017	3000	0.01	80951	0.23
	Transfer on 28/07/2017	1999	0.01	78952	0.23
	Transfer on 04/08/2017	2383	0.01	81335	0.23
	Transfer on 11/08/2017	3000	0.01	84335	0.24
	Transfer on 01/09/2017	1000	0	83335	0.24
	Transfer on 04/09/2017	12980	0.04	70355	0.2
	Transfer on 15/09/2017	14500	0.04	55855	0.16
	Transfer on 29/09/2017	1401	0	54454	0.16
	Transfer on 01/12/2017	5000	0.01	49454	0.14
	Transfer on 08/12/2017	100	0	49354	0.14
	Transfer on 15/12/2017	1000	0	48354	0.14
	Transfer on 29/12/2017	21650	0.06	26704	0.08
	Transfer on 19/01/2018	54500	0.16	81204	0.23
	Transfer on 26/01/2018	1450	0	79754	0.23
	Transfer on 09/02/2018	9549	0.03	70205	0.2
	Transfer on 16/02/2018	49	0	70254	0.2
	Transfer on 23/02/2018	1500	0	71754	0.21
	Transfer on 23/02/2018	842	0	70912	0.2
	Transfer on 30/03/2018	5342	0.02	76254	0.22
	At the end of the year (31/03/2018)	-	-	76254	0.22
15	SHRI PARASRAM HOLDINGS PVT.LTD.				
	At the beginning of the year (01/04/2017)	40663	0.12	40663	0.12
	Transfer on 07/04/2017	17688	0.05	58351	0.17
	Transfer on 14/04/2017	21550	0.06	79901	0.23
	Transfer on 21/04/2017	3500	0.01	76401	0.22
	Transfer on 28/04/2017	100	0	76301	0.22
	Transfer on 05/05/2017	100	0	76401	0.22
	Transfer on 12/05/2017	5098	0.01	81499	0.24
	Transfer on 19/05/2017	10098	0.03	71401	0.21
	Transfer on 16/06/2017	1500	0	69901	0.2

Annexure to Directors' Report (contd.)

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	Transfer on 23/06/2017	934	0	70835	0.2
	Transfer on 30/06/2017	7909	0.02	62926	0.18
	Transfer on 07/07/2017	1690	0	61236	0.18
	Transfer on 14/07/2017	403	0	61639	0.18
	Transfer on 21/07/2017	90	0	61729	0.18
	Transfer on 28/07/2017	675	0	61054	0.18
	Transfer on 04/08/2017	1845	0.01	59209	0.17
	Transfer on 11/08/2017	292	0	59501	0.17
	Transfer on 01/09/2017	100	0	59401	0.17
	Transfer on 08/09/2017	200	0	59601	0.17
	Transfer on 15/09/2017	100	0	59701	0.17
	Transfer on 06/10/2017	200	0	59901	0.17
	Transfer on 13/10/2017	200	0	59701	0.17
	Transfer on 24/11/2017	10	0	59691	0.17
	Transfer on 12/01/2018	17456	0.05	77147	0.22
	Transfer on 19/01/2018	1660	0	78807	0.23
	Transfer on 26/01/2018	50	0	78857	0.23
	Transfer on 02/02/2018	150	0	78707	0.23
	Transfer on 09/02/2018	2200	0.01	76507	0.22
	Transfer on 16/02/2018	7900	0.02	68607	0.2
	Transfer on 23/02/2018	250	0	68357	0.2
	Transfer on 03/02/2018	400	0	67957	0.2
	Transfer on 09/02/2018	1100	0	69057	0.2
	Transfer on 16/03/2018	542	0	69599	0.2
	Transfer on 23/03/2018	308	0	69907	0.2
	Transfer on 30/03/2018	2800	0.01	72707	0.21
	At the end of the year (31/03/2018)	-	-	72707	0.21

Annexure to Directors' Report (contd.)

(v) Shareholding of Directors & Key Managerial Personnel

Sl. No	Name of Director and KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
1	Mr. Mahesh Mehra - Whole-time Director	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	48110	0.14	48110	0.14
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change during the year			
	At the end of the year	48110	0.14	48110	0.14
2	Mrs. Minoti Nath - Independent Director	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change during the year			
	At the end of the year	0	0	0	0
3	Mr. Anil Kumar Agarwal - Independent Director	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change during the year			
	At the end of the year	0	0	0	0
4	Mr. Asoke Das - Independent Director	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change during the year			
	At the end of the year	0	0	0	0
5	Mr. Tarak Nath Mishra - Chief Financial Officer	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	1500	0	1500	0
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change during the year			
	At the end of the year	1500	0	1500	0

Annexure to Directors' Report (contd.)

6	Mr. Sanjay Lal Gupta -Company Secretary	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	No change during the year			
	At the end of the year	0	0	0	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	59,10,84,075	75,06,438	-	59,85,90,513
ii) Interest due but not paid	2,52,70,542	11,45,915	-	2,64,16,457
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	61,63,54,617	86,52,353	-	62,50,06,870
Change in Indebtedness during the financial year				
Additions	-	5,50,28,918	-	5,50,28,918
Reduction	3,88,50,000	66,81,271	-	4,55,31,271
Net Change	(3,88,50,000)	4,83,47,647	-	94,97,647
Indebtedness at the end of the financial year				
i) Principal Amount	57,75,04,617	5,62,05,432	-	63,37,10,049
ii) Interest due but not paid	-	7,94,568	-	7,94,568
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	57,75,04,617	5,70,00,000	-	63,45,04,617

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl. No	Particulars of Remuneration	Whole-time Director Mr. Mahesh Mehra	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1,140,000	1,140,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock option	0	0
3	Sweat Equity	0	0
4	Commission		
	as % of profit	0	0
	others (specify)	0	0
5	Others, please specify	0	0
	Total (A)	1,140,000	1,140,000

Ceiling as per the Act:- ₹ 42 Lakhs as per section 197(3) of the Companies Act, 2013 read with section II of schedule V.

Annexure to Directors' Report (contd.)

B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of Independent Directors			Total Amount
		Mrs. Minoti Nath	Mr. Anil Kumar Agarwal	Mr. Asoke Das	
(a)	Fee for attending board/committee meetings	51,000	33,500	51,000	1,35,500
(b)	Commission	--	--	--	--
(c)	Others, please specify	--	--	--	--
Total (B)		51,000	33,500	51,000	1,35,500
Total Managerial Remuneration (A+B)		12,75,500			
Ceiling as per the Act: - ₹ 1 Lakh per meeting of the board or committee as per section 197(5) of The Companies Act, 2013 read with rule 4 of The Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014.					

C. Remuneration To Key Managerial Personnel other than MD/Manager/WTd.

Sl. No.	Particulars of Remuneration	Key Management Personnel		Total Amount
		Company Secretary	CFO	
1	Gross Salary	Mr. Sanjay Lal Gupta	Mr. Tarak Nath Mishra	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1,87,950	4,92,000	6,79,950
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission	--	--	--
	as % of profit	--	--	--
	others, specify	--	--	--
5	Others, please specify	--	--	--

Annexure to Directors' Report (contd.)

Total	1,87,950	4,92,000	6,79,950
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VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD /NCLT/Court]	Appeal made. If any (give details)
A. Company					
Penalty	NIL				
Punishment					
Compounding					
B. Directors					
Penalty	NIL				
Punishment					
Compounding					
C. Other Officers In Default					
Penalty	NIL				
Punishment					
Compounding					

Dated:13th August, 2018

Registered office:

HB-170, Sector-III

Salt Lake-Kolkata-700106

CIN-L51216WB1992PLC055629

Mahesh Mehra

DIN: 00086683

Whole-time Director

Annexure to Directors' Report (contd.)

Annexure V to the Directors' Report

FORM NO. MR-3 SECRETARIAL AUDIT REPORT (For the period FY 2017-18)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

M/s KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED
HB-170, SECTOR-3, SALT LAKE,
KOLKATA-700 106

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED (CIN:L51216WB1992PLC055629)**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. **We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED ("The Company") for the period ended on 31st March, 2018 according to the provisions of:**
 - I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
 - II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') wherever applicable & to the extent applicable to the Company:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Upto 14th May, 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Effective from 15th May,

Annexure to Directors' Report (contd.)

2015);

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

VI. We have relied on the representation made by the Company & its' Officers for system & mechanism formed by the Company for the compliances under Income Tax Act, 1961.

2. We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards as issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited and National Stock Exchange Limited and **SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 made effective 1st December 2015.**
- iii. Other Laws as may be specifically applicable to the Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observations:-

- The requisite Form MGT-14 has been filed on 30/05/2017 by the Company with the Registrar of Companies in respect of approval of Annual Accounts of the Company for the Financial Year 2016-17. (Event date-30.05.2017)
- The requisite Form MGT-14 has been filed on 01/08/2017 by the Company with the Registrar of Companies in respect of approval of Draft Director's Report of the Company for the Financial Year 2016-17. (Event date-24.07.2017)
- The requisite Form DIR-12 has been filed on 04/10/2017 by the Company with the Registrar of Companies as to change in designation of independent director. (Event date- 11.09.2017)
- The requisite Form MGT-14 has been filed on 04/10/2017 by the Company with the Registrar of Companies as to change in designation of independent director. (Event date- 11.09.2017)

Annexure to Directors' Report (contd.)

- The requisite Form AOC4 (XBRL) has been filed on 13/10/2017 by the Company with the Registrar of Companies in respect of the filing of balance sheet for the FY 2016-17. (Event date- AGM DATE- 11.09.2017)
- The requisite Form MGT7 has been filed on 07/11/2017 by the Company with the Registrar of Companies in respect of the filing of annual return for the FY 2016-17. (Event date- AGM DATE- 11.09.2017)
- The requisite Form MGT15 has been filed on 04/10/2017 by the Company with the Registrar of Companies in respect of the filing of report on AGM for the FY 2016-17. (Event date- AGM DATE- 11.09.2017)
- The requisite Form MGT-14 has been filed on 14/02/2018 by the Company with the Registrar of Companies in respect of cancellation of JV agreement with West Bengal Small Industries Development Corporation Limited. (Event date- JV CANCELLATION DATE-09.02.2018)
- The requisite Form MGT-14 has been filed on 06/03/2018 by the Company with the Registrar of Companies in respect of appointment of M/s S. K. Kabra & Associates as Secretarial Auditor on 13/02/2018 for the Financial Year 2017-18. (Event date- 13.02.2018)

Note- M/s S.K. Kabra & Associates, Practicing Company Secretaries has conveyed their unwillingness to conduct the Secretarial Audit of the company for the F.Y. 2017-18 due to some personal reason beyond citation. They Resigned and tendered their no objection in writing so as to enable the company to accept the appointment of any other Secretarial Auditor.

- The requisite Form MGT-14 has been filed on 25/06/2018 by the Company with the Registrar of Companies in respect of M/s Raghav Garg & Associates as Secretarial Auditor on 21/06/2018 for the Financial Year 2017-18. (Event date- 21.06.2018)
- The Company has duly provided the e-voting facility in the Annual General Meeting held on 11th September, 2017 as specified under Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in consistency with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014

3. We further report that the Company has, in our opinion, complied with the provisions of the Companies Act, 1956 and the Rules made under that Act and the provisions of Companies Act, 2013 as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:

- a) maintenance of various statutory registers and documents and making necessary entries therein;
- b) closure of the Register of Members.
- c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;

Annexure to Directors' Report (contd.)

- e) notice of Board meetings and Committee meetings of Directors;
- f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) the 25th Annual General Meeting held on 11th September, 2017;
- h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors and Whole-time Directors;
- k) payment of remuneration to Directors including and Whole-time Directors,
- l) appointment and remuneration of Auditors;
- m) borrowings and registration, modification and satisfaction of charges wherever applicable;
- n) investment of the Company's funds including investments and loans to others;
- o) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- p) directors' report;
- q) contracts, common seal, registered office and publication of name of the Company; and
- r) generally, all other applicable provisions of the Act and the Rules made under the Act.

4. We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- The Company has obtained all necessary approvals under the various provisions of the Act; and

Annexure to Directors' Report (contd.)

- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, 2013, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

5. We further report that:

- SEBI took pre-emptive measures u/s 11(1) of the SEBI Act vide letter no. SEBI/HO/ISD/ISD/OW/P/2017/18183 dt. 07/08/2017 in respect of the listed shell companies including the company pursuant to the Ministry of Corporate Affairs (MCA) letter F.No. 03/73/2017-CL-11 dt. 09/06/2017 vide which MCA had annexed a list of shell companies for initiating necessary actions as per SEBI laws & regulations and imposed trading restrictions on promoters/directors of the company pending further investigation.
- Based on the directions of SEBI, NSE issued a letter ref. no.. NSE/LIST/15324 dt. 09/08/2017 and BSE issued a letter ref. no. L/SURV/OFL/KM/COMP/532925 dt. 10/08/2017 to the company seeking various information pertaining to business, financials and compliance matters etc as per its designated format and NSE has also provided an opportunity of being heard in person to the company.
- The Company duly replied the queries of BSE & NSE vide letter dt. 17/08/2017. Subsequently, no further queries were received from BSE however, additional queries were raised by NSE vide its letter ref. no. NSE/LIST/16119 dt. 17/08/2017 and the company duly replied to the same vide letter dt. 22/08/2017 and also gave presentation on the business plan and responded to queries through personal hearing on 25/09/2017.
- Upon the basis of information provided and representations made by the Company, NSE submitted its report to SEBI on 26/09/2017 and pursuant to the communication received by SEBI, an Independent Auditor M/s J. Gupta & Co., Chartered Accountants was appointed on 21/11/2017 to examine and comments on the business, financials, bank transactions etc. of the company based on the documents earlier made available to NSE by the Company. No communication in this regard was made with the company by the Independent Auditor or NSE.
- The Independent Auditor submitted its report on 14/12/2017 with observations viz; that the business model of the company was genuine and realization constraints and resulting liquidity constraints were the main hindrances in the smooth functioning of the company, that there were several instances of delayed statutory payments and that the company had defaulted in repayment of loans & borrowings due to banks subsequent to which Demand

Annexure to Directors' Report (contd.)

notice u/s 13(2) of SARFAESI Act has been served on the company by its bankers SBI and Indian Overseas Bank etc. among other observations as lies in its report.

- NSE called the company for a second personal hearing on 15/12/2017 wherein the company responded to queries raised by the Exchange officials on the issues pointed out by the Independent Auditor.
- NSE issued an Interim Order no. NSE/LIST/C/2018/0014 dt. 04/01/2018 wherein the trading in securities of the company was reverted to the status as it stood prior to issuance of letter dt. 07/08/2017 by SEBI, permission to promoters and Directors only to buy the securities of the company and no shares held by them shall be allowed to be transferred for sale by depositories and the other actions envisaged in SEBI's letter dt.07/08/2017 in para. 1(d) as may be applicable and the consequential action taken by NSE shall continue to have effect against the company. NSE also appointed M/s BDO India LLP as Forensic Auditor on 06/02/2018 vide letter ref. no. NSE/LIST/36021 for further verification of misrepresentation of financials, business and misuse of funds/books, if any.
- The forensic auditor asked for several documents and raised queries from time to time and the company has supplied the requisite information to them. The Forensic Auditor held its closure meeting on 18/04/2018 wherein they met the KMPs of the Company and asked relevant queries in person which were duly responded to by the company. No further order or direction has been received by the company from the Forensic Auditor, SEBI, NSE or BSE.

RAGHAV GARG
M/s RAGHAV GARG & ASSOCIATES
Practicing Company Secretaries
Membership No.: ACS 51644
Certificate of Practice No.: 18834

Date: 13th August, 2018

Place: Kolkata

**This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.*

Annexure to Directors' Report (contd.)

Annexure "A"

To

The Members

M/s. KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

HB-170, SECTOR-3, SALT LAKE,

KOLKATA-700 106

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

RAGHAV GARG

M/s RAGHAV GARG & ASSOCIATES

Practicing Company Secretaries

Membership No.: ACS 51644

Certificate of Practice No.: 18834

Date: 13th August, 2018

Place: Kolkata

Management Discussion and Analysis Report

INDUSTRY AND MARKET

Infrastructure spending is a key driver for growth of the Indian economy and has a catalytic effect on other sectors and industries, thereby forming the foundation for economic growth and overall development of the country. The Government of India has put infrastructure on the forefront of their policy initiatives with projects like the Sagarmala Project to promote port connectivity by setting up new ports as well as modernization of existing port infrastructure, Bharatmala Project to augment road network and efficient freight management through national highways, etc. among other schemes. The banking sector, which has gone through a turmoil over the last few years is also warming up to funding infrastructure sector again thereby providing the much needed financial support for sustained infrastructure development.

The Government of India has allocated ₹ 5.97 lakh crores towards infrastructure sector in 2018-2019, up from 4.94 lakh crore from the prior year. The Railways comprise an estimated investment of 1.48 lakh crores targeted towards capacity creation by building 18000 km of double, third and fourth line and 5000 km of gauge conversion outlay. About 600 major railway stations are being taken up for modernization. The Bharatmala Pariyojana has been approved to provide seamless connectivity of interior and backward areas as well as border zones through 35000 km in phase 1 of roads with an outlay of 5.35 lakh crores thereby increasing road and highway infrastructure expenditure.

Urban infrastructure has received a boost with the initiation of schemes to develop 100 smart cities under the Smart Cities Mission across the country. The Government of India has selected 99 smart cities with an outlay of 2.04 lakh crore and work on the same is underway. The AMRUT programme has increased focus on water supply connectivity to all households in 500 cities across the country. UDAN initiative of the Government has gained momentum which envisions connecting 56 unserved airports and 31 unserved helipads across the country to increase air traffic connectivity across small towns. Further, under the Pradhan Mantri Awas Yojana, affordable housing infrastructure has received a much needed boost and has started to attract private sector participation towards building affordable houses for the low and middle income families to help address the need for quality housing.

One lakh gram panchayats have been connected with high speed optical fiber networks under the BHARATNET project to provide internet broadband access to over 20 crore rural and Indians in over 2.5 lakh villages.

BUSINESS STRATEGY AND MATERIAL EVENTS

Your Company has been struggling over the last few years due to long overdue debtors causing cash flow constraints. Several of these debtors have pending litigations taking considerable time to reach finality.

As a result, your company's outstanding dues had become long overdue and the bankers, namely Indian Overseas Bank and State Bank of India had called up the loans and initiated recovery proceedings. Your management team took it upon themselves as their topmost priority to resolve and reach a settlement with the Bankers so that once the cash flow crises are abated, the company could take up new projects and move towards a path of healthy recover.

In March 2018, your Company reached a restructuring of its debt with respect to Indian Overseas Bank and a settlement of debt with respect to State Bank of India with Alchemist Asset Reconstruction Company (Trust –VII) who had in turn taken over the debts of SBI and IOB. Subsequently, the

Management Discussion and Analysis Report (*contd.*)

company has paid off the settlement amount of SBI and has received a “No Dues” certificate to this effect from Alchemist Asset Reconstruction Company Trust –VII. The restructuring terms with respect to Indian Overseas Bank’s portion of debt requires the company to make periodic quarterly payments with the total restructured amount payable by 31.03.2024.

With the bank matters resolved, your company can now focus on taking up new businesses and your management has started discussions with clients to take on new projects. Meanwhile, the litigations pending before various adjudicating authorities are also progressing and expected to conclude in the near future thereby generating cash flows to both service its restructured debt obligations as well as to take on new projects and augment the business activities.

Pursuant to letter F.No. 03/73/2017-CL-11 dated 09/06/2017 of the Ministry of Corporate Affairs on suspect shell companies and letter no. SEBI/HO/ISD/ISD/OW/P/2017/18183 dated 07/08/2017 of SEBI, trading restrictions were imposed on the securities of your companies. Your company’s management made representations before BSE and NSE and addressed their queries to establish that your company was not a shell company in any way but was suffering from low levels of business activities due to bank, liquidity and litigation related problems. After hearing the company, trading restrictions on non-promoter shareholders have been eased. Further, Forensic Auditor engaged by NSE have done a detailed audit of the company’s books of accounts and its business plans and your Company’s Management has provided all relevant information in order to prove that your Company is a genuine business and your Management hopes that the regulators shall remove its name from the list of suspected shell companies.

Your company is also focusing on the hotel at Jhargram which is in need of minor up gradation and repair works. The equipment fleet of the company has also aged and your company’s management is in the process of assessing the remaining useful life of the machinery under its fold to determine which equipment would undergo thorough repair to bring it to usable state and which, financially would be prudent to either sell/dispose. Once repaired, the equipment fleet may be engaged on hire/rental basis while not in use and awaiting new projects to deploy them on.

SWOT ANALYSIS

Strengths

Over the years, your Company had undertaken development of various diverse construction projects like development of roads and minor bridges, Power Sector projects, construction of buildings and real estate, design and construction of turnkey industrial infrastructure projects, etc. and your Management possesses necessary project management expertise for the same. Your company also possesses necessary plant and machinery for the construction activities.

Weaknesses

The biggest challenge faced by your Company over the past few years has been access to free cash flows which are locked up in project disputes and which had been exacerbated by the disputes with bankers, namely IOB and SBI which had called up their loans. The equipment fleet has also aged requiring thorough overhaul and thus deployment of additional cash flows. Several equipment is also tied up in litigation with clients. With the disputes with the bankers being amicably resolved and litigations progressing well with some awards already in your Company’s favour (though under appeal), your company’s management feels that over the coming financial year, with a concerted effort, your Company may be able to overcome these shortcomings to get back on the path of growth.

Management Discussion and Analysis Report (*contd.*)

Opportunities

Your Company's management feels that with cash flow problems being slowly alleviated and the thrust of the Government in Infrastructure Spending, there are tremendous growth opportunities. Your management has already started discussions with old clients for taking on new projects by leveraging existing credentials and project management capabilities in order to capitalize on new opportunities.

Threats

On a sector specific level, the company faces threat of systematic slowdown and sudden changes in the Banking Sector policies, as in the past, which would impact cash flow and liquidity for infrastructure sector projects. Risks of sudden policy changes, sudden price rises for key inputs, roll back of existing incentives and economic slowdown or weakness remain as a large sector specific threats. However, the push of the government and the latest prodding by the Reserve Bank of India to increase lending to Infrastructure sector, this threat in the near term seems to be somewhat mitigated.

Company specific threat would include overturning of litigation awards as well as orders in favour of clients establishing their counter claims against the company in pending litigations and appeals, adverse orders in relation to appeals pending tax authorities, continued liquidity shortfall and any adverse impacts of unplanned deviations from approved restructuring plans with respect to loan of IOB resulting in fresh litigations.

The Company specific threats are of higher concern and your company's management has kept keen focus on the slightest developments in relation to the same. Highly skilled and knowledgeable legal professionals are engaged to take care of pending litigation and your Company's management is on track to ensure the restructuring plan is implemented as agreed with Alchemist Asset Reconstruction Company with respect to the IOB portion of debt. Additional efforts are put in place to generate cash flows to buffer against adverse conditions resulting from any threat materializing in the future.

DISCUSSION ON FINANCIAL PERFORMANCE

Revenue

For the financial year ended 31st March, 2018, your Company's Income from operations stood at ₹ 17.20 Lacs as against ₹ 35.23 Lacs in the previous year. Low levels of income from operations is a result of liquidity concerns as accounts with bankers were classified as non-performing in earlier years and your Company was not able to taken on new projects due to unavailability of financial resources to execute them.

Expenditure

Your Company's total expenditure comprising of contract & site expenses, employee benefit cost, depreciation, material consumed including other expenses was ₹ 148.40 Lacs for year ended 31st March, 2018 as comparing to ₹ 525.91 Lacs in the previous year. The level of expenditure is commensurate with the reduced level of operations as well as austerity with respect to overhead expenses.

Interest

Interest expenses stood at ₹ 15.55 Lacs and previous year figure was ₹ (40.28) Lacs.

Management Discussion and Analysis Report (*contd.*)

Profit before Tax (PBT)

PBT was ₹ (111.93) Lacs for the current year from ₹ (406.60) Lacs in the previous year. PBT loss resulted from low levels of total income as the company did not undertake any new projects pending resolution with bankers with respect to the called up loans.

Profit after tax (PAT)

Your company's profit after tax was ₹ (98.55) Lacs for the year ended March 31, 2018 from ₹ (400.79) Lacs as compared to the previous year.

EPS

The earnings per share for the current year stood at ₹ (0.28) as compared to ₹ (1.16) per equity share in the previous year.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company are prepared in accordance with the relevant Indian Accounting Standards issued by the Institute of Chartered Accountants of India and forms an integral part of this Report.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of Subsidiaries/ Associate Companies/Joint Ventures is given in Form AOC-1 and forms an integral part of this Report.

The results of the company are consolidated with subsidiaries, step down subsidiaries and associates & JV. These companies operate into Two segments (i) broadly in Construction of roads, bridges and infrastructure development, Housing Development, Renewable Energy Power projects and (ii) Hotel.

HUMAN RESOURCES

Given the reduced level of operations and income, your company has actively reduced its manpower to limit costs and keep it at a bare minimum pending new opportunities for business growth. However, your company has kept intact its spirit of inclusion and transparency. Your company also engages in necessary and training and education of its employees to keep them up to speed and keep honing their skills.

CAUTIONARY STATEMENT

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, Tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of Companies Act, 2013 and Rule 5 Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed with Board Report.

Report on Corporate Governance

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The core values of the Company's Corporate Governance are transparency, professionalism, accountability, customer focus, teamwork, quality, fairness and social responsibility. Your Company is committed to fulfill these objectives and enhance the wealth generating capacity, keeping in mind long-term interest of the shareholders, employees and the society. The Company believes in adopting and adhering to the best Corporate Governance practices and continuously benchmarking itself against the best practices in the industry.

2. CORPORATE GOVERNANCE GUIDELINES

The Board has adopted the Company's Guidelines on Board effectiveness to help fulfill its corporate governance responsibility towards stakeholders. These guidelines ensure that the Board will have the necessary authority and processes in place to review and evaluate the Company's operations. Further, these guidelines allow the Board to make decisions that are independent of the Management.

3. BOARD OF DIRECTORS

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

We believe that our Board needs to have an appropriate mix of executive and independent directors to maintain its independence, and separate its functions of governance and management. As on March 31, 2018, our Board consists of 4 directors, one of whom is executive/ whole-time director, while the remaining 3 are independent directors, constituting 75% of the Board's strength — more than the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. One out of 4 directors or 25% of the Board is woman. All Four of our Board members (100%) are Indians. The Board periodically evaluates the need for change in its composition and size

None of the Directors on the Board is a member of more than 10 committees or chairman of more than 5 committees across all companies in which he/she is a Director. Necessary disclosures with regard to membership of committees have been made by the Directors.

Report on Corporate Governance (*contd.*)

The composition of the Board as on 31st March, 2018 was as under:

Name of Directors	Business relationship	DIN	Category of Directorship	No. of Directorships in other Public Limited Companies#	No. of Committee positions held in other Public Companies as ##	
					Chairman	Member
Mr. Mahesh Mehra	Whole-time Director	00086683	Promoter Non-Independent Executive	0	—	—
Mrs. Minoti Nath	Director	07017530	Independent Non-Executive	1	—	1
Mr. Anil Kumar Agarwal	Director	06844213	Independent Non- Executive	3	—	—
Mr. Asoke Das@	Director	07691831	Independent Non- Executive	1	1	—

NOTES:

Other Directorship, other than Kaushalya Infrastructure Development Corporation Limited and does not include alternate directorship, directorship of private companies, Section 8 companies and of other companies incorporated outside India.

Includes the Membership/Chairmanship of only Audit Committee and Stakeholders Relationship Committee.

In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per section 2(77) of Companies Act, 2013 read with rule 2014, none of the Directors are in any way related to any other Director.

@ Mr. Asoke Das was appointed as an Independent Director of the Company for a term of five years by its member at the 25th Annual General Meeting held on 11th September, 2017.

The composition of the Board and other provisions as to Board and Committees are in compliance with the Regulation 17 to Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the independent directors qualify the conditions for being independent director as prescribed under Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Section 149 of the Companies Act, 2013. No Director is related to any other director.

The Company has conducted familiarization programme for the Independent Directors of the Company. The details of familiarization programme are disclosed in the website of the Company at web-link- <http://www.kaushalya.net/INDEPENDENTDIRECTORS.pdf>.

The Director is also explained in detail the compliances required from him under the Companies Act, Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant Regulations. The Board has devised proper system to ensure compliance with the provisions of applicable laws and periodically reviews compliance reports of all laws applicable to the Company and necessary steps are being taken to ensure the compliance in law and spirit.

During the year 2017-18, 5(Five) Board Meetings were held. The Company held at least one meeting in every quarter and the time gap between two board meetings did not exceed 120 days as prescribed under Regulation 17(2) of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015 and Companies Act, 2013.

Report on Corporate Governance (*contd.*)

The previous Annual General Meeting was held on September 11, 2017.

No. of Board Meetings, attendance at Board Meetings & previous Annual General Meeting:

Name of Directors	Attendance at the Board Meetings held on					Attendance at the AGM held on 11.09.2017
	30.05.2017	24.07.2017	14.11.2017	13.02.2018	29.03.2018	
Mr. Mahesh Mehra	Yes	Yes	Yes	Yes	Yes	Yes
Mrs. Minoti Nath	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Anil Kumar Agarwal	Yes	Yes	Yes	Yes	Yes	No
Mr. Asoke Das#	Yes	Yes	Yes	Yes	Yes	Yes

NOTES:

appointed as an Independent Director of the Company for a term of five years by its member at the 25th Annual General Meeting held on 11th September, 2017.

4. BOARD COMMITTEES

In compliance with both the mandatory and non- mandatory requirements under Regulation 18 to Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable laws, your Company's Board of Directors constituted the following Committees:

- i) Audit Committee
- ii) Nomination & Remuneration Committee
- iii) Stakeholders' Relationship Committee
- iv) Executive Committee

The Chairman of the Board, in consultation with the Company Secretary and the respective Chairman of these Committees, determines the frequency of the meetings of these Committees. The recommendations of the Committees are submitted to the Board for approval.

i. Audit Committee

Audit Committee consist of 3 Directors out of which 2 are Independent Directors, according to the definition laid down in Section 149 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Management is responsible for the Company's internal control over financial reporting and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's financial statements in accordance with the IND AS, and for issuing a report thereon. The committee's responsibility is to monitor these processes. The committee is also responsible for overseeing the processes related to financial reporting and information dissemination. This is to ensure that the financial statements are true, fair, sufficient and credible. In addition, the committee recommends to the Board the remuneration, appointment and terms of appointment of the Company's internal and independent auditors.

In this context, the committee discussed the overall scope and plans for the independent audit with the Company's auditors. The Management shared the Company's financial statements prepared in accordance with the IND AS. The committee discussed with the auditors, in the absence of the Management (whenever necessary), regarding the Company's

Report on Corporate Governance (*contd.*)

audited financial statements, including the auditors' judgment about the quality, not just the applicability, of the accounting principles, the reasonableness of significant judgment and the clarity of disclosures in the financial statements.

Relying on the review and discussions conducted with the Management and the Independent Auditors, the committee believes that the Company's financial statements are fairly presented in conformity with IND AS.

The committee has also reviewed the internal control over financial reporting put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the committee found no material discrepancy or weakness in the Company's internal control over financial reporting.

The committee also reviewed the financial policies of the Company and expressed its satisfaction with the same.

Based on the committee's discussion with the auditors, its review of the representations of the Management and the report of the auditors, the committee has recommended the following to the Board:

- The Audited Financial Statements prepared in accordance with IND AS of Kaushalya Infrastructure Development Corporation Limited for the year ended March 31, 2018, be accepted by the Board as a true and fair statement of the financial status of the Company.
- The Audited Consolidated Financial Statements prepared in accordance with IND AS of Kaushalya Infrastructure Development Corporation Limited and its subsidiaries for the year ended March 31, 2018, be accepted by the Board as a true and fair statement of the financial status of the Group.
- The Audited Consolidated Financial Statements prepared in Indian rupee of Kaushalya Infrastructure Development Corporation Limited and its subsidiaries for the year ended March 31, 2018, be accepted by the Board as a true and fair statement of the financial status of the Group.
- The ratification of the appointment of M/s Monu Jain & Company, Chartered Accountants, (Firm Registration No. 327900E) as the statutory auditors of the Company, to audit standalone (IND AS) financial statements and consolidated (IND AS) financial statements to hold office until the conclusion of the 27th Annual General Meeting (AGM) of the Company.
- The appointment of M/s Raghav Garg & Associates, Practicing Company Secretaries, as secretarial auditor for the year ending March 31, 2018 to conduct the secretarial audit as prescribed under section 204 and other applicable sections of the Companies Act, 2013.

The Company has established a mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism, and allows direct access to the chairperson of the audit committee in exceptional cases. We further affirm that no director or employee has been denied access to the audit committee during the financial year 2018. The Whistleblower Policy is available on company's website at the web link- <http://www.kaushalya.net/VIGIL%20MECHANISM.pdf>.

Report on Corporate Governance (*contd.*)

Composition, Meeting and Attendance

The Audit Committee of the Company comprises of three directors – two of whom are Independent, Non-Executive Directors and one is Promoter, Executive Directors. All of them are experts in corporate finance, accounts and corporate law. The Chairman of the Committee is an Independent Non-Executive Director, nominated by the Board. The Company Secretary acts as the secretary to the Committee. The Chief Financial Officer, the Statutory Auditor, and the Internal Auditor of the Company are invitees at the meetings of the Committee. The internal auditor directly report to the audit committee. The composition of the Audit Committee meets the requirement of the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015 and the provisions of the Companies Act, 2013. During the year ended 31st March, 2018, 4(Four) Audit Committee meetings were held on May 30, 2017, July 24, 2017, November 14, 2017, and February 13, 2018. The composition and attendance of the members of the Audit Committee are as follows:

Name of the Member	Position	No. of Meetings	
		Held	Attended
Mr. Minoti Nath	Chairman, Independent, Non-Executive	4	4
Mr. Mahesh Mehra	Member, Promoter, Executive	4	4
Mr. Asoke Das	Member, Independent, Non-Executive	4	4

The Company Secretary acts as the Secretary to the Audit Committee.

ii. Nomination and Remuneration Committee

The Nomination and Remuneration Committee identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the board their appointment and removal and carry out evaluation of every director's performance. The Nomination and Remuneration Committee formulated the criteria for determining qualifications, positive attributes and independence of a director and recommended to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel and other employees. It shall also carry out such other functions as may be required under the Companies Act, 2013 and the Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015.

As on 31st March, 2018, the Nomination and Remuneration Committee comprises with three directors, all of whom are Non-Executive Directors and are Independent Directors. The members of the committee are Mrs. Minoti Nath, Mr. Anil Kumar Agarwal and Mr. Asoke Das.

During the year ended 31st March, 2018, one meeting of the Nomination and Remuneration Committee was held on 24th July, 2017. The composition of Nomination and Remuneration Committee are as follows:

Sl. No.	Name of Directors	Position	No. of Meetings	
			Held	Attended
1	Mrs. Minoti Nath	Chairman, Independent, Non-Executive	1	1
2	Mr. Anil Kumar Agarwal	Member, Independent, Non-Executive	1	1
3	Mr. Asoke Das	Member, Independent, Non-Executive	1	1

Report on Corporate Governance (*contd.*)

The Company Secretary acts as a Secretary to the Nomination & Remuneration Committee.

Terms of Reference of the Committee, inter alia, includes the following:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- Devising a policy on Board diversity.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors

General

- a) The Committee shall ensure that the level and composition of remuneration is reasonable and sufficient to attract retain and motivate Directors of the quality required to run the Company
- b) Moreover it shall also ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- c) Remuneration for Directors, Key Managerial Personnel and Senior Management should involve a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goal.
- d) The remuneration payable to the Directors of a Company including Managing Director/ Whole-time Director shall be recommended by the Committee to the Board for approval of such remuneration payment including Commission, if any, shall be in accordance with and subject to the provisions of the Act and approval of the Members of the Company and Central Government, wherever required, as per the provisions of the Act.
- e) In respect of Key Managerial Personnel, the Remuneration as approved by the Board of Directors shall be payable to such Key Managerial Personnel. The annual increment to the KMP and Senior Management shall be based on the annual appraisal and shall be determined by the Chairman
- f) Professional indemnity and liability insurance for Directors, KMP and Senior Management not to be treated as remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Managing Director/Whole-time Director:

The remuneration to the Managing Director/ Whole-time Director will be governed as per the Provisions of the Companies Act, 2013 and the Rules framed thereunder from time to time.

Remuneration to Non- Executive & Independent Directors:

- a) The remuneration payable to Directors who are neither Managing Director nor Whole-time Director will be governed as per the provisions of the Companies Act, 2013 and the Rules framed thereunder from time to time.
- b) **Sitting Fees:**

These Directors may receive remuneration by way of fees for attending meetings of the Board or any Committee thereof. Provided that the amount of such fees shall not exceed ₹1 lac (One Lac)

Report on Corporate Governance (*contd.*)

per meeting of the of the Board or committee meeting of the Board or such amount as may be prescribed by the Central Government from time to time.

c) Remuneration:

Remuneration may be paid by way of commission within the monetary limit approved by Members, subject to the limit as per the applicable provisions of the Companies Act, 2013. Independent Directors shall not be entitled to any stock options of the Company under the Companies Act, 2013.

Remuneration to KMP and Senior Management employees:

The remuneration as approved by the Board of Directors shall be payable to KMP and Senior Management shall be based on the annual appraisal basis.

Review – The Nomination & Remuneration Committee shall review the Remuneration Policy and shall recommend to the Board amendments to these guidelines as it deems appropriate. The Non-executive Directors are remunerated by way of sitting fees of Rs. 5000/- for attending each Board of Directors meeting and Rs 3500/- for attending each committee meeting. The Company pays remuneration by way of salary to its Whole-time Director. The remuneration paid is within the limit specified under the Companies Act, 2013 read with its rule & Schedule V and approved by the Board as well as by the shareholders of the Company.

The details of sitting fees for the Financial Year 2017-18 paid to the Non-Executive Directors & their shareholding in the Company are as under;

Sl. No.	Name of Directors	Category	Sitting fees (Rs.)		No. of shares held as on 31st March, 2018
			Board Meeting	Committee Meeting/ Separate Meeting of Independent Directors	
1	Mrs. Minoti Nath	Non-Executive Independent	25,000/-	26,000/-	NIL
2	Mr. Anil Kumar Agarwal	Non-Executive Independent	25,000/-	8,500/-	NIL
3	Mr. Asoke Das	Non-Executive Non-Independent	25,000/-	26,000/-	NIL

Remuneration/Sitting Fees paid to Executive Director of the Company during the Financial Year ended March 31, 2018 are detailed as under:

Executive Director:

Name of Director	Salary & Perquisites (₹)	Commission	Sitting Fees	Total	Period of Contract		Notice Period	No. of Shares held as on 31.03.2018
					From	To		
Mr. Mahesh Mehra	11,40,000/-	--	--	11,40,000/-	04.09.2017	03.09.2022	2 Months	48110

Report on Corporate Governance (*contd.*)

iii. Stakeholders Relationship Committee

The Stakeholders Relationship Committee considers and resolves the grievances of security holders of the Company. The Stakeholders Relationship Committee shall also oversee the redressal of shareholders' and investors' grievances in relation to the transfer of shares, non-receipt of annual report, non-receipt of declared dividend, all such complaints directly concerning the shareholders/investors as stakeholders of the Company, any such matters that may be considered necessary in relation to shareholders and investors of the Company and to appoint compliance officer for redressal of investor grievances and fix his responsibilities. During the year ended 31st March, 2018, one meeting of Stakeholders' Relationship Committee was held on 13.02.2018. The composition and attendance of the members of the Stakeholders Relationship Committee are as follows:

The Stakeholders Relationship Committee consists of the following Members:

Sl. No	Name of Directors	Category	No. of Meeting	
			Held	Attended
1	Mrs. Minoti Nath	Chairman, Non-Executive Independent	1	1
2	Mr. Mahesh Mehra	Member, Executive	1	1
3	Mr. Asoke Das	Member, Non-Executive Non Independent	1	1

The Company Secretary acts as the Secretary to the Stakeholders' Relationship Committee.

The terms of reference of the Stakeholders Relationship Committee are as follows:

To look into and redress shareholders/investors grievances relating to transfer of shares, non-receipt of declared dividends, non-receipt of Annual Reports, all such complaints directly concerning the shareholders/investors as stakeholders of the Company, any such matters that may be considered necessary in relation to shareholders and investors of the Company and to appoint compliance officer for redressal of investor grievances and fix his responsibilities.

The Committee has delegated the authority to approve the requests for transfers/transmission, split and re-mat/de-mat of shares to the Company Secretary. The Committee reviews the transfer/de-mat/re-mat approved by the Company Secretary and take note thereof in their subsequent meeting.

As per the Regulation 13 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 with the Stock Exchanges, the Company has designated a separate e-mail-id (info@kaushalya.net) exclusively for redressal of investors' complaints.

The details of the complaints during the year 2017-2018, excluding correspondences which are not in the nature of complaints are given below:

Number of complaints received from the shareholders	19
Number of complaints redressed	19
Number of complaints not solved/pending	Nil

The Company Secretary acts as a Secretary to the Stakeholders Relationship Committee.

SEBI Complaints Redressal System (SCORES)

The investor complaints are processed in a centralized web based complaints redress system. The

Report on Corporate Governance (*contd.*)

salient features of this system are centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Your Company has been registered on SCORES and makes every effort to resolve all investor complaints received through SCORES or otherwise within the statutory time limit from the receipt of the complaint.

iv. Executive Committee

As on 31st March, 2018 the Executive Committee is not applicable to the Company as the Company is having only Executive Director i.e. Mr. Mahesh Mehra, Whole-time Director.

5. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the performance evaluation of its own performance and of the Board Committees, viz. Audit Committee, Nomination and Remuneration Committee, and Stakeholders' Relationship Committee as well as evaluation of performance of Directors individually.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations, corporate governance practices and stakeholders' interests, etc. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment meeting risk management & competition challenges, compliance & due diligence, financial control, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board.

The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Nomination & Remuneration Committee also carried out evaluation of every director's performance. The Directors expressed their satisfaction with the evaluation process.

6. SEPARATE MEETING OF INDEPENDENT DIRECTORS'

During the year ended 31st March, 2018, the Independent Directors met on 13th February, 2018, inter alia,

- i. to review performance of non-independent Directors & the Board as a whole,
- ii. to review performance of the Chairman of the Company and
- iii. to assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

Report on Corporate Governance (*contd.*)

7. GENERAL BODY MEETING

Location and time, where last three Annual General Meetings were held are given below:

Financial Year	Date	Time	Venue	Special Resolution (s) Passed, if any
2016- 2017	11th September, 2017	10.30 A.M	“Aikatan”, EZCC, IA-290, Sector-III, Salt Lake, Kolkata - 700 097	NO
2015-2016	22nd September, 2016	11.00A.M	“Nandita Marriage House”, Shankar Abasan, Helabattala, Baguiati, Kolkata- 700 059	YES**
2014-2015	29th September, 2015	11.00 A.M	Agora, 5th Floor Axis Mall, Unit-A (Block-B) Plot No. CF9, Major Arterial Rd, Action Area 1C, Newtown, Kolkata-700156	YES*

No special resolution was passed through postal ballot at the last AGM and no special resolution is proposed to be conducted through postal ballot at the forthcoming AGM to be held on 27th September, 2018.

** Resolutions pertaining to the following matters were passed as Special Resolution:

- Sale of land (Substantially the whole undertaking) pursuant to section 180(1)(a) of the Companies act, 2013.
- Disposal of undertaking under section 180(1)(a) of the Companies Act, 2013

* Resolutions pertaining to the following matters were passed as Special Resolution:

- To consider and accord new Article of Association.
- To mortgage undertaking of Company under section 180(1)(a) of Companies Act, 2013.

Extraordinary General Meeting: During the Financial Year 2017- 2018, no Extraordinary General Meeting of the members of the company was held.

Postal Ballot: During the Financial Year 2017- 2018, no matter was transacted by way of postal Ballot.

8. DISCLOSURES

- The required statements/disclosures with respect to the related party transaction are placed before the Audit Committee.

Your Company does not have any related party transactions, which may have potential conflict with the interests of the Company at large. However, disclosure of transactions with related parties is set out in the Notes to Accounts, forming part of the Annual Report. The Company has disclosed the policy on dealing with the related party transactions on its website at web-link-<http://www.kaushalya.net/KIDCORELATED.pdf>.

Report on Corporate Governance (*contd.*)

Details of such transactions as per requirement of Accounting Standard 18 are disclosed in to the Audited Financial Statements.

- ii. Your Company has followed the prescribed guidelines of IND AS in preparation of its financial statements.
- iii. Your Company laid down Risk Assessment and Minimization procedures and the same is periodically reviewed by the Board. Further, the Company has adequate internal control systems to identify the risk at appropriate time and to ensure that the executive management controls the risk through properly defined framework.
- iv. The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/ strictures were imposed against it during the last three years.
- v. Your Company has complied with all the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company has submitted the quarterly compliance reports to the stock exchanges within the prescribed time limit.
- vi. **Subsidiary Information**

In compliance with Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a material non-listed Indian subsidiary company i.e. Bengal KDC Housing Development Limited (CIN- U70101WB2006PLC110153) and two Independent Directors of the Company Mrs. Minoti Nath and Mr. Asoke Das were appointed as Independent Directors in Bengal KDC Housing Development Limited w.e.f 08.03.2017. 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.

No of Subsidiary Companies:

As at March 31, 2018 the Company had following Subsidiaries:

- Bengal KDC Housing Development Limited
- KDC Nirman Limited (Formerly known as Bengal Kaushalya Nirman Limited)
- Kaushalya Energy Private Limited

Step Down Subsidiary

- Azur Solar KDC 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 Company) 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.

- vii. The Management Discussion and Analysis Report forms a part of the Annual Report and includes various matters specified under the Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- viii. The CEO/CFO Certification has been placed before the board at their meeting held on August 13, 2018 in compliance with SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015 with the stock exchanges duly signed by the Managing Director/CEO and CFO.

Report on Corporate Governance (*contd.*)

- ix. The statutory auditor certificate, with respect to compliance of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015 relating to Corporate Governance, has been annexed to the Directors' Report and will be sent to the Stock Exchanges at the time of filing the Company's Annual Report.
- x. The Company has laid down procedures to inform Board Members about the Risk Assessment and minimization procedure, which are periodically reviewed by the Board.
- xi. Details of Directors seeking Appointment/Re-appointment at the ensuing Annual General Meeting as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Notice convening the Annual General Meeting.
- xii. As stipulated by SEBI, a Reconciliation of Share Capital Audit is carried out by an independent Practicing Company Secretary Mr. MD Shahnawaz (Membership No. 21427, C.P. No. 15076) on quarterly basis to confirm reconciliation of the issued and listed capital, shares held in dematerialized and physical mode and the status of the register of members.

9. CODE OF CONDUCT AND ETHICS AND INSIDER TRADING

The Company has adopted a Code of Conduct and Ethics (Code) for the members of Board of Directors and Senior Management Personnel of the Company. The essence of the code is to conduct the business of the Company in an honest, fair and ethical manner, in compliance with applicable laws and in a way that excludes considerations for personal advantage. All Directors and Senior Management personnel have affirmed compliance with the code and a declaration to this effect, signed by the Executive Director, is attached to this report.

Declaration by Executive Director

To
The Members of
Kaushalya Infrastructure Development Corporation Limited

In compliance with the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges relating to Corporate Governance, I, Mahesh Mehra, Whole-time Director of the company, confirms that, on the basis of confirmations / declarations received, all the Directors and Senior Management Personnel of the Company have complied with the Code of Conduct and Ethics as adopted by the Board of Directors of the Company

Place: Kolkata
Date: August 13, 2018

For Kaushalya Infrastructure Dev. Corp. Ltd.

Sd/-
Mahesh Mehra
Whole-time Director
DIN-00086683

Report on Corporate Governance (*contd.*)

10. MEANS OF COMMUNICATION

The Quarterly Un-audited Financial Results and the Annual Audited Financial Results as taken on record and approved by the Board of Directors of the Company are published generally in local English and Vernacular newspapers namely the Business Standard and Arthik Lipi. It is also sent immediately to all the Stock Exchanges with which the Shares of the Company are listed. These results are also posted on the Company's website i.e. <http://www.kaushalya.net>

The Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

11. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

Date and Time: 27th September, 2018 at 10.30 a.m.

Venue: "Aikatan", EZCC, IA-290, Sector-III, Salt Lake, Kolkata-700 097.

Financial Year

The financial year of the Company is from 1st April, 2017 to 31st March, 2018.

<i>Particulars</i>	<i>Tentative Schedule</i>
Results for the quarter ending 30th June, 2018	Disclosed on August 13, 2018
Results for the quarter ending 30th September, 2018	On or before November 14, 2018 (Subject to Limited Review)
Results for the quarter ending 31st December, 2018	On or before February 14, 2019 (Subject to Limited Review)
Results for the quarter/year ending 31st March, 2019	On or before May 30, 2019 (Audited)

* Tentative and subject to change.

Book Closure Date

21st September, 2018 to 27th September, 2018 (both days inclusive) on account of AGM.

Listing of Equity Shares on Stock Exchanges

- i) National Stock Exchange of India Ltd.
Exchange Plaza, Bandra – Kurla Complex,
Bandra (E) Mumbai 400 051
- ii) BSE Ltd.
P.J. Towers, Dalal Street,
Mumbai 400 001.

Listing Fees

Listing fee for the year 2018–19 is payable to the National Stock Exchange of India Ltd. and BSE Ltd. where the Company's equity shares are listed.

Report on Corporate Governance (*contd.*)

Depositories

- i) National Securities Depository Ltd.
Trade World, 4th Floor, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel Mumbai 400 003
- ii) Central Depository Services (India) Ltd.
Phiroze Jeejeebhoy Towers, 17th Floor,
Dalal Street Mumbai 400 023

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, Kolkata, WestBengal.

ISIN No. for the Company

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

Stock Code

NSE **KAUSHALYA**

BSE **532925**

Market price data

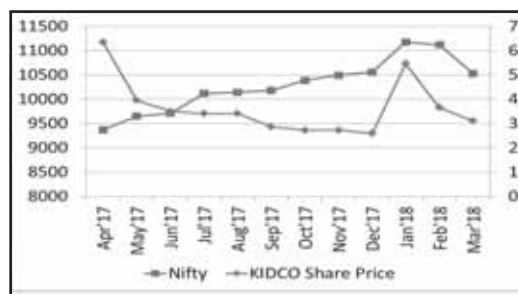
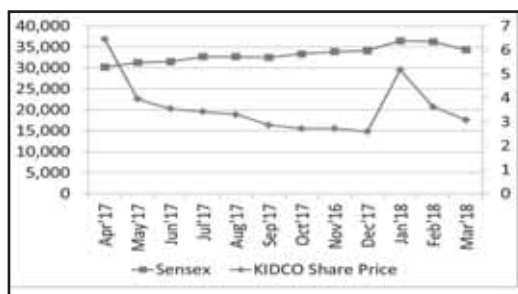
Monthly high, low quotations and trading volumes of the Company's equity shares (Face Value of Rs 10/- each) during the financial year 2017-18 at BSE and NSE are noted below:

Months	Bombay Stock Exchange Ltd			National Stock Exchange of India Ltd.		
	High	Low	Volume	High	Low	Volume
April, 2017	6.45	3.80	26,02,927	6.35	3.80	29,41,249
May, 2017	3.95	2.60	2,94,264	3.95	2.60	27,536
June, 2017	3.54	2.66	2,43,875	3.50	2.40	67,353
July, 2017	3.42	2.80	6,83,868	3.40	2.75	66397
August, 2017	3.30	2.86	33,474	3.40	2.90	55750
September, 2017	2.86	2.86	10	2.86	2.86	0
October, 2017	2.72	2.72	0	2.72	2.72	0
November, 2017	2.72	2.72	605	2.72	2.72	0
December, 2017	2.59	2.59	0	2.59	2.59	0
January, 2018	5.17	2.59	5,87,282	5.45	2.85	728370
February, 2018	3.62	2.85	2,30,799	3.65	2.85	119129
March, 2018	3.07	2.11	1,04,605	3.10	2.10	44764

[Source: This information is compiled from the data available from the websites of BSE and NSE.]

Report on Corporate Governance (*contd.*)

Performance of the Company in comparison with broad based indices



Registrar and Share Transfer Agent

M/s CB Management Services (P)Limited

P-22, Bondel Road, Kolkata-700019

Ph: +91 33 40116700, 2280 6692/93/94/2486; Fax: +91 33 2287 0263

Email: rta@cbmsl.com

Website: www.cbmsl.com

Share Transfer System

Request for transfer of Equity Shares held in physical form may be lodged with M/sCB Management Services (P) Limited, Kolkata or may be sent to the Company Secretary at the registered office of the Company at Kolkata.

Share transfers are registered and returned within 15 days from the date of lodgment, provided documents are complete in all respects.

Shareholding pattern as on March 31, 2018

Category	No of Shares held	% of shareholding
Promoter & Promoters Group	17806474	51.42
Institutional Investors	NIL	0
Body Corporates	3104220	8.96
Indian Public	13411277	38.73
NRIs/OCB/Others	230972	0.67
Clearing Members	77687	0.22
Total	34630630	100.00

Report on Corporate Governance (*contd.*)

Distribution of Shareholding

The distribution of shareholding of the Company as on March 31, 2018 is noted below:

Range of Holding	No. of Shareholders	%	No. of Shares	% on issued shares
Upto - 500	15851	79.85	2517779	7.27
501 - 1000	1797	9.05	1539329	4.45
1001 - 2000	997	5.02	1578840	4.56
2001 - 3000	334	1.68	858579	2.48
3001 - 4000	189	0.95	687711	1.99
4001 - 5000	221	1.11	1052161	3.04
5001 - 10000	271	1.36	2062388	5.96
10001- 50000	156	0.79	2911868	8.41
50001 - 100000	19	0.10	1385252	4.00
100001 and above	15	0.08	20036723	57.86
Total	19850	100.00	34630630	100.00

Dematerialization of shares and liquidity as on March 31, 2018

The Company's Equity Shares are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India - National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL').

3,46,29,370 Equity Shares of the Company representing 99.99% of the Company's Equity Share Capital are dematerialized as on 31st March, 2018.

Outstanding convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ ADRs/Warrants or any Convertible instruments.

Plant Locations

Not Applicable

Address for Correspondence

For any assistance, queries regarding transfer or transmission of shares, dematerialization, non-receipt of dividend, non-credit of shares in de-mat account and any other query relating to the shares of the Company and Annual Report, the shareholders may write to the following:

Report on Corporate Governance (*contd.*)

Company Secretary

Mr. Sanjay Lal Gupta

M/s Kaushalya Infrastructure Development Corporation Ltd.

CIN-L51216WB1992PLC055629

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

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

E –mail: info@kaushalya.net

Website: www.kaushalya.net

Registrar and Share Transfer Agent

M/s. CB Management Services Private Limited

P-22, Bondel Road, Kolkata-700019

Ph: +91 33 40116700, 2280 6692/93/94/2486; Fax: +91 33 2287 0263

Email: rta@cbmsl.com

Website: www.cbmsl.com

Place: Kolkata

Date: 13th August, 2018

For and on behalf of the Board

Mahesh Mehra

DIN-00086683

Whole-time Director

Report on Corporate Governance (*contd.*)

CEO AND CFO Certification

To
The Board of Directors of
Kaushalya Infrastructure Development Corporation Limited

We, Mahesh Mehra, Executive Director & Whole-time Director and Tarak Nath Mishra, Chief Financial Officer certify that:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee:
 - (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year; and
 - (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Kolkata
Date: August 13, 2018

Mahesh Mehra
Executive Director &
Whole-time Director

Tarak Nath Mishra
Chief Financial Officer

Report on Corporate Governance (contd.)

Auditors' Certificate on Corporate Governance

To
The members of
Kaushalya Infrastructure Development Corporation Limited

We have examined the compliance of the conditions of Corporate Governance by M/s Kaushalya Infrastructure Development Corporation Limited for the year ended 31st March, 2018 as stipulated in the erstwhile Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company. In our opinion and to best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. We state that in respect of investor grievances received during the year 31st March, 2018, no investor grievances are pending against the Company as on date, as per the records maintained by the Company and presented to the Stakeholders' Relationship Committee.

We further state that such compliance is neither assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Monu Jain & Company
Chartered Accountants
Firm Registration No. 327900E

Sd/-
Monu Jain
Partner

Place: Kolkata
Date: 13th August, 2018

Membership No. 302721

Standalone Financials

Independent Auditors' Report

To the Members of

KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Kaushalya Infrastructure Development Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation

of the standalone Ind AS 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 standalone Ind AS financial statements based on our audit.

In conducting audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidences obtained by us are sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Independent Auditors' Report (*contd.*)

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of Section 143(11) of the Act ("the Order"), and on the basis of 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, a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

- (i) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (iii) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued there under.

- (v) On the basis of the written representations received from the directors as on 31st March 2018 and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- (vi) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B.
- (vii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and information and according to the explanations given to us.
- (viii) The Company has disclosed the impact, if any, of pending litigations as at 31st March 2018 on its financial position in its standalone Ind AS financial statements - Refer Note 34 to the standalone Ind AS financial statement.
- (ix) The Company has made provision, as required under the applicable laws or Ind AS, for material foreseeable losses, if any, on long- term contracts including derivative contracts.
- (x) There were no delays in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March 2018.
- (xi) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31st March 2018.

For MONU JAIN & COMPANY

Firm Regn. No: 327900E

Chartered Accountants

Monu Jain

Partner

Place: Kolkata

Date: 30th May, 2018

Membership No: 302721

Independent Auditors' Report (*contd.*)

Annexure "A" to the Independent Auditors' Report

Referred to in the Independent Auditor's Report of even date to the members of Kaushalya Infrastructure Development Corporation Limited on the Standalone Ind AS financial statements for the year ended 31st March, 2018.

- | | |
|---|---|
| <p>I. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets</p> <p>(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the planned frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.</p> <p>(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.</p> <p>II. (a) The management has conducted physical verification of inventory at reasonable intervals during the year.</p> <p>(b) 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.</p> <p>(c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.</p> <p>III. The Company has not granted any loan, secured or unsecured to companies, firms,</p> | <p>LLP or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii) (a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.</p> <p>IV. According to the information and explanations given to us, in our opinion, in respect of loans, investment, guarantees and security, provisions of section 185 and 186 of the Act have been complied with by the company.</p> <p>V. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.</p> <p>VI. In our opinion and according to the information and explanation given to us, in respect of goods produced by the company, maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act.</p> <p>VII.(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities. Further, no undisputed amounts were outstanding on the year-end for a period of more than six months from the date they became payable.</p> |
|---|---|

Annexure “A” to Independent Auditors’ Report (*contd.*)

(b) According to the information and explanations given to us, the following dues outstanding in respect of income-tax, sales-

tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the Dues	Amount (in Lakh)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Income Tax	25.06	Asst. Year 2007-08	I.T. Appellate Tribunal
Income Tax Act	Income Tax	20.19	Asst. Year 2009-10	I.T. Appellate Tribunal
Income Tax Act	Income Tax	37.61	Asst. Year 2010-11	I.T. Appellate Tribunal
Income Tax Act	Income Tax	1.91	Asst. Year 2011-12	I.T. Appellate Tribunal
Income Tax Act	Income Tax	59.26	Asst. Year 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act	Income Tax	332.74	Asst. Year 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act	Income Tax	513.89	Asst. Year 2014-15	Commissioner of Income Tax (Appeals)
Income Tax Act	Interest on TDS & Late Fee	2.46	Asst. Year 2015-16	TDS Cir. II
Income Tax Act	Short deduction of TDS & Late Fee	3.02	Asst. Year 2014-15	TDS Cir. II
Income Tax Act	Interest, Short deduction of TDS & late Fee	3.30	Asst. Year 2013-14	TDS Cir. II
Income Tax Act	Interest on TDS	15.80	Asst. Year 2012-13	TDS Cir. II
The Central Excise Act, 1944	Service Tax	896.85	From 1st April, 2010 to 31st December, 2012 VCES	CESTAT, Kolkata
The WB VAT Act, 2003	VAT	21.00	Financial Year 2007-08	Joint Commissioner Kol. North Cir.
The WB VAT Act, 2003	VAT	817.10	Asst. Year 2008-09	Revision Board, Kolkata
The WB VAT Act, 2003	VAT	6.60	Asst. Year 2009-10	Sr. Joint Commissioner Appeal, Kolkata
The WB VAT Act, 2003	VAT	0.35	Asst. Year 2010-11	Sr. Joint Commissioner Appeal, Kolkata

Annexure “A” to Independent Auditors’ Report (*contd.*)

- (xii) In our opinion and according to the information and explanations given to us, the company has defaulted in the repayment of borrowings to State Bank of India and Indian Overseas Bank in the previous year. However in the current financial year loan of these banks were taken over by the Alchemist Asset Reconstruction Company and since then no default has occurred. Refer Note 35 of standalone Ind AS financial statements.
- (xiii) The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year.
- (xiv) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid /provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xvii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- (xviii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- (xx) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For MONU JAIN & COMPANY

Firm Regn. No: 327900E

Chartered Accountants

Monu Jain

Partner

Place: Kolkata

Date: 30th May, 2018

Membership No: 302721

Annexure “B” to Independent Auditor’s Report

Referred to in the Independent Auditors’ Report of even date to the members of Kaushalya Infrastructure Development Corporation Limited on the standalone Ind AS financial statements for the year ended 31st March 2018

Report on Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the standalone financial statements of Kaushalya Infrastructure

Annexure “B” to Independent Auditors’ Report (*contd.*)

Development Corporation Limited (“the Company”) as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting (Internal financial controls) of the Company as of that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s Internal financial controls based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the

“Guidance Note”) both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls and their operating effectiveness. Our audit of internal financial controls included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls.

Meaning of Internal Financial Controls over Financial Reporting

A Company’s internal financial controls is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company’s Internal financial controls includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary

Annexure “B” to Independent Auditors’ Report (*contd.*)

to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Internal financial controls, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls to future periods are subject to the risk that Internal financial controls may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by Institute of Chartered Accountants of India.

For MONU JAIN & COMPANY

Firm Regn. No: 327900E

Chartered Accountants

Monu Jain

Partner

Place: Kolkata

Date: 30th May, 2018

Membership No: 302721

Balance Sheet as at 31st March, 2018

(₹ in lakhs)

Particulars	Notes	As at 31.03.2018	As at 31.03.2017	As at 1.04.2016
(I) ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	5	267.73	310.56	353.87
		267.73	310.56	353.87
b) Financial assets				
i) Non-Current Investments	6	6,409.84	6,409.84	6,409.84
ii) Loans & Advances	7	1,645.16	1,633.95	1,504.71
c) Other non-current assets	8	-	-	4.79
		8,322.73	8,354.36	8,273.22
(2) Current Assets				
a) Inventories	9	48.34	48.54	54.47
b) Financial assets				
i) Trade receivables	10	1,601.58	2,268.74	2,662.86
ii) Cash and cash equivalents	11	40.62	30.63	91.63
iii) Other financial assets	12	2.72	2.17	1.57
c) Other current assets	13	1,221.36	1,256.09	1,223.20
		2,914.62	3,606.17	4,033.73
TOTAL ASSETS		11,237.35	11,960.53	12,306.94
(II) EQUITY AND LIABILITIES				
1) Equity				
a) Equity share capital	14	3,463.06	3,463.06	3,463.06
b) Other equity	15	(930.41)	(831.86)	-431.06
		2,532.65	2,631.21	3,032.00
2) Non-current liabilities				
a) Provisions	16	8.46	8.46	8.46
b) Other long term liabilities	17	93.39	93.39	93.39
c) Deferred tax liabilities (Net)	18	33.17	46.55	52.36
		135.02	148.40	154.20
3) Current liabilities				
a) Financial liabilities				
i) Borrowings	19	6,345.05	6,250.07	6,134.01
ii) Trade payables	20	1,237.63	1,208.78	1,206.68
b) Other Current Liabilities	21	353.84	1,087.57	1,139.55
c) Provisions	22	633.16	634.50	640.49
		8,569.68	9,180.92	9,120.74
TOTAL EQUITY AND LIABILITIES		11,237.35	11,960.53	12,306.94

See accompanying notes forming part of the financial statements

As per terms of our report attached.

For and on behalf of the Board of Directors

For Monu Jain & Company

Firm Regn. No. 327900E

Chartered Accountants

Monu Jain

Partner

Membership No. 302721

Place : Kolkata

Date : 30th May, 2018

Mahesh Mehra
Whole-time Director

Tarak Nath Mishra
CFO

Sanjay Lal Gupta
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in lakhs)

Particulars	Note	For the year ended 31.03.2018	For the year ended 31.03.2017
1) Revenue from operations	23	12.96	12.71
2) Other income	24	4.24	22.52
3) Total Revenue (1) + (2)		17.20	35.23
4) EXPENSES			
a) Cost of materials consumed	25	4.25	10.29
b) Changes in inventories of work in progress	26	-	-
c) Employee benefits expense	27	28.36	30.62
d) Finance costs	28	15.55	(40.08)
e) Depreciation expense	29	42.83	43.31
f) Recoveries from unrecoverable work contracts	30	(34.83)	(44.00)
g) Other expenses	31	72.96	441.69
Total Expenses (4)		129.12	441.83
5) Loss before tax (3) - (4)		(111.93)	(406.60)
6) Tax Expense	32		
a) Current tax		-	-
b) Deferred tax			
i) Deferred tax expense/ (Income) for current year		(13.38)	(5.80)
Total tax expense (6)		(13.38)	(5.80)
7) Loss for the year (5) - (6)		(98.56)	(400.79)
8) Other comprehensive income			
a) Items that will be reclassified to statement of profit and loss		-	-
b) Items that will not be reclassified to statement of profit and loss		-	-
Total other comprehensive income (8)		-	-
9) Total comprehensive income for the period (7) + (8)		(98.56)	(400.79)
(10) Earnings per equity share (in Rupees): (Face value of share of Rs 10 each)	33		
a) Basic		(0.28)	(1.16)
b) Diluted		(0.28)	(1.16)

See accompanying notes forming part of the financial statements

As per terms of our report attached.

For and on behalf of the Board of Directors

For Monu Jain & Company

Firm Regn. No. 327900E

Chartered Accountants

Monu Jain

Partner

Membership No. 302721

Place : Kolkata

Date : 30th May, 2018

Mahesh Mehra
Whole-time Director**Tarak Nath Mishra**
CFO**Sanjay Lal Gupta**
Company Secretary

Cash Flow Statement for the year ended 31st March, 2018

Particulars	(₹ in lakhs)	
	For the year ended 31.03.2018	For the year ended 31.03.2017
A. Cash Flow from Operating activities:		
Profit before tax	(111.93)	(406.60)
<i>Adjustments for:</i>		
Depreciation expense	42.83	43.31
Interest income	(2.39)	(4.96)
Interest expenses	15.55	(40.08)
Operating profit before working capital changes	(55.93)	(408.33)
<i>Adjustments for (increase)/decrease in operating assets</i>		
Inventories	0.20	5.93
Trade receivables	667.16	394.12
Non-current financial Assets	(11.20)	(129.24)
Other non-current assets	-	-
Current financial assets	-	-
Other current assets	3.98	(6.98)
<i>Adjustments for increase/(decrease) in operating liabilities</i>		
Trade Payables	28.86	2.09
Current financial liabilities	-	-
Other current liabilities	(733.74)	(51.97)
Other non-current liabilities	-	-
Cash generated from operations	(100.67)	(194.38)
Direct taxes paid	29.40	(31.90)
Net cash generated from/ (used in) operating activities	(71.27)	(226.28)
B. Cash Flow from Investing activities:		
Movement in other investments	-	4.79
Movement in fixed deposit held as margin	(1.58)	63.39
Interest received	1.84	4.36
Net cash generated from/ (used in) investing activities	0.26	72.54

Cash Flow Statement for the year ended 31st March, 2018 (contd.)

Particulars	(₹ in lakhs)	
	For the year ended 31.03.2018	For the year ended 31.03.2017
C. Cash Flow from Financing activities:		
Proceeds from long-term loans	3,995.21	(12.17)
Proceeds from /(Repayment against) working capital borrowings (net)	(3,900.23)	128.23
Proceeds from unsecured loans	-	-
Proceeds from buyer's credit	-	-
Interest paid	(15.55)	40.08
Net cash generated from/ (used in) operating activities	79.43	156.14
Net increase/(decrease) in cash and cash equivalents	8.41	2.40
Cash and cash equivalents as at 1 April¹	5.75	3.36
Cash and cash equivalents as at 31 March¹	14.16	5.76

See accompanying notes forming part of the financial statements

1. Cash and cash equivalents represents cash, cheques on hand and balances with banks. (Refer Note. 11)
2. Figures in brackets represent outflows.

As per terms of our report attached.

For and on behalf of the Board of Directors

For Monu Jain & Company

Firm Regn. No. 327900E

Chartered Accountants

Monu Jain

Partner

Membership No. 302721

Place : Kolkata

Date : 30th May, 2018

Mahesh Mehra
Whole-time Director

Tarak Nath Mishra
CFO

Sanjay Lal Gupta
Company Secretary

Statement of Changes in Equity for the year ended 31 March 2018

A. Equity Share Capital

Particulars	Amount ₹ in lakhs
Balance as at April 1, 2016	3,463.06
Changes in equity share capital during the year ended March 31, 2017	-
Balance as at March 31, 2017	3,463.06
Changes in equity share capital during the year ended March, 2018	-
Balance as at March 31, 2018	3,463.06

B. Other Equity

₹ in lakhs

Statement of changes in Equity	Reserves and surplus	Retained earnings		Total Equity
	Securities Premium Reserve	General Reserve	Retained Earnings	
Balance at April 1, 2016	4,793.85	484.87	(5,709.78)	(431.06)
Profit for the year	-	-	(400.79)	(400.79)
Other Comprehensive Income	-	-	-	-
Balance at March 31, 2017	4,793.85	484.87	(6,110.57)	(831.85)
Profit for the year	-	-	(98.56)	(98.56)
Balance at March 31, 2018	4,793.85	484.87	(6,209.13)	(930.41)

See accompanying notes forming part of the financial statements

As per terms of our report attached.

For and on behalf of the Board of Directors

For Monu Jain & Company

Firm Regn. No. 327900E

Chartered Accountants

Monu Jain

Partner

Membership No. 302721

Place : Kolkata

Date : 30th May, 2018

Mahesh Mehra
Whole-time Director

Tarak Nath Mishra
CFO

Sanjay Lal Gupta
Company Secretary

Notes forming part of the Financial Statements

1. General corporate information

Kaushalya Infrastructure Development Corporation Limited (the company) is a public limited 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, real estate developments and acquisition and development and sale of land. It also carries on the business of hotel.

The Company's services are limited to domestic markets only.

2. Application of new and revised Ind As

New Ind AS that has been issued but is not effective as of the closing day of the reporting period: **Ind AS 115 "Revenue from Contracts with Customers"** The Ministry of Corporate Affairs notified Ind AS 115 "Revenue from Contracts with Customers" in respect of accounting periods commencing on or after April 1, 2018, superseding Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue". The Company's current revenue recognition policy is broadly aligned to the principles enunciated in Ind AS 115 and does not require any material change except for realty business. In terms of Ind AS 115, revenue of realty business will be recognised at the time of delivery of units to the customers as compared to revenue recognition based on percentage completion method currently followed as per the Guidance note issued by the Institute of Chartered Accountants of India. The management is in the process of implementing Ind AS 115 and does not expect any material impact on the Company's financial position as at March 31, 2018 and on the financial results of the Company in the first year of implementation viz. financial year commencing on April 1, 2018 except as above."

3. Summary of significant accounting policies

3.01 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standard) Rules,

2015. Upto the financial year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP which included Standards notified under the Section 133 of the Companies Act, 2013. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016.

3.02 Basis of preparation and presentation

This is a separate financial statement presented as per requirement of Ind AS-27 those presented by a parent, an investor in an associate or a venturer in a jointly controlled entity, in which the investments are accounted for on the basis of direct equity interest rather than on the basis of the reported results and net assets of the investees.

These separate financial statements of the Company are prepared under the historical cost except for certain financial instruments that are measured at fair value at end of each reporting period. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In these separate financial statements, the fair value for measurement and/or disclosure purpose is determined on such basis except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised in to Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Notes forming part of the Financial Statements (*contd.*)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division II of Schedule III to the Companies Act, 2013. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Companies Act, 2013 are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Indian Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

3.03 Use of Estimates

The preparation of separate financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the separate financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

3.04 Revenue recognition

i) Income from services

Revenues from contracts priced on a time and material basis are recognized when services are rendered and related costs are incurred. Revenues from turnkey

contracts/ item rate contracts/ engineering procurement contracts, which are generally time bound fixed price contracts, are recognized over the life of the contract using the percentage of completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognized when probable. Revenues from maintenance contracts are recognized when services are performed.

ii) 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 outstanding balance of the uncertified portion of the revenue of the respective financial year.

iii) Income from Hotel

Income from hotel is recognized on accrual basis. Profit before depreciation from hotel business is recognized as income in statement of profit and loss. Depreciation and taxes related to hotel business is shown under respective heads of Statement of Profit and Loss.

iv) Other Income

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

Hire Charges: Income from hire charge is recognised on accrual basis.

Others: Income from agricultural activities, consultancy etc. is recognized on accrual basis.

3.05 Employee Benefits

i) Short-term benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

ii) Defined retirement benefits

The cost of providing defined benefit

Notes forming part of the Financial Statements (*contd.*)

retirement benefits are determined using the projected unit credit method. The company provides gratuity to its employees. Gratuity liabilities are not funded.

Remeasurements, comprising actuarial gains and losses, return on plan assets excluding amounts included in net interest on the net benefit liability (asset) and any change in the effect of the asset ceiling (if applicable) are recognised in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the comprehensive income are not reclassified to profit and loss but recognised directly in the retained earnings. Past service costs are recognised in profit and loss in the period in which the amendment to plan occurs. Net interest is calculated by applying the discount rate to the net defined liability or asset at the beginning of the period, taking into account of any changes in the net defined benefit liability(asset) during the period as a result of contribution and benefit payments.

Defined benefit costs which are recognised in profit and loss are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); and
- net interest expense or income; and

The retirement benefit obligation recognised in the separate financial statements represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reduction in future contributions to the plans.

The liability for termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

3.06 Taxation

i) Current tax

Current tax is the amount of tax payable on the taxable profit for the year as determined

in accordance with the provisions of the Income Tax Act, 1961. Taxable profit differs from 'Profit Before Tax' as reported in the separate statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Standalone financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from the deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary difference can be utilised and they are expected to reverse in the foreseeable future.

Notes forming part of the Financial Statements (*contd.*)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

iii) Minimum alternate tax

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is recognised as an asset in the balance sheet when there is convincing evidence that the Company will pay normal income tax during the specified period and it is probable that future economic benefit associated with it will flow to the Company.

iv) Current tax and deferred tax

Current tax and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively. The current and deferred tax arising from the initial accounting for business combination, are included in the accounting for the business combination.

3.07 Property, Plant and equipment

Land, buildings, Plant and equipment, Furniture and Fixtures, Vehicles, Office equipments held for use in the operations, or for administrative purposes are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. Cost includes purchase cost of materials, including import duties and non-refundable taxes, any directly attributable costs of bringing an asset to the location and condition of its intended use and

borrowing costs capitalised in accordance with the Company's accounting policy.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over the useful lives, using the straight-line method. Depreciation of assets commences when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes is accounted as change in estimate on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit and loss.

Assets acquired under finance leases are depreciated over their expected useful lives on the same basis as owned asset. When there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Estimated useful lives of the assets are as follows:

Buildings	: 30 to 60 years
Plant and equipment	: 3 to 15 years
Furniture and Fixtures	: 10 years
Office Equipments	: 3 to 5 years
Computers	: 3 years
Motor Vehicles	: 5 to 8 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit and loss.

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Notes forming part of the Financial Statements (*contd.*)

3.08 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.

3.09 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets (Other than goodwill) to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than the carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss.

When an impairment loss subsequently reverses, the carrying value of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years. Any reversal of an impairment loss is recognised immediately in profit and loss.

3.10 Inventories

Raw materials, stores and spares, finished goods,

other construction materials and fuel are valued at lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes purchase price, non refundable taxes and duties and other directly attributable costs incurred in bringing the goods/services to the point of sale. Work-in-progress is valued at cost.

Value of inventories are generally ascertained on the "FIFO" basis.

3.11 Provisions, Contingent liabilities and Contingent assets

03.11.01 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

03.11.02 Onerous contracts

An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligation arising under onerous contracts are recognised and measured as provisions.

03.11.03 Contingent liabilities and assets

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain

Notes forming part of the Financial Statements (*contd.*)

future events not wholly within the control of the Company, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made. Contingent liabilities are disclosed and not recognised. Contingent assets are neither recognised nor disclosed.

3.12 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit and loss.

3.13 Financial assets

All purchases or sales of financial assets which require delivery of assets within the time frame established by regulation or convention in the market place are recognised and derecognised on a trade date basis. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.13.01 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit and loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair

value through other comprehensive income (except for debt instruments that are designated as at fair value through profit and loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Interest income is recognised in profit and loss for FVTOCI debt instruments. For the purpose of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus exchange differences on the amortised cost are recognised in profit and loss and other changes in the fair value of FVTOCI financial assets in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit and loss.

All other financial assets are subsequently measured at fair value.

3.13.02 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit and loss and is included in the "Other income" line item.

3.13.03 Investments in equity instruments at FVTOCI

On initial recognition, the Company make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in the fair value of investments in equity

Notes forming part of the Financial Statements (*contd.*)

instruments (other than investments held for trading) in other comprehensive income. These instruments are initially measured at fair value plus transaction costs. Subsequently they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for Equity through other comprehensive income'. On disposal of these investments the cumulative gain or loss is not reclassified to profit and loss.

Dividends on these investments in equity instruments are recognised in profit and loss when the Company's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends are included as part of 'Other income' in the profit and loss.

3.13.04 Financial assets at fair value through profit and loss (FVTPL)

Financial assets which meets the criteria of financial assets held for trading are designated as 'Financial Assets at FVTPL'. The Company has derivatives that are not designated and effective as a hedge instrument which are designated as 'Financial Assets at FVTPL'. Financial assets at FVTPL are measured at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit and loss.

3.13.05 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on trade receivables, other contractual rights to receive cash or other financial instruments. Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risks on that financial instrument has increased significantly since initial recognition.

If the credit risk on financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses.

If the Company measures the loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risks has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12 month expected credit losses.

For trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures loss allowance at an equal to life time expected credit losses. For the purpose of measuring lifetime expected credit loss allowance for trade receivables the Company has used practical expedient as permitted under Ind AS 109. The expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.

3.13.06 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flow from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amounts and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit and loss if such gain or loss would have otherwise been recognised in profit and loss on disposal of that financial asset.

Notes forming part of the Financial Statements (*contd.*)

3.14 Financial liabilities and equity instruments

3.14.01 Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchases of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.14.02 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings and payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss. The net gain or loss recognised in profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

3.14.03 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over

the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.14.04 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.15 Joint Venture Operations

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.

3.16 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 36 months for real estate & infrastructure projects and 12 months for others for the purpose of classification of its assets and liabilities as current and non-current.

3.17 Rounding off

The financial statements has been prepared in Indian Rupees (Rs) rounded off to two nearest decimal places in lakhs unless otherwise stated.

Notes forming part of the Financial Statements (contd.)

4. First-time adoption - mandatory exceptions and optional exemptions

4.01 Overall principle

The Company has prepared the opening separate financial statements as per Ind AS as of April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

4.02 Derecognition of financial assets and liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).

4.03 Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI or FVTPL criteria based on the facts and circumstances that existed as of the transition date.

4.04 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted

by Ind AS 101.

4.05 Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2016. Consequently,

- The Company has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- The Company has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the Standalone balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree;
- The Company has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- The Company has tested the goodwill for impairment at the transition date based on the conditions as of the transition date;
- The effects of the above adjustments have been given to the measurement of non-controlling interests and deferred tax.

The above exemptions in respect of business combinations have also been applied to past acquisitions of interests in joint ventures, as defined in Ind AS 103.

4.06 Deemed cost of property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

5. Property, plant and equipment

Carrying amount of:

	As at 31.03.2018 ₹ in Lakhs	As at 31.03.2017 ₹ in Lakhs	As at 01.04.2016 ₹ in Lakhs
a) Buildings	75.42	76.96	78.50
b) Plant and Machinery	191.93	232.31	272.69
c) Furniture and Fixtures	0.23	0.94	1.75
d) Motor Vehicles	0.12	0.21	0.67
e) Office Equipments	0.03	0.14	0.26
	267.73	310.56	353.87

Notes forming part of the Financial Statements (contd.)

₹ in lakhs

5. Property, plant and equipment

	Freehold Building	Plant and Machinery	Furniture and fixtures	Motor Vehicles	Office equipments	Total
Cost or deemed cost						
Balance at April 1, 2016	78.50	272.69	1.75	0.67	0.26	353.87
Balance at March 31, 2017	78.50	272.69	1.75	0.67	0.26	353.87
Balance at March 31, 2018	78.50	272.69	1.75	0.67	0.26	353.87
Accumulated depreciation						
Balance at April 1, 2016	-	-	-	-	-	-
Depreciation expense	1.54	40.38	0.81	0.46	0.12	43.31
Balance at March 31, 2017	1.54	40.38	0.81	0.46	0.12	43.31
Depreciation expense	1.54	40.38	0.71	0.09	0.11	42.83
Balance at March 31, 2018	3.08	80.76	1.52	0.55	0.23	86.14
Carrying amount						
Balance at April 1, 2016	78.50	272.69	1.75	0.67	0.26	353.87
Depreciation expense	-1.54	-40.38	-0.81	-0.46	-0.12	-43.31
Balance at March 31, 2017	76.96	232.31	0.94	0.21	0.14	310.56
Depreciation expense	-1.54	-40.38	-0.71	-0.09	-0.11	-42.83
Balance at March 31, 2018	75.42	191.93	0.23	0.12	0.03	267.73

Note:

1. All the present and future property, plant equipments of the company are hypothecated to Alchemist Asset Reconstruction Company Limited.
2. Deemed cost : The deemed cost of the property plant and equipment as at 1st April 2016 represents carrying value of all of its property, plant and equipment recognised as of 1st April 2016 (transition date) measured as per the previous GAAP. The carrying value as at 1st April 2016 amounting to ₹ 353.87 lakhs represents gross cost of ₹ 888.86 lakhs net of accumulated depreciation of ₹ 490.76 lakhs as at 1st April, 2016.

Notes forming part of the Financial Statements (contd.)

	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Qty	Amount	Qty	Amount	Qty	Amount
	Nos.	₹ in lakhs	Nos.	₹ in lakhs	Nos.	₹ in lakhs
6 Non-current investments						
I. Financial Assets						
A) Investments in subsidiaries (carried at cost)						
Unquoted Investments (all fully paid)						
Investments in Equity Instruments of						
Bengal Kaushalya Nirman Ltd.	1,02,000	10.20	1,02,000	10.20	1,02,000.00	10.20
Bengal KDC Housing Development Ltd.	1,02,000	10.20	1,02,000	10.20	1,02,000.00	10.20
Kaushalya Energy Pvt. Ltd.	95,500	9.55	95,500	9.55	95,500.00	9.55
	2,99,500	29.95	2,99,500	29.95	2,99,500	29.95
B) Investments in associates (carried at cost)						
Unquoted Investments (all fully paid)						
Investments in Equity Instruments of						
Kaushalya Township Pvt. Ltd.	3,17,357	155.08	3,17,357	155.08	3,17,357	155.08
Kaushalya Nirman Pvt. Ltd.	46,000	19.40	46,000	19.40	46,000	19.40
Orion Abasaan Pvt. Ltd.	29,000	10.90	29,000	10.90	29,000	10.90
	3,92,357	185.38	3,92,357	185.38	3,92,357	185.38
	6,91,857	215.33	6,91,857	215.33	6,91,857	215.33
C) Other Investments						
Total Investments carrying fair value of through profit and loss						
Unquoted Investments (all fully paid)						
Investments in Equity Instruments of						
Balaji Turnkey Projects Solution (P) Ltd.#	2,28,600	514.35	2,28,600	514.35	2,28,600	514.35
Enlightened Projects Ltd. #	1,95,500	293.25	1,95,500	293.25	1,95,500	293.25
Orkay Engineering Ltd. #	8,53,000	426.50	8,53,000	426.50	8,53,000	426.50
Flare Realty Engineering (P) Ltd.	2,600	0.26	2,600	0.26	2,600	0.26
	12,79,700	1,234.36	12,79,700	1,234.36	12,79,700	1,234.36
# Although the Company holds more than 20% of the shareholding of the above mentioned companies but does not have significant influence over the same. Hence, the Company has not applied Ind AS 28: Investment in Associates and Joint Ventures while preparing the separate financial statements. Rather, the company has applied Ind AS 109: Financial Instruments for recognition and measurement of investments in the above mentioned companies.						
Investments in 10% Redeemable Non-Cumulative Preference Shares of ₹10/- each of subsidiary:						
Bengal KDC Housing Development Ltd.	1,09,73,283	1,097.33	1,09,73,283	1,097.33	1,09,73,283	1,097.33
Investments in 10% Redeemable Non-Cumulative Preference Shares of ₹10/- each of associates:						
Kaushalya Township Pvt. Ltd.	34,98,630	1,994.22	34,98,630	1,994.22	34,98,630	1,994.22
Kaushalya Nirman Pvt. Ltd.	8,79,968	510.38	8,79,968	510.38	8,79,968	510.38
Orion Abasaan Pvt. Ltd.	19,85,740	1,092.16	19,85,740	1,092.16	19,85,740	1,092.16
	63,64,338	3,596.76	63,64,338	3,596.76	63,64,338	3,596.76
	1,86,17,321	5,928.45	1,86,17,321	5,928.45	1,86,17,321	5,928.45
Total financial investments		6,143.77		6,143.77		6,143.77
II. Non financial assets						
Investment in Land	-	266.07	-	266.07	-	266.07
Total Non financial investments		266.07		266.07		266.07
Total Non-Current Investments		6,409.84		6,409.84		6,409.84
Aggregate book value of quoted investments		-		-		-
Aggregate book value of unquoted investments		6,143.77		6,143.77		6,143.77
Aggregate market value of quoted investments		-		-		-

Notes forming part of the Financial Statements (contd.)

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
7 Loans & Advances			
(Unsecured, considered good)			
a) Security deposits	1,574.45	1,561.74	1,403.05
b) Deposit with Related Parties	13.26	14.76	44.22
c) Others	57.45	57.45	57.45
	1,645.16	1,633.95	1,504.71
8 Other non-current assets			
a) Investment in Gold Coins	-	-	4.79
	-	-	4.79
9 Inventories (At lower of cost and net realisable value)			
a) Work in progress (At lower of cost and net realisable value)	41.04	41.04	41.04
b) Finished products (At lower of cost and net realisable value)	7.30	7.50	13.43
Total inventories	48.34	48.54	54.47
10 Trade receivables (Current)			
a) Unsecured, considered good [Note 35]	1,601.58	2,268.74	2,662.86
b) Unsecured, considered doubtful [Note 35]	4,000.00	4,000.00	4,000.00
Less: Allowance for expected credit losses	4,000.00	4,000.00	4,000.00
	1,601.58	2,268.74	2,662.86
Movement in the expected credit loss allowance			
Balance at beginning of the year	4,000.00	4,000.00	-
Expected credit loss allowance created on trade receivables, calculated at lifetime expected credit losses.	-	-	4,000.00
Balance at end of the year	4,000.00	4,000.00	4,000.00
Note:- There are certain contracts against which litigations are pending with various forums for dispute resolution. While creating provision for expected credit loss, the same has been considered.			
11 Cash and bank balances			
a) Cash and cash equivalents			
i) Cash in hand	2.16	5.33	2.06
ii) Balances with banks			
In current accounts	12.00	0.43	1.30
Total cash and cash equivalents	14.16	5.75	3.36
b) Other bank balances			
In deposit account (held as Margin/against Earnest Money Deposit/Performance Security/Others)	26.46	24.88	88.27
	26.46	24.88	88.27
Total cash and bank balances	40.62	30.63	91.63
Included above			
i) Earmarked balance held as Margin/ against Earnest Money Deposit/Performance Security/Others	26.46	24.88	88.27
12 Other current assets			
a) Interest accrued on financial assets held at amortised cost	2.72	2.17	1.57
	2.72	2.17	1.57

Notes forming part of the Financial Statements (contd.)

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
13 Other Current Assets			
a) Advance to suppliers & sub-contractors	11.00	14.73	3.58
b) Advance to Employees	0.57	0.77	2.02
c) Advance against expenses	0.53	0.58	3.50
d) Balance with Govt. Authorities	1,209.26	1,240.01	1,214.10
	1,221.36	1,256.09	1,223.20

Note:- All the present and future current assets of the Company are hypothecated to Alchemist Asset Reconstruction Company Limited.

14 Share capital

Authorised:

3,50,00,000 Equity Shares of ₹ 10 each	3,500.00	3,500.00	3,500.00
(as at March 31, 2017 : 3,50,00,000; as at April 1, 2016: 3,50,00,000 Equity Shares of ₹ 10/- each)	3,500.00	3,500.00	3,500.00

Issued, Subscribed and fully paid up:

3,46,30,630 Equity Shares of ₹ 10 each	3,463.06	3,463.06	3,463.06
(as at March 31, 2017 : 3,46,30,630; as at April 1, 2016: 3,46,30,630 Equity Shares of ₹ 10/- each)	3,463.06	3,463.06	3,463.06

Reconciliation of Number of shares and amount outstanding at the beginning and end of the reporting period

	For the year ended 31.03.2018		For the year ended 31.03.2017	
	No. of Shares	Amount ₹ in lakhs	No. of Shares	Amount ₹ in lakhs
Equity shares				
Issued, subscribed and fully paid up:				
At beginning and end of the year	3,46,30,630	3,463.06	3,46,30,630	3,463.06

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	%	No. of Shares	%
Mahanti Engineers Pvt. Ltd.	50,82,600	14.68%	50,82,600	14.68%
Sunkissed Merchandise Pvt. Ltd.	50,22,900	14.50%	50,22,900	14.50%
Keleenworth Marketing Pvt. Ltd.	43,36,350	12.52%	43,36,350	12.52%

Rights, preferences and restrictions attached to shares

Equity Shares

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is entitled for one vote per share held. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
15. Other Equity			
a) Securities premium reserve	4,793.85	4,793.85	4,793.85
b) General reserve	484.87	484.87	484.87
c) Retained Earnings	(6,209.13)	(6,110.58)	(5,709.78)
	(930.41)	(831.86)	(431.06)
Securities premium reserve			
Opening and closing balance	4,793.85	4,793.85	4,793.85
General reserve			
Opening and closing balance	484.87	484.87	484.87
Retained Earnings			
Opening balance	(6,110.58)	(5,709.78)	(5,709.78)
Loss for the year	(98.56)	(400.79)	-
Other Comprehensive Income	-	-	-
Closing balance	(6,209.13)	(6,110.58)	(5,709.78)
	(930.41)	(831.86)	(915.93)

Notes forming part of the Financial Statements (contd.)

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
16 Provisions			
a) Provision for employee benefits (Gratuity)	8.46	8.46	8.46
	<u>8.46</u>	<u>8.46</u>	<u>8.46</u>
17 Other long term liabilities			
Loans - at amortised cost			
a) Advance received from Joint venture	93.39	93.39	93.39
	<u>93.39</u>	<u>93.39</u>	<u>93.39</u>
18 Deferred tax liabilities (Net)			
Deferred tax assets	2.18	2.62	2.62
Deferred tax liabilities	(35.35)	(49.17)	(54.97)
	<u>(33.17)</u>	<u>(46.55)</u>	<u>(52.36)</u>

Deferred tax (liabilities)/assets not created in relation to:

For the year ended 31.03.2018

	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment	(49.17)	13.81	-	(35.35)
Provision for retirement benefits	2.62	(0.44)	-	2.18
	<u>(46.55)</u>	<u>13.38</u>	<u>-</u>	<u>(33.17)</u>

For the Year ended 31.03.2017

	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment	(54.97)	5.80	-	(49.17)
Provision for retirement benefits	2.62	-	-	2.62
	<u>(52.36)</u>	<u>5.80</u>	<u>-</u>	<u>(46.55)</u>

Note:- The company has incurred losses during the current year and do not expect to realise the deferred tax asset in the foreseeable future and accordingly has not recognised deferred tax asset on brought forward losses and unabsorbed depreciation.

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
Deferred tax (liabilities)/assets not created in relation to:			
Tax losses	3,872.36	3,501.26	2,038.48
Unabsorbed Tax depreciation	192.60	171.59	147.07
	<u>4,064.96</u>	<u>3,672.85</u>	<u>2,185.55</u>

19 Current Borrowings

Secured - at amortised cost

a) Cash credit repayable on demand	-	3,900.23	3,772.00
b) Loans			
From group company [Note 37]	570.00	26.00	-
From others	5,775.05	2,323.84	2,362.01
Total borrowings	<u>6,345.05</u>	<u>6,250.07</u>	<u>6,134.01</u>

19.01 Loan from group company represents loan taken from Bengal KDC Housing Development Limited (subsidiary of the company) repayable on demand at interest rate of 12% p.a.

Notes forming part of the Financial Statements (contd.)

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
20 Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,237.63	1,208.78	1,206.68
Total trade payables	1,237.63	1,208.78	1,206.68
Note:- The company does not have any outstanding dues to micro, small and medium enterprise for more than 45 days during the period and as on March 31, 2018.			
21 Other Current Liabilities			
a) Advance received from customers	308.10	947.95	947.95
b) Statutory dues	45.74	139.62	191.60
Total other liabilities	353.84	1,087.57	1,139.55
22 Provisions			
a) Other Provisions	633.16	634.50	640.49
	633.16	634.50	640.49
	For the year ended 31.03.2018 ₹ in lakhs	For the Year ended 31.03.2017 ₹ in lakhs	
23 Revenue from operations			
a) Contracts receipts	11.12	7.48	
b) Profit from hotel business [Note 23.1]	1.84	5.23	
Revenue from Operations (Net)	12.96	12.71	
23.01 Profit from hotel business before depreciation and tax			
REVENUE			
a) Food Sale	3.73	4.37	
b) Room Rent	11.53	10.76	
c) Cultivation Income	5.00	5.54	
Total (A)	20.26	21	
EXPENDITURE			
a) Direct Expenses	16.18	13.85	
b) Other expenses	2.24	1.59	
Total (B)	18.42	15.44	
Profit from hotel business before depreciation and tax (A-B)	1.84	5.23	
24 Other income			
a) Interest income on financial assets carried at amortised cost	2.39	4.96	
b) Agricultural Income	-	3.12	
c) Profit on Sale of Gold Coin	-	10.44	
d) Hire charges	0.90	3.90	
e) Miscellaneous income	0.95	0.10	
Total other income	4.24	22.52	
25 Cost of materials consumed			
Raw materials consumed	4.25	10.29	
	4.25	10.29	

Notes forming part of the Financial Statements (contd.)

	For the year ended 31.03.2018 ₹ in lakhs	For the Year ended 31.03.2017 ₹ in lakhs
26 Changes in inventories of work in progress		
Inventories at the beginning of the year		
a) Work-in-progress	41.04	41.04
	41.04	41.04
Inventories at the end of the year		
a) Work-in-progress	41.04	41.04
	41.04	41.04
Net (increase)/decrease in inventories	-	-
27 Employee benefits expense		
a) Salaries and wages, including bonus	27.97	29.08
b) Contribution to provident and other funds	0.12	0.19
c) Workmen and staff welfare expenses	0.27	1.36
Total employee benefits expense	28.36	30.62
28 Finance costs		
a) Interest expense on borrowings carried at amortised cost	15.30	(45.82)
b) Other borrowing cost	0.26	5.74
Total finance costs	15.55	(40.08)
29 Depreciation expense		
a) Depreciation on Property, plant and equipment (Refer Note 05)	42.83	43.31
Total depreciation	42.83	43.31
30 Recoveries from unrecoverable work contracts		
a) Service tax input taken on unrecoverable work contracts	(34.83)	(44.00)
	(34.83)	(44.00)
31 Other expenses		
a) Consumption of stores, spare parts and loose tools	0.16	0.52
b) Repairs and maintenance to plant and machinery	-	0.34
c) Power and fuel	-	0.27
d) Rates, taxes and licenses	30.74	8.13
e) Electricity expenses	1.18	1.49
f) Insurance charges	0.04	0.05
g) Selling and distribution expenses	0.95	1.56
h) Legal and professional fee	19.82	13.29
i) Travelling and conveyance expenses	1.92	1.48
j) Telephone & Internet expenses	0.66	1.29
k) Directors' remuneration	1.36	1.35
l) Printing and stationery	2.57	2.50
m) Audit fees [Note 31.1]	1.17	1.15
n) Allowance for expected credit loss on doubtful debts	-	400.00
o) Other general expenses	12.40	8.27
Total other expenses	72.96	441.69
31.1 Audit fee includes payment to statutory auditor towards:		
i) Statutory audit fee	1.17	1.15

Notes forming part of the Financial Statements (contd.)

	For the year ended 31.03.2018 ₹ in lakhs	For the Year ended 31.03.2017 ₹ in lakhs
32 Income tax recognised in profit and loss		
Current tax		
In respect of the current year	-	-
Deferred tax expense/ (Income)		
In respect of the current year	(13.38)	(5.80)
Tax expense recognised in Statement of Profit and Loss	<u>(13.38)</u>	<u>(5.80)</u>

The income tax expense for the year can be reconciled to the accounting profit (loss) as follows:

Loss before tax for the year	(111.93)	(406.60)
Income tax expense calculated at 25.75% (for the 2016-17: 30.90%) on above	(28.82)	(125.64)
Total adjustments in relation to tax	28.82	125.64
Tax expense recognised in Statement of Profit and loss	<u>-</u>	<u>-</u>
33 Earnings per share (in Rupees)		
Basic and diluted earnings per share		
The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows:		
Profit for the year	(98.56)	(400.79)
Weighted average number of equity shares for the purpose of basic earnings per share	3,46,30,630	3,46,30,630
Basic and diluted earnings per share	(0.28)	(1.16)
The Company is not having any potential ordinary shares which are dilutive in nature. Hence diluted earnings per share is not calculated separately.		

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
34 Additional information to the Financial Statements			
34.01 Contingent Liabilities			
1 a) Performance guarantees issued by the banks to various Government Authorities, for which the company has provided counter guarantee against fixed deposit receipts have been pledged by the company.	NIL	38.01	244.70
b) Performance guarantees issued on behalf of other companies against which fixed deposit receipts have been pledged by the company.	NIL	NIL	86.74
c) Bank Interest Reversed	NIL	45.87	16.79
2 Claims not acknowledged as debts			
Income Tax Demand (Assessment Year 2005-06)	NIL	NIL	0.91
Income Tax Demand (Assessment Year 2007-08)	25.06	28.47	28.47
Income Tax Demand (Assessment Year 2009-10)	20.19	25.19	30.27
Income Tax Demand (Assessment Year 2010-11)	37.61	37.61	37.61
Income Tax Demand (Assessment Year 2011-12)	1.91	1.91	1.91
Income Tax Demand (Assessment Year 2012-13)	59.26	51.43	51.43
Income Tax Demand (Assessment Year 2013-14)	332.74	278.06	278.06
Income Tax Demand (Assessment Year 2014-15)	513.89	475.52	NIL
The Central Excise Act, 1944, Service Tax	896.85	896.85	896.85
The WBVAT Act, 2003, VAT	21.00	21.00	21.00
The WBVAT Act, 2003, VAT	817.10	817.10	817.10
The WBVAT Act, 2003, VAT	6.60	6.60	6.60
The WBVAT Act, 2003, VAT	<u>0.35</u>	<u>0.35</u>	<u>0.35</u>
	2,732.55	2,640.08	2,518.79

Future cash outflows in respect of above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.

Notes forming part of the Financial Statements (contd.)

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
34.02 Capital and other commitments			
a) Capital commitments			
Estimated value of contracts remaining to be executed on capital account	NIL	NIL	NIL

34.03 Contingent assets

- a) Dispute between the Company's client NPCC Ltd. and the principal NTPC Ltd. was settled in the favour of NPCC Ltd. to the tune of Rs. 8.55 Crores by the Permanent Machinery of Arbitration (P.M.A.). The principal, NTPC Ltd. has preferred an appeal before the Secretary P.M.A. which is pending disposal. As per terms of MOU with NPCC Ltd., the claim once received by NPCC Ltd. shall be passed on to the Company after deduction of margins of NPCC Ltd. and tax amounts.
- b) Dispute between the Company and National Highways Authority of India (NHAI) was settled in favour of the Company through arbitration. NHAI had preferred an appeal against the arbitration award in the Hon'ble Calcutta High Court which is pending disposal. An interim amount of Rs. 0.48 crore was received by the company towards the award as it was not appealed against by NHAI. The remaining award amount of Rs. 6 Crores plus interest is pending in appeal. Moreover, NHAI has deposited a substantial amount of the award with the Hon'ble Calcutta High Court and deposited a portion of it in a separate interest bearing deposit.

34.04 Disclosure on debt restructuring and settlement of loans taken from scheduled commercial banks

- (i) The debts of Indian Overseas Bank (IOB) and State Bank of India (SBI) were taken over by Alchemist Asset Reconstruction Company (Trust VII) (ARC). The company has reached a settlement of its debts with respect to the amount taken over by ARC from SBI and a restructuring of the debts with respect to the amount taken over from IOB by the ARC. The settlement amount with respect to SBI of Rs. 370.00 lakhs is to be paid by the company to the ARC and the restructured amount relating to IOB of ₹ 1,302.50 is to be paid by the company to the ARC in quarterly instalments as per the restructuring schedule.
- (ii) The company has not yet recognised any gain/ notional gain on restructuring/ settlement of loan, pending filling of consent application/ application reflecting restructuring/settlement by Alchemist Asset Reconstruction Company Limited with the Debt Recovery Tribunal in the cases pending thereat. [Note 19]
- (iii) State Bank of India has credited/ Written off Rs.975.96 lakhs from cash credit account in the second quarter and entire debt under FITL/WCTL in the third quarter of Financial Year 2017-18 which was reflected in the Bank statements provided by them. While settlement/ restructuring was reached with respect to the debts taken over by the ARC, matters are still pending before the DRT and hence the above credit/ written off amounts have not been reflected in the results until such time when final no-dues are received by the company from the ARC in this respect and/ or DRT case in this respect is resolved. [Note 19]

34.05 Disclosure in terms of G.S.R.307(E) read with G.S.R.308(E) dated 30th March, 2017 issued by the Ministry of Corporate Affairs, Government of India.

The details of the specified bank notes (SBNs) held and transacted during the period from 8 November, 2016 to 30 December, 2016 are as follows:

	₹ in lakhs		
Particulars	Specified Bank Notes	Other denomination	Total amount
Closing cash in hand as on 8th November, 2016	0.99	1.19	2.18
Add : Permitted receipts	-	8.56	8.56
Less : Permitted payments	-	3.99	3.99
Less : Amount deposited in Banks	0.99	-	0.99
Closing cash in hand as on 30th December, 2016	-	5.77	5.77

Note:- The company do not have any specified bank note and disclosure pertaining to same for the current year is not required. Disclosure relating to previous year are provided as above.

Notes forming part of the Financial Statements (contd.)

	For the year ended 31.03.2018 ₹ in lakhs	For the Year ended 31.03.2017 ₹ in lakhs
35 Disclosures under Indian Accounting Standards		
35.01 Disclosures pursuant to Ind AS 11 "Construction Contracts":		
a) Contract revenue recognised as revenue during the year	11.12	7.48
b) Aggregate amount of contract costs incurred and recognised profits (net of recognised losses) upto the reporting period	43.70	28.15
c) Advances received for contracts in progress (Unadjusted)	-	-
d) Retention money under contracts in progress	-	-
e) Gross amount due from customers for contract work (asset)	11.12	7.48
f) Gross amount due to customers for contract work (liability)	-	-
Note: Contract revenue recognised and the stage of completion of contract in progress are determined based on the policies and methods disclosed.		
35.02 Disclosures pursuant to Guidance Note on Accounting for Real Estate		
a) Amount of project revenue recognised for the financial year	-	-
b) Aggregate amount of costs incurred and profits recognised (less recognised losses) as at end of the financial year	-	-
c) Amount of advances received	-	-
d) Amount of work-in-progress and the value of inventories	-	-
e) Excess of revenue recognised over actual bills raised (unbilled revenue)	-	-
35.03 Employee Benefits		
Defined Contribution plans		
The Company has not transferred any amount towards long term defined benefit obligations as the management estimates that provision for retirement benefits is sufficient. Further the company has made contribution to following defined contribution plans:-		
Provident and other funds	0.12	0.19
Total	0.12	0.19
Defined Benefit Plans		
The Company provided the following employee benefits		
Funded : Provident Fund		
Non Funded: Gratuity		
35.04 Details of the Gratuity Plan are as follows		
Description	2017-18 ₹ in lakhs	2016-17 ₹ in lakhs
1. Reconciliation of opening and closing balances of obligation		
a. Obligation as at beginning of the year	8.46	8.46
b. Current service cost	-	-
c. Interest cost	-	-
d. Liabilities assumed from associate companies for transferred employees	-	-
e. Actuarial (gain)/loss	-	-
f. Benefits paid	-	-
g. Obligation as at end of the year	8.46	8.46
2. Change in fair value of plan assets		
a. Fair value of plan assets as at beginning of the year	-	-
b. Expected return on plan assets	-	-
c. Assets transferred from associate companies for transferred employees	-	-
d. Actuarial gain/(loss)	-	-
e. Contributions made by the company	-	-
f. Benefits paid	-	-
g. Fair value of plan assets as at end of the year	-	-

Notes forming part of the Financial Statements (contd.)

	2017-18 ₹ in lakhs	2016-17 ₹ in lakhs
3. Reconciliation of fair value of plan assets and obligation		
a. Present value of obligation	8.46	8.46
b. Fair value of plan assets	-	-
c. Amount recognised in the balance sheet Asset/(Liability)	(8.46)	(8.46)
4. Expenses recognised during the year		
a. Current service cost	-	-
b. Interest cost	-	-
c. Expected return on plan assets	-	-
d. Actuarial (gain)/loss	-	-
e. Expenses recognised during the year	-	-

Note:- The number of employees in the company has reduced significantly and the management is of the view that the provision for retirement benefit is sufficient to meet the future liability. Hence no amount has been charged to the statement of profit and loss.

35.05 Segment Reporting

The company is engaged in business of construction contracts of Infrastructure and Hotel operations. In accordance with Ind AS-108 "Operating Segments" the company has presented segment information on the basis of its consolidated financial statements which form part of this report.

In the Company's operations within India there is no significant difference in the economic conditions prevailing in the various states of India. Further, the company does not have any revenue from foreign. Hence disclosures on geographical segment are not applicable.

36. Financial instruments

36.01 Capital management

The Company manages its capital to ensure that entities will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Capital structure of the Company consists of net debt (borrowings as detailed in note 20 offset by cash and bank balances) and the total equity of the Company.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, long term-term borrowings, short-term borrowings, less cash and short-term deposits.

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
Gearing Ratio			
The gearing ratio at end of the reporting period was as follows			
Debt			
Current borrowings	6,345.05	6,250.07	6,134.01
Net debt	6,345.05	6,250.07	6,134.01
Total equity	2,532.64	2,631.20	3,032.00
Equity share capital	3,463.06	3,463.06	3,463.06
Other equity	(930.42)	(831.86)	(431.06)
Net debt to equity ratio	2.51	2.38	2.02

36.02 Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risks, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. The Company does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

The corporate treasury management reports on quarterly basis to the board of directors that monitors risks and policies implemented to mitigate risk exposures.

Notes forming part of the Financial Statements (contd.)

36.03 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company enters into derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

36.04 Credit risk management

Credit risks refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. Financial instruments that are subject to concentrations of credit risk, principally consist of trade receivables, finance receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks. The Company does not engage in speculative treasury activity but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

The credit risk on bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On going credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings.

36.05 Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the maturity profile of Company's non-derivative financial liabilities with agreed repayment period. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	₹ in lakhs					
	Carrying amount	Less than 1 month	1 - 3 months	3 months to 1 year	1 to 5 years	> 5 years
As at 31.03.2018						
Borrowings- Non current	93.39	-	-	-	93.39	-
Borrowings- Current*	6,345.05	-	2,575.43	3,769.62	-	-
Trade payables- Current	1,237.63	-	-	1,237.63	-	-
Other Current Liabilities	353.84	-	-	353.84	-	-
	<u>8,029.91</u>	<u>-</u>	<u>2,575.43</u>	<u>5,361.10</u>	<u>93.39</u>	<u>-</u>
As at 31.03.2017						
Borrowings- Non current	93.39	-	-	-	93.39	-
Borrowings- Current*	6,250.07	-	-	6,250.07	-	-
Trade payables- Current	1,208.78	-	-	1,208.78	-	-
Other Current Liabilities	1,087.57	-	-	1,087.57	-	-
	<u>8,639.80</u>	<u>-</u>	<u>-</u>	<u>8,546.42</u>	<u>93.39</u>	<u>-</u>
As at 01.04.2016						
Borrowings- Non current	93.39	-	-	-	93.39	-
Borrowings- Current*	6,134.01	-	-	6,134.01	-	-
Trade payables- Current	1,206.68	-	-	1,206.68	-	-
Other Current Liabilities	1,139.55	-	-	1,139.55	-	-
	<u>8,573.63</u>	<u>-</u>	<u>-</u>	<u>8,480.24</u>	<u>93.39</u>	<u>-</u>

* The "Borrowing- Current" comprises of loans from State Bank of India and Indian Overseas Bank which have been called up and cases are pending before Debt Recovery Tribunal, hence classified under current liability. [Refer Note 34.04]

Notes forming part of the Financial Statements (contd.)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
	₹ in lakhs	₹ in lakhs	₹ in lakhs
36.06 Financing facilities			
The following table details the Company's borrowing facilities that are available for future operating activities.			
Secured bank overdraft / working capital demand loan facility reviewed annually and payable at call			
- amount used [Refer Note 34.04]	-	3,900.23	3,772.00
- amount unused	-	-	-
	<u>-</u>	<u>3,900.23</u>	<u>3,772.00</u>
Secured bill acceptance facility from bank reviewed annually and payable at call			
- amount used	-	-	-
- amount unused	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

36.07 Fair value measurements

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.12 to 3.14.

Financial assets and Liabilities

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosure are required):

As at March 31, 2018					
	Current/ Non Current	Fair Value through Other Comprehensive Income	Amortised Cost	Total Carrying Value	Total Fair Value
Financial Assets:					
Other investments in equity instruments	Non current	5,928.45	-	5,928.45	5,928.45
Loans & Advances	Non current	-	1,645.16	1,645.16	1,645.16
Trade receivables	Current	-	1,601.58	1,601.58	1,601.58
Cash and cash equivalent	Current	-	40.62	40.62	40.62
Loans & Advances	Current	-	1,221.36	1,221.36	1,221.36
Total		<u>5,928.45</u>	<u>4,508.72</u>	<u>10,437.16</u>	<u>10,437.16</u>
Financial Liabilities					
Loans	Non Current	-	93.39	93.39	93.39
Borrowings	Current	-	6,345.05	6,345.05	6,345.05
Trade payables	Current	-	1,237.63	1,237.63	1,237.63
Total		<u>-</u>	<u>7,676.07</u>	<u>7,676.07</u>	<u>7,676.07</u>

As at March 31, 2017					
Financial Assets:					
Other investments in equity instruments		5,928.45	-	5,928.45	5,928.45
Loans & Advances	Non current	-	1,633.95	1,633.95	1,633.95
Trade receivables	Current	-	2,268.74	2,268.74	2,268.74
Cash and cash equivalent	Current	-	30.63	30.63	30.63
Loans & Advances	Current	-	1,256.09	1,256.09	1,256.09
Total		<u>5,928.45</u>	<u>5,189.42</u>	<u>11,117.86</u>	<u>11,117.86</u>

Notes forming part of the Financial Statements (contd.)

	Current/ Non Current	Fair Value through Other Comprehensive Income	Amortised Cost	Total Carrying Value	Total Fair Value
Financial Liabilities					
Loans	Non Current	-	93.39	93.39	93.39
Borrowings	Current	-	6,250.07	6,250.07	6,250.07
Trade payables	Current	-	1,208.78	1,208.78	1,208.78
Total		-	7,552.23	7,552.23	7,552.23
As at April 1, 2016					
Financial Assets					
Other investments in equity instruments	Non current	5,928.45	-	5,928.45	5,928.45
Loans & Advances	Non current	-	1,504.71	1,504.71	1,504.71
Trade receivables	Current	-	2,662.86	2,662.86	2,662.86
Cash and cash equivalent	Current	-	91.63	91.63	91.63
Loans & Advances	Current	-	1,223.20	1,223.20	1,223.20
Total		5,928.45	5,482.40	11,410.85	11,410.85
Financial Liabilities					
Loans	Non Current	-	93.39	93.39	93.39
Borrowings	Current	-	6,134.01	6,134.01	6,134.01
Trade payables	Current	-	1,206.68	1,206.68	1,206.68
Total		-	7,434.08	7,434.08	7,434.08

Fair Value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

₹ lakhs

	As at 31.03.2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other investments in equity instruments	-	-	5,928.45	-
	-	-	5,928.45	-
As at 31.03.2017				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other investments in equity instruments	-	-	5,928.45	5,928.45
	-	-	5,928.45	5,928.45
As at 01.04.2016				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other investments in equity instruments	-	-	5,928.45	5,928.45
	-	-	5,928.45	5,928.45

Notes forming part of the Financial Statements (contd.)

37 Related party transactions

List of related parties and relationship

Name of the related party	Nature of Relationship	Business	Incorporation details
Bengal Kaushalya Nirman Ltd.	Subsidiary	Real estate development	04.03.2008
Bengal KDC Housing Development Ltd.	Subsidiary	Housing projects	28.06.2006
Kaushalya Energy (P) Ltd.	Subsidiary	Generation and distribution of power	15.09.2008
Azure Solar KDC (P) Ltd.	Step down subsidiary	Generation and Distribution of Solar Power	19.05.2010
Kaushalya Nirman (P) Ltd.	Associate	Real estate development	05.09.2006
Orion Abasaan (P) Ltd.	Associate	Housing projects	05.09.2006
Kaushalya Township (P) Ltd.	Associate	Real estate development	05.09.2006
KIDCO NACC JV	Joint venture	Construction of Small Hydro Power Project	01.07.2009

Particulars	KMP & Close members of their family	Subsidiaries/ Associates/ JV	Total	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Outstanding as on April 1, 2016
Remuneration to directors						
Prashant Mehra	-	-	-	8.50	-	-
Mahesh Mehra	11.40	-	11.40	30.31	-	-
Kartik Mehra	4.80	-	4.80	12.28	-	-
Karan Mehra	4.80	-	4.80	14.13	-	-
Total	21.00	-	21.00	65.22	-	-
Previous Year						
Prashant Mehra	-	-	-	-	8.50	8.50
Mahesh Mehra	11.40	-	11.40	-	20.00	9.82
Kartik Mehra	4.80	-	4.80	-	7.50	4.72
Karan Mehra	4.80	-	4.80	-	9.34	4.58
Total	21.00	-	21.00	-	45.33	27.62
Sitting Fee to directors						
Asoke Das	0.51	-	0.51	-	-	-
Anil Kumar Agarwal	0.34	-	0.34	-	-	-
Minoti Nath	0.51	-	0.51	-	-	-
Total	1.36	-	1.36	-	-	-
Previous Year						
P.K. Bhattacharya	0.31	-	0.31	-	-	-
Asoke Das	0.14	-	0.14	-	-	-
Anil Kumar Agarwal	0.39	-	0.39	-	-	-
Minoti Nath	0.53	-	0.53	-	-	-
Total	1.35	-	1.35	-	-	-
Rent Paid						
Neeru Mehra	-	-	-	5.40	-	-
Total	-	-	-	5.40	-	-
Previous Year						
Neeru Mehra	3.00	-	3.00	-	54.00	5.40
Total	0.00	-	0.00	-	0.00	0.00

Notes forming part of the Financial Statements (contd.)

Particulars	KMP & Close members of their family	Subsidiaries/ Associates/ JV	Total	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Outstanding as on April 1, 2016
Loan taken from subsidiary						
Bengal KDC Housing Development Ltd.	-	544.00	544.00	570.00	-	-
Previous Year						
Bengal KDC Housing Development Ltd.	-	26.00	26.00	-	26.00	-
Advance Given						
Azure Solar KDC (P) Ltd.	-	-	-	13.26	-	-
Previous Year						
Bengal KDC Housing Development Ltd.	-	0.97	0.97	-	-	-
Azur Solar KDC (P) Ltd].	-	-	-	-	14.76	14.76
Total	-	0.97	0.97	-	14.76	14.76
Advance Taken						
Kidco NACC JV	-	-	-	933.39	-	-
Azur Solar KDC (P) JLtd.	-	1.50	1.50	-	-	-
Total	-	-	-	933.39	-	-
Previous Year						
Bengal Kaushalya Nirman Ltd.	-	56.42	56.42	-	-	-
Kidco NACC JV	-	-	-	-	933.39	933.39
	-	56.42	56.42	-	933.39	933.39
Interest Payable						
Bengal KDC Housing Development Ltd.	-	8.83	8.83	8.83	-	-
Previous Year						
Bengal KDC Housing Development Ltd.	-	-	-	-	0.94	-

38 First-time Ind AS Adoption reconciliation

₹ in lakhs

38.01 Reconciliation of total equity as at March 31, 2017 and April 1, 2016

	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 Rs in lakhs
Total equity (shareholders' funds) under previous GAAP	2,631.21	3,032.00
Total adjustments to equity	-	-
Total equity (shareholders' funds) under Ind AS	2,631.21	3,032.00

38.02 Reconciliation of total comprehensive income for the year ended March 31, 2017

₹ in lakhs

	For the Year ended 31.03.2017
Loss as per previous GAAP	(400.79)
Total effect of transition to Ind AS	-
Loss for the year as per Ind AS	(400.79)
Other comprehensive income for the year (net of tax)	-
Total comprehensive income under Ind AS	(400.79)

Note: Under the previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.

Notes forming part of the Financial Statements (*contd.*)

38.03 Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2017

Notes	Year ended 31.03.2017		As per Ind AS profit and loss
	Previous GAAP	Effect of transition to Ind AS	
Net cash flows from operating activities	(256.33)	30.05	(226.28)
Net cash flows from investing activities	102.59	(30.05)	72.54
Net cash flows from financing activities	156.14	-	156.14

Note :

- Under previous GAAP, non-current investments were stated at cost less provision for diminution in value of investments, if any. Under Ind AS, financial assets in equity instruments, other than equity instruments in Subsidiaries and Joint venture, have been classified as Fair Value through Other Comprehensive Income (FVTOCI) through an irrevocable election at the date of transition.
- Loan processing fees/transaction cost under Ind AS is considered for calculating effective interest rate. The impact for the period subsequent to the date of transition is accounted in the statement of profit and loss .
- On the date of transition, deferred tax impact on transition provision has been accounted in the Reserves, and consequential impact is accounted for in the statement of profit and loss for subsequent periods.

39 Approval of financial statements

The financial statements were approved for issue by the board of directors on May 30, 2018.

As per terms of our report attached.

For and on behalf of the Board of Directors

For Monu Jain & Company

Firm Regn. No. 327900E

Chartered Accountants

Monu Jain

Partner

Membership No. 302721

Place : Kolkata

Date : 30th May, 2018

Mahesh Mehra
Whole-time Director

Tarak Nath Mishra
CFO

Sanjay Lal Gupta
Company Secretary

Consolidated Financials

Independent Auditors' Report

To The Members of

KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Kaushalya Infrastructure Development Corporation Ltd. ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its jointly controlled companies and associate companies; (refer Note 1 to the attached consolidated Ind AS financial statements), comprising of the consolidated Balance Sheet as at 31st March 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements).

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated changes in equity of the Group including its associates and jointly controlled companies in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the Companies included in the Group and of its associates and jointly controlled companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and jointly controlled companies respectively for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making

judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the rules made there under including the accounting standards and matters which are required to be included in the audit report.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Independent Auditor's Report (contd.)

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statement and other financial information of the subsidiaries, associates and jointly controlled companies, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Holding Company as at 31st March, 2018, and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statement have been maintained by the Holding Company, its subsidiaries included in the Group, associate companies and jointly controlled companies incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the books of account maintained by the Holding Company, its subsidiaries included in the Group, associate companies and jointly controlled companies incorporated in India, including relevant records relating to the preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued there under;

- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2018, taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India are disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting (Internal financial controls), with reference to financial statements of the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure 'A'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at 31st March 2018 on the consolidated financial position of the Group, its associates and jointly controlled companies - Refer Note 34 to the consolidated Ind AS financial statements.
 - ii) Provision has been made in the Consolidated Financial statement, as required under the applicable laws or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii) There were no delays in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended 31st March 2018.

For MONU JAIN & COMPANY

Firm Regn. No: 327900E

Chartered Accountants

Monu Jain

Partner

Place: Kolkata

Date: 30th May, 2018

Membership No: 302721

Annexure ‘A’ to the Independent Auditors’ Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of Kaushalya Infrastructure Development Corporation Ltd. (hereinafter referred to as the Holding Company) as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, incorporated in India, to whom reporting under clause (i) of sub-section 3 of Section 143 of the Act in respect of the adequacy of internal financial controls based on the internal control over financial reporting criteria established by the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Holding Company, its subsidiary companies, its

associate companies and jointly controlled companies, which are incorporated in India, internal financial controls based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal financial controls, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls and their operating effectiveness. Our audit of internal financial controls included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the Holding Company’s internal financial controls.

Meaning of Internal Financial Controls over Financial Reporting

A company’s Internal financial controls is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for

Annexure “A” Independent Auditor’s Report (*contd.*)

external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Internal financial controls, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation

of the internal financial controls to future periods are subject to the risk that internal financial controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, incorporated in India has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For MONU JAIN & COMPANY
Firm Regn. No: 327900E
Chartered Accountants

Monu Jain
Partner

Place: Kolkata
Date: 30th May, 2018

Membership No: 302721

Consolidated Balance Sheet as at 31st March, 2018

Particulars	Notes	(₹ in lakhs)		
		As at 31.03.2018	As at 31.03.2017	As at 1.04.2016
(I) ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	05	267.73	316.30	362.01
		267.73	316.30	362.01
b) Financial assets				
(i) Non-Current Investments	06	5,287.21	5,297.63	5,283.02
(ii) Loans & Advances	07	2,169.28	2,036.75	1,515.28
c) Other non-current assets	08	17.98	17.98	22.78
		7,742.19	7,668.67	7,183.09
(2) Current Assets				
a) Inventories	10	48.34	48.54	54.47
b) Financial assets				
i) Trade receivables	11	1,601.58	2,952.78	3,763.81
ii) Cash and cash equivalent	12	99.96	37.02	100.61
iii) Other financial assets	13	2.72	2.17	1.57
c) Other current assets	14	1,229.60	1,258.66	1,227.03
		2,982.21	4,299.17	5,147.48
TOTAL ASSETS		10,724.40	11,967.84	12,330.58
(II) EQUITY AND LIABILITIES				
(1) Equity				
a) Equity share capital	15	3,463.06	3,463.06	3,463.06
b) Other equity	16	(1,511.30)	(869.54)	(456.04)
		1,951.76	2,593.52	3,007.02
(2) Non Controlling Interest		17.21	12.00	13.28
(3) Non-current liabilities				
a) Provisions	17	8.46	8.46	8.46
b) Other long term liabilities	18	9.34	9.34	9.34
c) Deferred tax liabilities (Net)	09	33.17	46.55	52.36
		50.97	64.35	70.16
(4) Current liabilities				
a) Financial liabilities				
i) Borrowings	19	6,345.05	6,250.07	6,134.01
ii) Trade payables	20	1,253.09	1,211.44	1,211.66
b) Other Current Liabilities	21	470.83	1,201.97	1,253.95
c) Provisions	22	635.49	634.50	640.49
		8,704.46	9,297.97	9,240.11
TOTAL EQUITY AND LIABILITIES		10,724.41	11,967.84	12,330.58

See accompanying notes forming part of the financial statements

As per terms of our report attached.

For and on behalf of the Board of Directors

For Monu Jain & Company

Firm Regn. No. 327900E

Chartered Accountants

Monu Jain

Partner

Membership No. 302721

Place : Kolkata

Date : 30th May, 2018

Mahesh Mehra
Whole-time Director

Tarak Nath Mishra
CFO

Sanjay Lal Gupta
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in lakhs)

Particulars	Note	For the year ended 31st March, 2018	For the year ended 31st March, 2017
1) Revenue from operations	23	12.96	12.71
2) Other income	24	41.94	24.24
3) Total Revenue (1) + (2)		54.90	36.95
4) EXPENSES			
a) Cost of materials consumed	25	4.25	10.29
b) Changes in inventories of work in progress	26	-	-
c) Employee benefits expense	27	45.35	31.02
d) Finance costs	28	15.61	(40.02)
e) Depreciation expenses	29	44.42	45.71
(f) Recoveries from unrecoverable work contracts	30	(34.83)	(44.00)
(g) Other expenses	31	79.50	443.14
Total Expenses (4)		154.31	446.14
5) Profit before tax (3) - (4)		(99.40)	(409.19)
6) Tax Expense			
a) Current tax			
i) Current tax for current year		2.34	-
ii) Current tax relating to prior years		0.01	0.01
b) Deferred tax			
i) Deferred tax expense/ (Income) for current year		(13.38)	(5.80)
Total tax expense (6)		(11.03)	(5.79)
7) Profit for the year before adjustments of associates (5-6)		(88.37)	(403.40)
8) Share of Profit/(Loss) of associates (Net of Tax)		(10.43)	14.61
9) Non Controlling Interest	32	(5.22)	1.29
10) Profit for the year (7+8+9)		(104.01)	(387.50)
(8) Other comprehensive income			
a) Items that will be reclassified to statement of profit and loss		-	-
b) Items that will not be reclassified to statement of profit and loss		-	-
Total other comprehensive income (8)		-	-
9) Total comprehensive income for the year (7) + (8)		(104.01)	(387.50)
10) Earnings per equity share (in Rupees):			
(Face value of share of Rs 10 each)	33		
(a) Basic		(0.30)	(1.12)
(b) Diluted		(0.30)	(1.12)

See accompanying notes forming part of the financial statements

In terms of our report attached.

For and on behalf of the Board of Directors

For Monu Jain & Company

Firm Regn. No. 327900E

Chartered Accountants

Monu Jain

Partner

Membership No. 302721

Place : Kolkata

Date : 30th May, 2018

Mahesh Mehra
Whole-time Director

Tarak Nath Mishra
CFO

Sanjay Lal Gupta
Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2018

Particulars	(₹ in lakhs)	
	For the year ended 31.03. 2018	For the year ended 31.03.2017
A. Cash Flow from Operating activities:		
Profit before tax	(99.40)	(409.19)
<i>Adjustments for:</i>		
Depreciation expenses	44.42	45.71
Interest income	(2.39)	(4.96)
Interest expenses	15.61	(40.02)
Operating profit before working capital changes	(41.77)	(408.47)
<i>Adjustments for (increase)/decrease in operating assets</i>		
Inventories	0.20	5.93
Trade receivables	1,351.20	811.02
Non-current financial Assets	(9.97)	(158.69)
Current financial assets	3.98	(6.35)
<i>Adjustments for increase/(decrease) in operating liabilities</i>		
Trade Payables	41.65	(0.22)
Other current liabilities	(731.13)	(51.98)
Cash generated from operations	614.17	191.23
Direct taxes paid	23.72	(31.29)
Net cash generated from operating activities	637.88	159.95
B. Cash Flow from Investing activities:		
Proceeds from purchase of property, plant & equipment	(122.56)	(362.77)
Proceeds from Sale of property, plant & equipment	4.16	-
Share of Profit/(Loss) of associates (Net of Tax)	10.43	(14.61)
Proceeds from other investments	-	4.79
Fixed deposit placed	(3.79)	63.39
Interest received	1.83	4.36
Net cash (used in) investing activities	(109.93)	(304.84)

Consolidated Cash Flow Statement for the year ended 31st March, 2018 (Contd.)

Particulars	(₹ in lakhs)	
	For the year ended 31.03.2018	For the year ended 31.03.2017
C. Cash Flow from Financing activities:		
Proceeds from /(Repayment against) other equity	(548.17)	(11.39)
Proceeds from long-term loans	3,995.21	(12.17)
Proceeds from /(Repayment against) working capital borrowings (net)	(3,900.23)	128.23
Interest paid	(15.61)	40.02
Net cash (used in) financing activities	(468.80)	144.69
Net increase/(decrease) in cash and cash equivalents	59.16	(0.21)
Cash and cash equivalents as at 1 April ¹	12.14	12.34
Cash and cash equivalents as at 31 March ¹	71.30	12.14

See accompanying notes forming part of the financial statements

1. Cash and cash equivalents represents cash, cheques on hand and balances with banks.
(Refer Note. 12)
2. Figures in brackets represent outflows.

As per terms of our report attached.

For and on behalf of the Board of Directors

For Monu Jain & Company

Firm Regn. No. 327900E

Chartered Accountants

Monu Jain

Partner

Membership No. 302721

Place : Kolkata

Date : 30th May, 2018

Mahesh Mehra
Whole-time Director

Tarak Nath Mishra
CFO

Sanjay Lal Gupta
Company Secretary

Consolidated Statement of Changes in Equity for the year ended 31 March 2018

A. Equity Share Capital

Particulars	Amount ₹ in lakhs
Balance as at April 1, 2016	3,463.06
Changes in equity share capital during the year ended March 31, 2017	-
Balance as at March 31, 2017	3,463.06
Changes in equity share capital during the year ended March, 2018	-
Balance as at March 31, 2018	3,463.06

B. Other Equity

₹ in lakhs

Statement of changes in Equity	Reserves and surplus			Retained earnings		Total Equity
	Security Premium	Capital Reserve	Share in reserve of joint ventures	General Reserve	Retained Earnings	
Balance at April 1, 2016	4,793.85	4.33	(10.04)	484.87	(5,729.05)	(456.04)
Profit for the year	-	(25.78)	(0.22)	-	(387.50)	(413.50)
Balance at March 31, 2017	4,793.85	(21.44)	(10.27)	484.87	(6,116.55)	(869.54)
Profit for the year	-	(537.74)	-	-	(104.01)	(641.75)
Balance at March 31, 2018	4,793.85	(559.18)	(10.27)	484.87	(6,220.56)	(1,511.29)

See accompanying notes forming part of the financial statements

As per terms of our report attached.

For and on behalf of the Board of Directors

For Monu Jain & Company

Firm Regn. No. 327900E

Chartered Accountants

Monu Jain

Partner

Membership No. 302721

Place : Kolkata

Date : 30th May, 2018

Mahesh Mehra
Whole-time Director**Tarak Nath Mishra**
CFO**Sanjay Lal Gupta**
Company Secretary

Notes forming part of the Consolidated Financial Statements

01. General corporate information

“Kaushalya Infrastructure Development Corporation Limited (the holding company) is a public limited 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 group is primarily engaged in executing construction contracts relating to infrastructure and real estate developments

Moreover, it carries on the business in hotel segment, hotel industry and is also engaged in acquiring and purchasing of land. The group’s services are limited to domestic markets only. The consolidated statements have been prepared after consolidating the subsidiaries, step down subsidiaries, Associates and Joint Venture undertakings.

02. Application of new and revised Ind As

New Ind AS that has been issued but is not effective as of the closing day of the reporting period: **Ind AS 115 “Revenue from Contracts with Customers”** The Ministry of Corporate Affairs notified Ind AS 115 “Revenue from Contracts with Customers” in respect of accounting periods commencing on or after April 1, 2018, superseding Ind AS 11 “Construction Contracts” and Ind AS 18 “Revenue”. The group’s current revenue recognition policy is broadly aligned to the principles enunciated in Ind AS 115 and does not require any material change except for realty business. In terms of Ind AS 115, revenue of realty business will be recognised at the time of delivery of units to the customers as compared to revenue recognition based on percentage completion method currently followed as per the Guidance note issued by the Institute of Chartered Accountants of India. The management is in the process of implementing Ind AS 115 and does not expect any material impact on the group’s

financial position as at March 31, 2018 and on the financial results of the group in the first year of implementation viz. financial year commencing on April 1, 2018 except as above.

03. Summary of significant accounting policies

03.01 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standard) Rules, 2015. Upto the financial year ended March 31, 2017, the group prepared its financial statements in accordance with the requirements of previous GAAP which includes Standards notified under the Section 133 of the Companies Act, 2013. These are the groups first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016.

3.02 Basis of preparation and presentation

This is a consolidated financial statements. Consolidated financial statements of the group are prepared under the historical cost except for certain financial instruments that are measured at fair value at end of each reporting period. Historical cost is generally based on fair value of the consideration given in exchange for goods and services. The consolidated financial statements incorporate the financial statements of the Holding Company and entities controlled by the Same i.e. its subsidiaries. It also includes the Group’s share of profits, net assets and retained post acquisition reserves of joint arrangements and associates that are consolidated using the equity or proportionate method of consolidation, as applicable. Control is achieved when the Company is exposed to, or has rights to the variable returns of the entity and the ability to affect those returns through its power over the entity.

Notes forming part of the Consolidated Financial Statements (*contd.*)

Wherever necessary, adjustments are made to the financial statements of subsidiaries, joint arrangements and associates to bring their accounting policies in line with those used by other members of the Group.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In these consolidated financial statements, the fair value for measurement and/or disclosure purpose is determined on such basis except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised in to Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The consolidated Balance Sheet and the consolidated Statement of Profit and Loss are prepared and presented in the format prescribed in the Division II of Schedule III to the Companies Act, 2013. The consolidated Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Companies Act, 2013 are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Indian Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

3.03 Use of Estimates

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the group to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the consolidated financial statements and the reported amounts of revenue and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

3.04 Revenue recognition

i) Income from services

Revenues from contracts priced on a time and material basis are recognized when services are rendered and related costs are incurred. Revenues from turnkey contracts, which are generally time bound fixed price

Notes forming part of the Consolidated Financial Statements (*contd.*)

contracts, are recognized 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 recognized when probable. Revenues from maintenance contracts are recognized pro-rata over the period of the contract.

ii) Contract Income

The group 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 group 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.

iii) Income from Hotel

Income from hotel is recognized on accrual basis. Profit before depreciation from hotel business is recognized as income in statement of profit and loss. Depreciation and Taxes related to Hotel Business is shown under respective heads of statement of profit and loss.

iv) Other Income

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

Hire Charges: Income from hire charge is recognised on accrual basis.

Others: Income from agricultural activities, consultancy etc. is recognized on accrual basis.

3.05 Employee Benefits

i) Short-term benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

ii) Defined retirement benefits

The cost of providing defined benefit retirement benefits are determined using the projected unit credit method. The group provides gratuity to its employees. Gratuity liabilities are not funded.

Remeasurements, comprising actuarial gains and losses, return on plan assets excluding amounts included in net interest on the net benefit liability (asset) and any change in the effect of the asset ceiling (if applicable) are recognised in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the comprehensive income are not reclassified to profit and loss but recognised directly in the retained earnings. Past service costs are recognised in profit and loss in the period in which the amendment to plan occurs. Net interest is calculated by applying the discount rate to the net defined liability or asset at the beginning of the period, taking into account of any changes in the net defined benefit liability(asset) during the period as a result of contribution and benefit payments.

Defined benefit costs which are recognised in profit and loss are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); and
- net interest expense or income; and

The retirement benefit obligation recognised in the consolidated financial statements represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this

Notes forming part of the Consolidated Financial Statements (*contd.*)

calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reduction in future contributions to the plans.

The liability for termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

3.06 Taxation

i) Current tax

Current tax is the amount of tax payable on the taxable profit for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary

difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from the deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary difference can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

iii) Minimum alternate tax

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which

Notes forming part of the Consolidated Financial Statements (*contd.*)

gives future economic benefits in the form of adjustment to future income tax liability, is recognised as an asset in the balance sheet when there is convincing evidence that the group will pay normal income tax during the specified period and it is probable that future economic benefit associated with it will flow to the group.

iv) Current tax and deferred tax

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. The current and deferred tax arising from the initial accounting for business combination, are included in the accounting for the business combination.

3.07 Property, Plant and equipment

Land, buildings, Plant and equipment, Furniture and Fixtures, Vehicles, Office equipments held for use in the operations, or for administrative purposes are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. Cost includes purchase cost of materials, including import duties and non-refundable taxes, any directly attributable costs of bringing an asset to the location and condition of its intended use and borrowing costs capitalised in accordance with the group's accounting policy.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over the useful lives, using the straight-line method. Depreciation of assets commences when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation method are reviewed at the

end of each reporting period, with the effect of any changes is accounted as change in estimate on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit and loss.

Assets acquired under finance leases are depreciated over their expected useful lives on the same basis as owned asset. When there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Estimated useful lives of the assets are as follows:

Buildings	: 30 to 60 years
Plant and equipment	: 3 to 15 years
Furniture and Fixtures	: 10 years
Office Equipments	: 3 to 5 years
Computers	: 3 years
Motor Vehicles	: 5 to 8 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit and loss.

The group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

3.08 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

Notes forming part of the Consolidated Financial Statements (*contd.*)

their intended use. Other borrowing costs are recognized as expenses in the period in which these are incurred.

3.09 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets (Other than goodwill) to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than the carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss.

When an impairment loss subsequently reverses, the carrying value of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years. Any reversal of an impairment loss is recognised immediately in profit and loss.

3.10 Inventories

Raw materials, stores and spares, finished goods, other construction materials and fuel are valued at lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes purchase price, non refundable taxes and duties and other directly attributable costs incurred in bringing the goods/services to the point of sale. Work-in-progress is valued at cost.

Value of inventories are generally ascertained on the "FIFO" basis.

3.11 Provisions, Contingent liabilities and Contingent assets

03.11.01 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

03.11.02 Onerous contracts

An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the

Notes forming part of the Consolidated Financial Statements (*contd.*)

obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligation arising under onerous contracts are recognised and measured as provisions.

03.11.03 Contingent liabilities and assets

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made. Contingent liabilities are disclosed and not recognised. Contingent assets are neither recognised nor disclosed.

3.12 Financial instruments

Financial assets and financial liabilities are recognised when a group's entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit and loss.

3.13 Financial assets

All purchases or sales of financial assets which require delivery of assets within

the time frame established by regulation or convention in the market place are recognised and derecognised on a trade date basis. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.13.01 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit and loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit and loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Interest income is recognised in profit and loss for FVTOCI debt instruments. For the purpose of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus exchange differences on the amortised cost are recognised in

Notes forming part of the Consolidated Financial Statements (*contd.*)

profit and loss and other changes in the fair value of FVTOCI financial assets in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit and loss.

All other financial assets are subsequently measured at fair value.

3.13.02 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on a effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit and loss and is included in the "Other income" line item

3.13.03 Investments in equity instruments at FVTOCI

On initial recognition, the group make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in the fair value of investments in equity instruments (other than investments held for trading) in other comprehensive income. These instruments are initially measured at fair value plus transaction costs. Subsequently they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated

in the 'Reserve for Equity through other comprehensive income'. On disposal of these investments the cumulative gain or loss is nor reclassified to profit and loss.

Dividends on these investments in equity instruments are recognised in profit and loss when the group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends are included as part of 'Other income' in the profit and loss.

3.13.04 Financial assets at fair value through profit and loss (FVTPL)

Financial assets which meets the criteria of financial assets held for trading are designated as 'Financial Assets at FVTPL'. The group has derivatives that are not designated and effective as a hedge instrument which are designated as 'Financial Assets at FVTPL'. Financial assets at FVTPL are measured at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit and loss.

3.13.05 Impairment of financial assets

The group applies the expected credit loss model for recognising impairment loss on trade receivables, other contractual rights to receive cash or other financial instruments. Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate. The group estimates cash flows by considering all contractual terms of the financial instrument.

Notes forming part of the Consolidated Financial Statements (*contd.*)

The group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risks on that financial instrument has increased significantly since initial recognition. If the credit risk on financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses.

If the group measures the loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risks has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the group again measures the loss allowance based on 12 month expected credit losses.

For trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 11 and Ind AS 18, the group always measures loss allowance at an equal to life time expected credit losses. For the purpose of measuring lifetime expected credit loss allowance for trade receivables the group has used practical expedient as permitted under Ind AS 109. The expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.

3.13.06 Derecognition of financial assets

The group derecognises a financial asset when the contractual rights to the cash flow from the asset expire, or when it transfers the financial asset and substantially all

the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amounts and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit and loss if such gain or loss would have otherwise been recognised in profit and loss on disposal of that financial asset.

3.14 Financial liabilities and equity instruments

3.14.01 Classification as debt or equity

Debt and equity instruments issued by a group's entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Notes forming part of the Consolidated Financial Statements (*contd.*)

Repurchases of the group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit and loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

3.14.02 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings and payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss. The net gain or loss recognised in profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

3.14.03 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial

liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.14.04 Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.15 Joint Venture Operations

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

Notes forming part of the Consolidated Financial Statements (*contd.*)

- as investments, loans & advances or current liabilities.
- 3.16 Operating Cycle**
- Based on the nature of products / activities of the group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the group has determined its operating cycle as 36 months for real estate & infrastructure projects and 12 months for others for the purpose of classification of its assets and liabilities as current and non-current.
- 3.17 Rounding-off**
- The financial statements has been prepared in indian rupees (Rs.) rounded off to two nearest decimal places in lakhs, unless otherwise mentioned.
- 4. First-time adoption - mandatory exceptions and optional exemptions**
- 4.01 Overall principle**
- The group has prepared the opening consolidated financial statements as per Ind AS as of April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the group as detailed below.
- 4.02 Derecognition of financial assets and liabilities**
- The group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).
- 4.03 Classification of debt instruments**
- The group has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI or FVTPL criteria based on the facts and circumstances that existed as of the transition date.
- 4.04 Impairment of financial assets**
- The group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.
- 4.05 Past business combinations**
- The group has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2016. Consequently,
- The group has kept the same classification for the past business combinations as in its previous GAAP financial statements;
 - The group has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the Consolidated balance sheet of the

Notes forming part of the Consolidated Financial Statements (*contd.*)

acquirer and would also not qualify for recognition in accordance with Ind AS in the balance sheet of the acquiree;

- The group has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- The group has tested the goodwill for impairment at the transition date based on the conditions as of the transition date;
- The effects of the above adjustments have been given to the measurement of

non-controlling interests and deferred tax.

The above exemptions in respect of business combinations have also been applied to past acquisitions of interests in joint ventures, as defined in Ind AS 103.

4.06 Deemed cost of property, plant and equipment and intangible assets

The group has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

5. Property, plant and equipment

Carrying amount of:

- a) Buildings
- b) Plant and Machinery
- c) Furniture and Fixtures
- d) Motor Vehicles
- e) Office Equipments

As at 31.03.2018 ₹ in Lakhs	As at 31.03.2017 ₹ in Lakhs	As at 01.04.2016 ₹ in Lakhs
75.42	76.96	78.50
191.93	232.31	272.69
0.23	6.68	9.89
0.12	0.21	0.67
0.03	0.14	0.26
267.73	316.30	362.01

Notes forming part of the Consolidated Financial Statements (contd.)

₹ in lakhs

5. Property, plant and equipment

	Freehold Building	Plant and Machinery	Furniture and fixtures	Motor Vehicles	Office equipments	Total
Cost or deemed cost						
Balance at April 1, 2016	78.50	272.69	9.89	0.67	0.26	362.01
Balance at March 31, 2017	78.50	272.69	9.89	0.67	0.26	362.01
Disposals	-	-	(4.16)	-	-	(4.16)
Balance at March 31, 2018	78.50	272.69	5.73	0.67	0.26	357.85
Accumulated depreciation						
Balance at April 1, 2016	-	-	-	-	-	-
Depreciation expense	1.54	40.38	3.21	0.46	0.12	45.71
Balance at March 31, 2017	1.54	40.38	3.21	0.46	0.12	45.71
Depreciation expense	1.54	40.38	2.29	0.09	0.11	44.41
Balance at March 31, 2018	3.08	80.76	5.50	0.55	0.23	90.12
Carrying amount						
Balance at April 1, 2016	78.50	272.69	9.89	0.67	0.26	362.01
Depreciation expense	(1.54)	(40.38)	(3.21)	(0.46)	(0.12)	(45.71)
Balance at March 31, 2017	76.96	232.31	6.68	0.21	0.14	316.30
Depreciation expense	(1.54)	(40.38)	(2.29)	(0.09)	(0.11)	(44.41)
Balance at March 31, 2018	75.42	191.93	0.23	0.12	0.03	267.73

Note:

- All the present and future property, plant equipments of Kaushalya Infrastructure Development Corporation Limited are hypothecated to Alchemist Asset Reconstruction Company Limited.
- Deemed cost : The deemed cost of the property plant and equipment as at 1st April 2016 represents carrying value of all of its property, plant and equipment recognised as of 1st April 2016 (transition date) measured as per the previous GAAP. The carrying value as at 1st April 2016 amounting to ₹ 362.01 lakhs represents gross cost of ₹ 907.79 lakhs net of accumulated depreciation of ₹ 545.78 lakhs as at 1st April, 2016.

Notes forming part of the Consolidated Financial Statements (contd.)

	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Qty	Amount	Qty	Amount	Qty	Amount
	Nos.	₹ in lakhs	Nos.	₹ in lakhs	Nos.	₹ in lakhs
6 Non-current investments						
I. Financial Assets						
A) Investments in subsidiaries (carried at cost)						
Unquoted Investments (all fully paid)						
Investments in Equity Instruments of						
Kaushalya Township Pvt. Ltd.	3,17,357	155.11	3,17,357	155.09	3,17,357	155.08
Add:- Share in profit/(loss) for the year		(5.64)		0.02		0.01
		<u>149.47</u>		<u>155.11</u>		<u>155.09</u>
Kaushalya Nirman Pvt. Ltd.	46,000	19.49	46,000	19.45	46,000	19.42
Add:- Share in profit/(loss) for the year		(3.30)		0.04		0.03
		<u>16.19</u>		<u>19.49</u>		<u>19.45</u>
Orion Abasaan Pvt. Ltd.	29,000	25.50	29,000	10.95	29,000	10.91
Add:- Share in profit/(loss) for the year		(1.48)		14.55		0.04
		<u>24.02</u>		<u>25.50</u>		<u>10.95</u>
	<u>3,92,357</u>	<u>189.67</u>	<u>3,92,357</u>	<u>200.10</u>	<u>3,92,357</u>	<u>185.49</u>
B) Other Investment						
Total Investment carrying value						
Unquoted Investments (all fully paid)						
Investments in Equity Instruments of						
Balaji Turnkey Projects Solution (P) Ltd.#	2,28,600	514.35	2,28,600	514.35	2,28,600	514.35
Enlightened Projects Ltd. #	1,95,500	293.25	1,95,500	293.25	1,95,500	293.25
Orkay Engineering Ltd. #	8,53,000	426.50	8,53,000	426.50	8,53,000	426.50
Flare Realty Engineering (P) Ltd.	2,600	0.26	2,600	0.26	2,600	0.26
Flare Realty Engineering (P) Ltd.	2,600	0.26	2,600	0.26	2,600	0.26
(Held by Bengal KDC Housing Dev. Ltd.)						
Kaushalya Township (P) Ltd.	176	0.09	176	0.09	176	0.09
(Held by Bengal KDC Housing Dev. Ltd.)						
	<u>12,82,476</u>	<u>1,234.71</u>	<u>12,82,476</u>	<u>1,234.71</u>	<u>12,82,476</u>	<u>1,234.71</u>
# Although the Group holds more than 20% of the shareholding of the above mentioned companies but does not have significant influence over the same. Hence, while preparing consolidated financial statements, the group has not applied Ind AS 28: Investment in Associates and Joint Ventures for the purpose of consolidation financial statements. Rather, the Group has applied Ind AS 109: Financial Instruments for recognition and measurement of investments in the above mentioned companies.						
Investments in 10% Redeemable						
Non-Cumulative Preference Shares of						
F.V. of Rs. 10/- each of associates:						
Kaushalya Township Pvt. Ltd.	34,98,630	1,994.22	34,98,630	1,994.22	34,98,630	1,994.22
Kaushalya Nirman Pvt. Ltd.	8,79,968	510.38	8,79,968	510.38	8,79,968	510.38
Orion Abasaan Pvt. Ltd.	19,85,740	1,092.16	19,85,740	1,092.16	19,85,740	1,092.16
	<u>63,64,338</u>	<u>3,596.76</u>	<u>63,64,338</u>	<u>3,596.76</u>	<u>63,64,338</u>	<u>3,596.76</u>
II. Non Financial Assets						
Investment in Land	-	266.07	-	266.07	-	266.07
		<u>5,097.54</u>		<u>5,097.54</u>		<u>5,097.54</u>
Total Non-Current Investments		<u>5,287.21</u>		<u>5,297.63</u>		<u>5,283.02</u>
Aggregate book value of quoted investments		-		-		-
Aggregate book value of unquoted investments		5,021.14		5,031.56		5,016.95
Aggregate market value of quoted investments		-		-		-

Notes forming part of the Consolidated Financial Statements (contd.)

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
7 Loans & Advances			
(Unsecured, considered good)			
a) Security deposits	1,588.24	1,575.53	1,416.84
b) Capital Advances	510.33	387.77	25.00
c) Deposit with Related parties	6.26	-	-
d) Others	64.45	73.45	73.45
	2,169.28	2,036.75	1,515.28
8 Other non-current assets			
a) Preliminary Expenses	17.98	17.98	17.98
b) Investment in Gold Coins	-	-	4.79
	17.98	17.98	22.78
9 Deferred tax liabilities (Net)			
Deferred tax assets	2.18	2.62	2.62
Deferred tax liabilities	(35.35)	(49.17)	(54.97)
	(33.17)	(46.55)	(52.36)
For the year ended 31.03.2018			
Deferred tax (liabilities)/assets in relation to:	Opening balance	Recognised in profit and loss	Closing Balance
Property, plant and equipment	(49.17)	13.81	(35.35)
Provision for retirement benefits	2.62	(0.44)	2.18
	(46.55)	13.38	(33.17)
For the Year ended 31.03.2017			
Property, plant and equipment	(54.97)	5.80	(49.17)
Provision for retirement benefits	2.62	-	2.62
	(52.36)	5.80	(46.55)
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
	₹ in lakhs	₹ in lakhs	₹ in lakhs
Deferred tax (liabilities)/assets not created in relation to :			
Tax losses	3,872.36	3,501.26	2,038.48
Unabsorbed Tax depreciation	192.60	171.59	147.07
	4,064.96	3,672.85	2,185.55
10. Inventories (At lower of cost and net realisable value)			
a) Work in progress (At lower of cost and net realisable value)	41.04	41.04	41.04
b) Raw Material (At lower of cost and net realisable value)	7.30	7.50	13.43
Total inventories	48.34	48.54	54.47
11 Trade receivables (Current)			
a) Unsecured, considered good [Note 39]	1,601.58	2,952.78	3,763.81
b) Unsecured, considered doubtful [Note 39]	4,000.00	4,000.00	4,000.00
Less: Allowance for expected credit losses	4,000.00	4,000.00	4,000.00
	1,601.58	2,952.78	3,763.81
Movement in the expected credit loss allowance			
Balance at beginning of the year	4,000.00	4,000.00	-
Expected credit loss allowance created on trade receivables, calculated at lifetime expected credit losses.	-	-	4,000.00
Balance at end of the year	4,000.00	4,000.00	4,000.00

Note:- There are certain contracts against which litigations are pending with various forums for dispute resolution. While creating provision for expected credit loss, the same has been considered.

Notes forming part of the Consolidated Financial Statements (contd.)

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
12 Cash and bank balances			
a) Cash and cash equivalents			
i) Cash on hand	6.35	10.13	9.92
ii) Balances with banks			
In current accounts	64.95	2.01	2.42
Total cash and cash equivalents	71.30	12.14	12.34
b) Other bank balances			
In deposit account (held as Margin/against Earnest Money Deposit/Performance Security/Others)	28.66	24.88	88.27
	28.66	24.88	88.27
Total cash and bank balances	99.96	37.02	100.61
Included above			
i) Earmarked balance held as Margin/ against Earnest Money Deposit/Performance Security/Others	28.66	24.88	88.27
	28.66	24.88	88.27
13 Other financial assets			
a) Interest accrued on financial assets held at amortised cost	2.72	2.17	1.57
	2.72	2.17	1.57
14 Other current assets			
a) Advance to suppliers & sub-contractors	11.00	14.73	3.58
b) Advance to Employees	0.57	0.77	2.02
c) Advance against expenses	0.71	0.76	4.31
d) Balance with Govt. Authorities	1,217.33	1,242.40	1,217.12
	1,229.60	1,258.66	1,227.03

Note:- All the present and future current assets of Kaushlaya Infrastructure Development Corporation Limited are hypothecated to Alchemist Asset Reconstruction Company Limited.

15 Share capital			
Authorised:			
3,50,00,000 Equity Shares of ₹ 10 each	3,500.00	3,500.00	3,500.00
(as at March 31, 2017 : 3,50,00,000; as at April 1, 2016: 3,50,00,000 Equity Shares of ₹ 10/- each)	3,500.00	3,500.00	3,500.00
Issued, Subscribed and fully paid up:			
3,46,30,630 Equity Shares of ₹ 10 each	3,463.06	3,463.06	3,463.06
(as at March 31, 2017 : 3,46,30,630; as at April 1, 2016: 3,46,30,630 Equity Shares of ₹ 10/- each)	3,463.06	3,463.06	3,463.06

Reconciliation of Number of shares and amount outstanding at the beginning and end of the reporting period

	For the year ended 31.03.2018		For the year ended 31.03.2017	
	No. of Shares	Amount ₹ in lakhs	No. of Shares	Amount ₹ in lakhs
Equity shares				
Issued, subscribed and fully paid up:				
At beginning and end of the year	3,46,30,630	3,463.06	3,46,30,630	3,463.06

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	%	No. of Shares	%
Mahanti Engineers Pvt. Ltd.	50,82,600	14.68%	50,82,600	14.68%
Sunkissed Merchandise Pvt. Ltd.	50,22,900	14.50%	50,22,900	14.50%
Keleenworth Marketing Pvt. Ltd.	43,36,350	12.52%	43,36,350	12.52%

Rights, preferences and restrictions attached to shares

Equity Shares

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is entitled for one vote per share held. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

Notes forming part of the Consolidated Financial Statements (contd.)

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
16. Other Equity			
a) Securities premium reserve	4,793.85	4,793.85	4,793.85
b) General reserve	484.87	484.87	484.87
c) Capital reserve	(559.18)	(21.44)	4.33
d) Share in reserves of joint ventures	(10.27)	(10.27)	(10.04)
e) Retained Earnings	(6,220.56)	(6,116.55)	(5,729.05)
	(1,511.30)	(869.54)	(456.04)
Securities premium reserve			
Opening and closing balance	4,793.85	4,793.85	4,793.85
	4,793.85	4,793.85	4,793.85
General reserve			
Opening and closing balance	484.87	484.87	484.87
Capital reserve			
Opening and closing balance	(21.44)	4.33	4.33
Changes during the year	(537.74)	(25.78)	-
Closing balance	(559.18)	(21.44)	4.33
Share in reserves of Joint Ventures			
Opening and closing balance	(10.27)	(10.04)	(10.04)
Changes during the year	(0.00)	(0.22)	-
Closing balance	(10.27)	(10.27)	(10.04)
Retained Earnings			
Opening balance	(6,116.55)	(5,729.05)	(5,729.05)
Profit for the year	(104.01)	(387.50)	-
Other Comprehensive Income	-	-	-
Tax impact on above	-	-	-
Closing balance	(6,220.56)	(6,116.55)	(5,729.05)
	(1,511.30)	(869.54)	(456.04)
17 Provisions			
a) Provision for employee benefits (Gratuity)	8.46	8.46	8.46
	8.46	8.46	8.46
18 Other long term liabilities			
Loans - at amortised cost			
a) Advance received from Joint venture	9.34	9.34	9.34
	9.34	9.34	9.34
19 Current Borrowings			
Secured - at amortised cost			
a) Cash credit repayable on demand	-	3,900.23	3,772.00
b) Loans	6,345.05	6,250.07	6,134.01
Total borrowings	6,345.05	6,250.07	6,134.01
20 Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,253.09	1,211.44	1,211.66
Total trade payables	1,253.09	1,211.44	1,211.66

Note:- The company does not have any outstanding dues to micro, small and medium enterprise for more than 45 days during the period and as on March 31, 2018.

Notes forming part of the Consolidated Financial Statements (contd.)

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
21 Other Current Liabilities			
a) Advance received from customers	422.49	1,062.35	1,062.35
b) Statutory dues	48.34	139.62	191.60
Total other liabilities	470.83	1,201.97	1,253.95
22 Provisions			
a) Other Provisions	635.49	634.50	640.49
	635.49	634.50	640.49
		For the year ended 31.03.2018 ₹ in lakhs	For the Year ended 31.03.2017 ₹ in lakhs
23 Revenue from operations			
a) Contracts receipts		11.12	7.48
b) Profit from hotel business [Note 23.1]		1.84	5.23
Revenue from Operations (Net)		12.96	12.71
23.01 Profit from hotel business before depreciation and tax			
REVENUE			
a) Food Sale		3.73	4.37
b) Room Rent		11.53	10.76
c) Cultivation Income		5.00	5.54
Total (A)		20.26	21.00
EXPENDITURE			
a) Direct Expenses		16.18	13.85
b) Other expenses		2.24	1.59
Total (B)		18.42	15.44
Profit from hotel business before depreciation and tax (A-B)		1.84	5.23
24 Other income			
a) Interest income on financial assets carried at amortised cost		2.39	4.96
b) Agricultural Income		-	3.12
c) Profit on Sale of Gold Coin		-	10.44
d) Hire charges		0.90	3.90
e) Miscellaneous income		38.66	1.81
Total other income		41.94	24.24
25 Cost of materials consumed			
Raw materials consumed		4.25	10.29
		4.25	10.29

Notes forming part of the Consolidated Financial Statements (contd.)

	For the year ended 31.03.2018 ₹ in lakhs	For the Year ended 31.03.2017 ₹ in lakhs
26 Changes in inventories of work in progress		
Inventories at the beginning of the year		
a) Work-in-progress	41.04	41.04
	41.04	41.04
Inventories at the end of the year		
a) Work-in-progress	41.04	41.04
	41.04	41.04
Net (increase)/decrease in inventories	-	-
27 Employee benefits expense		
a) Salaries and wages, including bonus	44.96	29.48
b) Contribution to provident and other funds	0.12	0.19
c) Workmen and staff welfare expenses	0.27	1.38
Total employee benefits expense	45.35	31.02
28 Finance costs		
a) Interest expense on borrowings carried at amortised cost	15.30	(45.82)
b) Other borrowing cost	0.31	5.80
Total finance costs	15.61	(40.02)
29 Depreciation expense		
a) Depreciation on Property, plant and equipment (Refer Note 05)	44.42	45.71
Total depreciation	44.42	45.71
30 Recoveries from unrecoverable work contracts		
a) Service tax input taken on unrecoverable work contracts	(34.83)	(44.00)
	(34.83)	(44.00)
31 Other expenses		
a) Consumption of stores, spare parts and loose tools	0.16	0.52
b) Repairs and maintenance to plant and machinery	-	0.34
c) Power and fuel	-	0.27
d) Rates, taxes and license fees	31.22	8.13
e) Electricity expenses	1.18	1.49
f) Insurance charges	0.04	0.05
g) Selling and distribution expenses	0.95	1.56
h) Legal and professional fee	20.32	13.79
i) Travelling and conveyance expenses	2.17	1.70
j) Telephone & Internet expenses	0.66	1.29
k) Directors' remuneration	2.08	1.63
l) Printing and stationery	2.57	2.50
m) Audit fees [Note 31.1]	1.40	1.38
n) Allowance for credit loss/provision for advances	-	400.00
o) Other general expenses	16.75	8.50
Total other expenses	79.50	443.14
31.1 Audit fee includes payment to statutory auditor towards:		
i) Statutory audit fee	1.40	1.38

Notes forming part of the Consolidated Financial Statements (contd.)

	For the year ended 31.03.2018 ₹ in lakhs	For the Year ended 31.03.2017 ₹ in lakhs	
32 Non Controlling Interest			
Revenue and expenses presented consists 100% of subsidiaries' revenue and expenses. For removing impact of revenue and expenses, share of non controlling interest of subsidiaries, adjustments has been made seperately in statement of profit & loss.			
33 Earnings per share (in Rupees)			
Basic and diluted earnings per share			
The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows:			
Profit for the year	(104.01)	(387.50)	
Weighted average number of equity shres for the purpose of basic earnings per share	3,46,30,630	3,46,30,630	
Basic and diluted earnings per share	(0.30)	(1.12)	
The group is not having any potential ordinary shares which are dilutive in nature. Hence diluted earnings per share is not calculated separately.			
	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
34 Additional information to the Financial Statements			
34.01 Contingent Liabilities			
1 a) Performance guarantees issued by the banks to various Government Authorities, for which the company has provided counter guarantee against fixed deposit receipts have been pledged by the company.	NIL	38.01	244.70
b) Performance guarantees issued on behalf of other companies against which fixed deposit receipts have been pledged by the company.	NIL	NIL	86.74
c) Bank Interest Reversed	NIL	45.87	16.79
2 Claims not acknowledged as debts			
Income Tax Demand (Assessment Year 2005-06)	NIL	NIL	0.91
Income Tax Demand (Assessment Year 2007-08)	25.06	28.47	28.47
Income Tax Demand (Assessment Year 2009-10)	20.19	25.19	30.27
Income Tax Demand (Assessment Year 2010-11)	37.61	37.61	37.61
Income Tax Demand (Assessment Year 2011-12)	1.91	1.91	1.91
Income Tax Demand (Assessment Year 2012-13)	59.26	51.43	51.43
Income Tax Demand (Assessment Year 2013-14)	332.74	278.06	278.06
Income Tax Demand (Assessment Year 2014-15)	513.89	475.52	NIL
The Central Excise Act, 1944, Service Tax	896.85	896.85	896.85
The WBVAT Act, 2003, VAT	21.00	21.00	21.00
The WBVAT Act, 2003, VAT	817.10	817.10	817.10
The WBVAT Act, 2003, VAT	6.60	6.60	6.60
The WBVAT Act, 2003, VAT	0.35	0.35	0.35
	2,732.55	2,640.08	2,170.55

Future cash outflows in respect of above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.

Notes forming part of the Consolidated Financial Statements (contd.)

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs
34.02 Capital and other commitments		
a) Capital commitments		
Estimated value of contracts remaining to be executed on capital account	NIL	NIL

34.03 Contingent assets

- a) Dispute between the Company's client NPCC Ltd. and the principal NTPC Ltd. was settled in the favour of NPCC Ltd. to the tune of Rs. 8.55 Crores by the Permanent Machinery of Arbitration (P.M.A.). The principal, NTPC Ltd. has preferred an appeal before the Secretary P.M.A. which is pending disposal. As per terms of MOU with NPCC Ltd., the claim once received by NPCC Ltd. shall be passed on to the Company after deduction of margins of NPCC Ltd. and tax amounts.
- b) Dispute between the Company and National Highways Authority of India (NHAI) was settled in favour of the Company through arbitration. NHAI had preferred an appeal against the arbitration award in the Hon'ble Calcutta High Court which is pending disposal. An interim amount of Rs. 0.48 crore was received by the company towards the award as it was not appealed against by NHAI. The remaining award amount of Rs. 6 Crores plus interest is pending in appeal. Moreover, NHAI has deposited a substantial amount of the award with the Hon'ble Calcutta High Court and deposited a portion of it in a separate interest bearing deposit.

34.04 Disclosure on debt restructuring and settlement of loans taken from scheduled commercial banks

- (i) The debts of Indian Overseas Bank (IOB) and State Bank of India (SBI) were taken over by Alchemist Asset Reconstruction Company (Trust VII) (ARC). The company has reached a settlement of its debts with respect to the amount taken over by ARC from SBI and a restructuring of the debts with respect to the amount taken over from IOB by the ARC. The settlement amount with respect to SBI of Rs. 370.00 lakhs is to be paid by the company to the ARC and the restructured amount relating to IOB of ₹ 1,302.50 is to be paid by the company to the ARC in quarterly instalments as per the restructuring schedule.
- (ii) The company has not yet recognised any gain/ notional gain on restructuring/ settlement of loan, pending filling of consent application/ application reflecting restructuring/settlement by Alchemist Asset Reconstruction Company Limited with the Debt Recovery Tribunal in the cases pending thereat. [Note 19]
- (iii) State Bank of India has credited/ Written off Rs.975.96 lakhs from cash credit account in the second quarter and entire debt under FITL/WCTL in the third quarter of Financial Year 2017-18 which was reflected in the Bank statements provided by them. While settlement/ restructuring was reached with respect to the debts taken over by the ARC, matters are still pending before the DRT and hence the above credit/ written off amounts have not been reflected in the results until such time when final no-dues are received by the company from the ARC in this respect and/ or DRT case in this respect is resolved. [Note 19]

35 Disclosure in terms of G.S.R.307(E) read with G.S.R.308(E) dated 30th March, 2017 issued by the Ministry of Corporate Affairs, Government of India.

The details of the specified bank notes (SBNs) held and transacted during the period from 8 November, 2016 to 30 December, 2016 are as follows:

	₹ in lakhs		
Particulars	Specified Bank Notes	Other denomination	Total amount
Closing cash in hand as on 8th November, 2016	26.70	2.95	29.65
Add : Permitted receipts	-	15.28	15.28
Less : Permitted payments	-	4.17	4.17
Less : Amount deposited in Banks	26.70	-	26.70
Closing cash in hand as on 30th December, 2016	-	14.06	14.06

Note:- The company do not have any specified bank note and disclosure pertaining to same for the current year is not required. Disclosure relating to previous year are provided as above.

Notes forming part of the Consolidated Financial Statements (contd.)

	For the year ended 31.03.2018 ₹ in lakhs	For the Year ended 31.03.2017 ₹ in lakhs
36 Disclosures under Indian Accounting Standards		
36.01 Disclosures pursuant to Ind AS 11 “Construction Contracts”:		
a) Contract revenue recognised as revenue during the year	11.12	7.48
b) Aggregate amount of contract costs incurred and recognised profits (net of recognised losses) upto the reporting period	43.70	28.15
c) Advances received for contracts in progress (Unadjusted)	-	-
d) Retention money under contracts in progress	-	-
e) Gross amount due from customers for contract work (asset)	11.12	7.48
f) Gross amount due to customers for contract work (liability)	-	-

Note: Contract revenue recognised and the stage of completion of contract in progress are determined based on the policies and methods disclosed.

36.02 Disclosures pursuant to Guidance Note on Accounting for Real Estate Transactions

a) Amount of project revenue recognised for the financial year	-	-
b) Aggregate amount of costs incurred and profits recognised (less recognised losses) as at end of the financial year	-	-
c) Amount of advances received	-	-
d) Amount of work-in-progress and the value of inventories	-	-
e) Excess of revenue recognised over actual bills raised (unbilled revenue)	-	-

36.03 Employee Benefits

Defined Contribution plans

The Company has not transferred any amount towards long term defined benefit obligations as the management estimates that provision for retirement benefits is sufficient. Further the company has made contribution to following defined contribution plans:-

Provident and other funds	0.12	0.19
Total	0.12	0.19

Defined Benefit Plans

The Company provided the following employee benefits

Funded : Provident Fund

Non Funded: Gratuity

36.04 Details of the Gratuity Plan are as follows

Description	2017-18 ₹ in lakhs	2016-17 ₹ in lakhs
1. Reconciliation of opening and closing balances of obligation		
a. Obligation as at beginning of the year	8.46	8.46
b. Current service cost	-	-
c. Interest cost	-	-
d. Liabilities assumed from associate companies for transferred employees	-	-
e. Actuarial (gain)/loss	-	-
f. Benefits paid	-	-
g. Obligation as at end of the year	8.46	8.46
2. Change in fair value of plan assets		
a. Fair value of plan assets as at beginning of the year	-	-
b. Expected return on plan assets	-	-
c. Assets transferred from associate companies for transferred employees	-	-
d. Actuarial gain/(loss)	-	-
e. Contributions made by the company	-	-
f. Benefits paid	-	-
g. Fair value of plan assets as at end of the year	-	-

Notes forming part of the Consolidated Financial Statements (contd.)

	2017-18 ₹ in lakhs	2016-17 ₹ in lakhs
3. Reconciliation of fair value of plan assets and obligation		
a. Present value of obligation	8.46	8.46
b. Fair value of plan assets	-	-
c. Amount recognised in the balance sheet Asset/(Liability)	(8.46)	(8.46)
4. Expenses recognised during the year		
a. Current service cost	-	-
b. Interest cost	-	-
c. Expected return on plan assets	-	-
d. Actuarial (gain)/loss	-	-
e. Expenses recognised during the year	-	-

Note : The number of employees in the kaushalya Infrastructure Development Corporation Limited (KIDCL) has reduced significantly and the management is of the view that the provision for retirement benefit is sufficient to meet the future liability. Further, none of the group companies have Hence no amount has been charged to the statement of profit and loss.

37. Segment Reporting

37.01 Segment Information

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The Group has two principal operating and reporting segments; viz. Construction & Hotel.

The accounting policies adopted for segment reporting are in line with the accounting policy of the group with following additional policies for segment reporting:-

- Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- An operating segment is classified as Reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.
- Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".
- As per Indian Accounting Standard 108 - Operating Segments, the group has reported segment information on consolidated basis including businesses conducted through its subsidiaries.

	2017-18 ₹ in lakhs	2016-17 ₹ in lakhs
01 Segment Revenue		
a) Construction	11.12	7.48
b) Hotel	20.26	20.67
Total Revenue	31.38	28.15
02 Segment Results		
a) Construction	(126.02)	(477.11)
b) Hotel	0.28	3.67
Total	(125.74)	(473.44)
Less: Finance cost	15.61	(40.02)
Other unallocable (income)/expenditure	(41.94)	(24.24)
Profit before Tax	(99.40)	(409.19)
03 Capital Employed		
(Segment Assets-Segment Liabilities)		
a) Construction	1911.97	2559.84
b) Hotel	107.98	110.03
Total Capital Employed	2019.95	2669.87

Notes forming part of the Consolidated Financial Statements (contd.)

	For the year ended 31.03.2018 ₹ in lakhs	For the Year ended 31.03.2017 ₹ in lakhs
38. Income tax recognised in profit and loss		
Current tax		
In respect of the current year	2.34	-
In respect of prior years	0.01	0.01
	2.35	0.01
Deferred tax		
In respect of the current year	(13.38)	(5.80)
	(13.38)	(5.80)

The income tax expense for the year can be reconciled to the accounting profit (loss) as follows:

Profit before tax for the year	(99.40)	(409.19)
Income tax expense calculated at 25.75% (for the 2016-17: 30.90%) on above	(25.60)	(126.44)
Total adjustments in relation to tax	27.95	126.45
Tax expense recognised in Statement of Profit and Loss	2.35	0.01

39. Financial instruments

39.01 Capital management

The group manages its capital to ensure that entities will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Capital structure of the group consists of net debt (borrowings as detailed in note 19 offset by cash and bank balances) and the total equity of the group.

The group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, long term-term borrowings, short-term borrowings, less cash and short-term deposits.

	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
Gearing Ratio			
The gearing ratio at end of the reporting period was as follows			
Debt			
Current borrowings	6,345.05	6,250.07	6,134.01
Net debt	6,345.05	6,250.07	6,134.01
Total equity	1,968.98	2,605.52	3,020.30
Equity share capital	3,463.06	3,463.06	3,463.06
Other equity	(1,511.29)	(869.54)	(456.04)
Non-controlling interests	17.21	12.00	13.28
Net debt to equity ratio	3.22	2.40	2.03

39.02 Financial risk management objectives and policies

The group's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The group's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The group is exposed to market risk, credit risk and liquidity risk.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on foreign exchange risks, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. The group does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

The corporate treasury management reports on quarterly basis to the board of directors that monitors risks and policies implemented to mitigate risk exposures.

Notes forming part of the Consolidated Financial Statements (contd.)

39.03 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group enters into derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

39.04 Credit risk management

Credit risks refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The group's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. Financial instruments that are subject to concentrations of credit risk, principally consist of trade receivables, finance receivables, loans and advances and derivative financial instruments. None of the financial instruments of the group result in material concentrations of credit risks. The group does not engage in speculative treasury activity but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

The credit risk on bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On going credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings.

39.05 Liquidity risk management

Liquidity risk refers to the risk that the group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The group has obtained fund and non-fund based working capital lines from various banks. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the maturity profile of group's non-derivative financial liabilities with agreed repayment period. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay.

	₹ in lakhs					
	Carrying amount	Less than 1 month	1 - 3 months	3 months to 1 year	1 to 5 years	> 5 years
As at 31.03.2018						
Borrowings- Non current	9.34	-	-	-	9.34	-
Borrowings- Current*	6,345.05	-	2,575.43	3,769.62	-	-
Trade payables- Current	1,253.09	-	-	1,253.09	-	-
Other Current Liabilities	470.83	-	-	-	470.83	-
	8,078.31	-	2,575.43	5,022.71	480.17	-
As at 31.03.2017						
Borrowings- Non current	9.34	-	-	-	9.34	-
Borrowings- Current*	6,250.07	-	-	6,250.07	-	-
Trade payables- Current	1,211.44	-	-	1,211.44	-	-
Other Current Liabilities	1,201.97	-	-	1,201.97	-	-
	8,672.81	-	-	8,663.47	9.34	-
As at 01.04.2016						
Borrowings- Non current	9.34	-	-	-	9.34	-
Borrowings- Current*	6,134.01	-	-	6,134.01	-	-
Trade payables- Current	1,211.66	-	-	1,211.66	-	-
Other Current Liabilities	1,253.95	-	-	1,253.95	-	-
	8,608.96	-	-	8,599.62	9.34	-

* The "Borrowing- Current" comprises of loans from State Bank of India and Indian Overseas Bank which have been called up and cases are pending before Debt Recovery Tribunal, hence classified under current liability. [Refer Note 34.04]

Notes forming part of the Consolidated Financial Statements (contd.)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
	₹ in lakhs	₹ in lakhs	₹ in lakhs
39.06 Financing facilities			
The following table details the Company's borrowing facilities that are available for future operating activities.			
Secured bank overdraft / working capital demand loan facility reviewed annually and payable at call			
- amount used [Refer Note 34.04]	-	3,900.23	3,772.00
- amount unused	-	-	-
	<u>-</u>	<u>3,900.23</u>	<u>3,772.00</u>
Secured bill acceptance facility from bank reviewed annually and payable at call			
- amount used	-	-	-
- amount unused	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

39.07 Fair value measurements

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.12 to 3.14.

Financial assets and Liabilities

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosure are required):

As at March 31, 2018					
	Current/ Non Current	Fair Value through Other Comprehensive Income	Amortised Cost	Total Carrying Value	Total Fair Value
Financial Assets:					
Other Investment in equity instrument	Non current	1,234.71	-	1,234.71	1,234.71
Other investments	Non current	-	266.07	266.07	266.07
Loans & Advances	Non current	-	2,169.28	2,169.28	2,169.28
Trade receivables	Current	-	1,601.58	1,601.58	1,601.58
Cash and cash equivalent	Current	-	99.96	99.96	99.96
Loans & Advances	Current	-	1,229.60	1,229.60	1,229.60
Total		<u>1,234.71</u>	<u>5,366.49</u>	<u>6,601.20</u>	<u>6,601.20</u>
Financial Liabilities					
Loans	Non current	-	9.34	9.34	9.34
Trade payable	Current	-	1,253.09	1,253.09	1,253.09
Short Term borrowings	Current	-	6,345.05	6,345.05	6,345.05
Total		<u>-</u>	<u>7,607.47</u>	<u>7,607.47</u>	<u>7,607.47</u>
As at March 31, 2017					
Financial Assets:					
Other Investment in equity instrument	Non current	1,234.71	-	1,234.71	1,234.71
Other investments	Non current	-	266.07	266.07	266.07
Loans & Advances	Non current	-	2,036.75	2,036.75	2,036.75
Trade receivables	Current	-	2,952.78	2,952.78	2,952.78
Cash and cash equivalent	Current	-	37.02	37.02	37.02
Loans & Advances	Current	-	1,258.66	1,258.66	1,258.66
Total		<u>1,234.71</u>	<u>6,551.28</u>	<u>7,785.99</u>	<u>7,785.99</u>

Notes forming part of the Consolidated Financial Statements (contd.)

	Current/ Non Current	Fair Value through Other Comprehensive Income	Amortised Cost	Total Carrying Value	Total Fair Value
Financial Liabilities					
Loans	Non current	-	9.34	9.34	9.34
Trade payable	Current	-	1,211.44	1,211.44	1,211.44
Short Term borrowings	Current	-	6,250.07	6,250.07	6,250.07
Total		-	7,470.85	7,470.85	7,470.85

As at April 1, 2016

Financial Assets					
Other Investment in equity instrument	Non current	1,234.71	-	1,234.71	1,234.71
Other investments	Non current	-	266.07	266.07	266.07
Loans & Advances	Non current	-	1,515.28	1,515.28	1,515.28
Trade receivables	Current	-	3,763.81	3,763.81	3,763.81
Cash and cash equivalent	Current	-	100.61	100.61	100.61
Loans & Advances	Current	-	1,227.03	1,227.03	1,227.03
Total		1,234.71	6,872.80	8,107.51	8,107.51
Financial Liabilities					
Loans	Non current	-	9.34	9.34	9.34
Trade payable	Current	-	1,211.66	1,211.66	1,211.66
Short Term borrowings	Current	-	6,134.01	6,134.01	6,134.01
Total		-	7,355.01	7,355.01	7,355.01

Fair Value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

₹ lakhs

	As at 31.03.2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other investments in equity instruments	-	-	1,234.71	1,234.71
	-	-	1,234.71	1,234.71
	As at 31.03.2017			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other investments in equity instruments	-	-	1,234.71	1,234.71
	-	-	1,234.71	1,234.71
	As at 01.04.2016			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other investments in equity instruments	-	-	1,234.71	1,234.71
	-	-	1,234.71	1,234.71

Notes forming part of the Consolidated Financial Statements (contd.)

40 Related party transactions

List of related parties and relationship

Name of the related party	Nature of Relationship	Business	Incorporation details
Kidco NACC JV	Joint Venture	Construction of Small Hydro Power Project	01.07.2009
Kaushalya Nirman (P) Ltd.	Associate	Dealing in Properties and Real Estate Development	05.09.2006
Orion Abasaan (P) Ltd.	Associate	Dealing in Properties and Real Estate Development	05.09.2006
Kaushalya Township (P) Ltd.	Associate	Dealing in Properties and Real Estate Development	05.09.2006

Particulars	KMP & Close members of their family	Subsidiaries/ Associates/ JV	Total	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Outstanding as on April 1, 2016
Remuneration to directors						
Prashant Mehra	-	-	-	8.50	-	-
Mahesh Mehra	11.40	-	11.40	30.31	-	-
Kartik Mehra	4.80	-	4.80	12.28	-	-
Karan Mehra	4.80	-	4.80	14.13	-	-
Total	21.00	-	21.00	65.22	-	-
Previous Year						
Prashant Mehra	-	-	-	-	8.50	8.50
Mahesh Mehra	11.40	-	11.40	-	20.00	9.82
Kartik Mehra	4.80	-	4.80	-	7.50	4.72
Karan Mehra	4.80	-	4.80	-	9.34	4.58
Total	21.00	-	21.00	-	45.33	27.62
Sitting Fee to directors						
Asoke Das	0.51	-	0.51	-	-	-
Anil Kumar Agarwal	0.34	-	0.34	-	-	-
Minoti Nath	0.51	-	0.51	-	-	-
Total	1.36	-	1.36	-	-	-
Previous Year						
P.K. Bhattacharya	0.31	-	0.31	-	-	-
Asoke Das	0.14	-	0.14	-	-	-
Anil Kumar Agarwal	0.39	-	0.39	-	-	-
Minoti Nath	0.53	-	0.53	-	-	-
Total	1.35	-	1.35	-	-	-
Rent Paid						
Neeru Mehra	-	-	-	5.40	-	-
Total	-	-	-	5.40	-	-
Previous Year						
Neeru Mehra	3.00	-	3.00	-	5.40	5.40
Total	0.00	-	3.00	--	0.00	0.00
Advance Taken						
Kidco NACC JV	-	-	-	933.39	-	-
Total	-	-	-	933.39	-	-
Previous Year						
Kidco NACC JV	-	-	-	-	933.39	933.39
Total	-	-	-	-	933.39	933.39

Notes forming part of the Consolidated Financial Statements (*contd.*)

41 First-time Ind AS Adoption reconciliation

₹ in lakhs

41.01 Reconciliation of total equity as at March 31, 2017 and April 1, 2016

	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 Rs in lakhs
Total equity (shareholders' funds) under previous GAAP	2,593.52	3,007.02
Total adjustments to equity	-	-
Total equity (shareholders' funds) under Ind AS	2,593.52	3,007.02

41.02 Reconciliation of total comprehensive income for the year ended March 31, 2017

₹ in lakhs

For the Year ended

31.03.2017

Loss as per previous GAAP	(387.50)
Total effect of transition to Ind AS	-
Profit for the year as per Ind AS	(387.50)
Other comprehensive income for the year (net of tax)	-
Total comprehensive income under Ind AS	(387.50)

Note: Under the previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.

41.03 Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2017

Notes	Year ended 31.03.2017		As per Ind AS profit and loss
	Previous GAAP	Effect of transition to Ind AS	
Net cash flows from operating activities	159.36	0.59	159.95
Net cash flows from investing activities	(304.24)	(0.60)	(304.84)
Net cash flows from financing activities	144.68	0.01	144.69

Note :

- Under previous GAAP, non-current investments were stated at cost less provision for diminution in value of investments, if any. Under Ind AS, financial assets in equity instruments, other than equity instruments in Subsidiaries and Joint venture, have been classified as Fair Value through Other Comprehensive Income (FVTOCI) through an irrevocable election at the date of transition.
- Loan processing fees/transaction cost under Ind AS is considered for calculating effective interest rate. The impact for the period subsequent to the date of transition is accounted in the statement of profit and loss.
- On the date of transition, deferred tax impact on transition provision has been accounted in the Reserves, and consequential impact is accounted in the statement of profit and loss for subsequent periods.

42 Approval of financial statements

The financial statements were approved for issue by the board of directors on May 30, 2018.

As per terms of our report attached.

For and on behalf of the Board of Directors

For Monu Jain & Company

Firm Regn. No. 327900E

Chartered Accountants

Monu Jain

Partner

Membership No. 302721

Place : Kolkata

Date : 30th May, 2018

Mahesh Mehra
Whole-time Director

Tarak Nath Mishra
CFO

Sanjay Lal Gupta
Company Secretary

Notes

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